Auditor's Report on Corporación Acciona Energías Renovables, S.A. and Subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Corporación Acciona Energías Renovables, S.A. and subsidiaries for the year ended 31 December 2021)

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

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

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the Shareholders of Corporación Acciona Energías Renovables, S.A.:

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Corporación Acciona Energías Renovables, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

Recoverable amount of property, plant and equipment

See notes 3.2a), 3.2d) and 4 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2021, property, plant and equipment have a carrying amount of Euros 7,464,908 thousand and mainly consist of wind farms, solar photovoltaic and hydroelectric power plants in various geographical locations under different regulatory scenarios. Impairment of Euros 622,963 thousand has been recognised at 31 December 2021. At each reporting date the Group assesses whether there are any indications of impairment or evidence of changes in the events or circumstances that gave rise to the impairment recognised, and also determines whether there are any regulatory or other changes that could alter the expected future cash flows. As a result of this assessment, the Group estimated the recoverable amount of certain assets and did not detect any differences compared to the carry amount recognised. The Group has calculated the recoverable amount by applying valuation techniques that require the exercising of judgement by management and the Directors, and the use of assumptions. Due to the high level of judgement and the uncertainty associated with these assessments and estimates, and the significance of the carrying amount of the property, plant and equipment, their measurement has been considered a key audit matter.	Our audit procedures included, among others, the following: • We gained an understanding of the processes followed by the Group in identifying and evaluating indications of impairment and in estimating the recoverable amount of the property, plant and equipment. In addition, we assessed the design and implementation of the Group's key controls over this process. • We evaluated the reasonableness of the methodology and assumptions used by the Group when estimating the recoverable amount, with the involvement of our valuation specialists. Moreover, we assessed the sensitivity of the recoverable amount to changes in the key assumptions, in order to determine their potential impact on the valuation. • We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

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

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

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

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

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

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

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

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

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

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

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

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

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

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

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

– Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Corporación Acciona Energías Renovables, S.A. and its subsidiaries for 2021 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of Corporación Acciona Energías Renovables, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the “ESEF Regulation”).

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

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

Additional Report to the Audit and Sustainability Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's Audit and Sustainability Committee dated 23 February 2022.

Contract Period

We were appointed as auditor of the Group by the Sole Shareholder on 26 May 2021 for a period of three years, beginning the year ended 31 December 2020.

Previously, we had been appointed by the Sole Shareholder for a period of one year, and have been auditing the annual accounts since the year ended 31 December 2017.

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

(Signed on original in Spanish)

Ana Fernández Poderós
On the Spanish Official Register of Auditors ("ROAC") with No. 15,547

23 February 2022

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

AND

SUBSIDIARIES
(Consolidated Group)

CONSOLIDATED ANNUAL ACCOUNTS AND

DIRECTORS' REPORT

FOR 2021

Prepared according to International Financial Reporting Standards adopted by the European Union (IFRS-EU).

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

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CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET FOR FINANCIAL YEARS 2021 AND 2020 (thousands of euros)

ASSETS	NOTE	2021	2020(*)
Property, plant and equipment	4	7,464,908	7,038,937
Right of use	5	366,406	352,494
Other intangible assets	6	136,340	130,821
Non-current financial assets	9	41,953	26,613
Investments accounted for using the equity method	7	302,049	347,661
Deferred tax assets	21	410,746	361,699
Other non-current assets	10	188,119	129,362
NON-CURRENT ASSETS		**8,910,521**	**8,387,587**
Inventories	11	125,165	109,392
Trade and other receivable	12	535,521	430,062
Other current financial assets	9	172,175	196,261
Current income tax assets	21	46,805	47,402
Other current assets	21	238,119	109,603
Cash and cash equivalents	13	625,242	467,758
CURRENT ASSETS		**1,743,027**	**1,360,478**
TOTAL ASSETS		**10,653,548**	**9,748,065**

EQUITY & LIABILITIES	NOTE	2021	2020(*)
Share capital		329,251	329,251
Retained earnings		4,262,420	2,273,930
Profit for the year		363,038	205,533
Translation differences		20,974	(95,911)
Interim dividend		-	(100,000)
Equity attributed to holders of parent company equity instruments		**4,975,683**	**2,612,803**
Minority interests (non-controlling interests)		378,699	367,130
EQUITY	**14**	**5,354,382**	**2,979,933**
Debentures and other marketable securities	16	679,838	180,970
Bank borrowings	16	1,088,911	619,551
Lease obligations	5	384,228	368,300
Payables to group companies and associates	19	215,206	1,775,024
Deferred tax liabilities	21	693,709	541,449
Provisions	15	175,594	162,077
Other non-current liabilities	20	287,079	187,245
NON-CURRENT LIABILITIES		**3,524,565**	**3,834,616**
Debentures and other marketable securities	16	522,129	11,557
Bank borrowings	16	87,951	191,693
Lease obligations	5	22,785	19,848
Balances with Group enterprise and associates	19	525	1,339,341
Trade and other payable	34	419,886	359,057
Provisions	15	1,957	1,516
Current income tax liabilities	21	14,395	4,176
Other current liabilities	20	704,973	1,006,328
CURRENT LIABILITIES		**1,774,601**	**2,933,516**
TOTAL EQUITY AND LIABILITIES		**10,653,548**	**9,748,065**

(*) Restated

Notes 1 through 34 of the enclosed report and the annexes are an inseparable part of the 2021 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEARS 2021 AND 2020 (thousands of euros)

	NOTE	2021	2020(*)
Net revenue	23	2,472,456	1,768,687
Other revenue	23	251,665	562,149
Cost of goods sold	24	(1,066,421)	(904,677)
Personnel expenses	24	(149,946)	(115,353)
Depreciation and amortisation and change in provisions	4,5,6 and 24	(381,223)	(409,186)
Other operating expenses	24	(484,146)	(499,892)
Equity method accounting – analogous activity	7	62,690	57,390
Asset impairment	24	(2,205)	84,501
Net profit) on disposal of non-current assets	24	1,145	(360)
Other gains or losses		(8,803)	(61)
OPERATING PROFIT		**695,212**	**543,198**
Financial income	26	15,946	4,094
Financial expenses	26	(141,964)	(238,173)
Foreign exchange rate charges		9,643	(3,723)
Changes in investment provisions		(508)	(636)
Profit/(loss) from changes in value of financial instruments at fair value	18	(15,976)	23,586
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**562,353**	**328,346**
Corporate income tax expense	21	(169,618)	(98,144)
PROFIT FOR YEAR FROM CONTINUING OPERATIONS		**392,735**	**230,202**
YEAR'S PROFIT		**392,735**	**230,202**
Minority interests (Non-controlling interests)	14	(29,697)	(24,669)
PROFIT ATTRIBUTABLE TO PARENT COMPANY		**363,038**	**205,533**
BASIC EARNINGS PER SHARE (euro/share)	**29**	**1.10**	**0.62**
DILUTED EARNINGS PER SHARE (euro/share)	**29**	**1.10**	**0.62**

(*) Restated

Notes 1 through 34 of the enclosed report and the annexes are an inseparable part of the 2021 consolidated annual accounts.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE FOR FINANCIAL YEARS 2021 AND 2020
(Thousands of euros)

	note	2021	2020 (*)
A) CONSOLIDATED PROFIT FOR THE YEAR		**392,735**	**230,202**
1. Profit attributable to parent company		363,038	205,533
2. Minority interests (Non-controlling interests)		29,697	24,669
B) ITEMS NOT RESTATED ON THE INCOME STATEMENT:		**650**	**(390)**
1. Actuarial gains and losses and other adjustments		867	(520)
2. Tax effect	21	(217)	130
B) ITEMS THAT MAY BE RESTATED ON THE INCOME STATEMENT		**165,179**	**(109,652)**
Income and expense recognised directly in equity:		**158,306**	**(106,844)**
1. Due to valuation of financial instruments		-	-
a) Financial assets available for sale		-	-
2. From cash flow hedges	14	46,568	6,569
3. Translation differences	14	138,525	(110,607)
4. Other income and expense recognised directly in equity		-	-
5. Tax effect	21	(26,787)	(2,806)
Transfers to the income statement:	14	**6,873**	**(2,808)**
1. Due to valuation of financial instruments		-	-
a) Financial assets available for sale		-	-
2. From cash flow hedges		9,164	(3,744)
3. Translation differences		-	-
4. Other income and expense recognised directly in equity		-	-
5. Tax effect	21	(2,291)	936
TOTAL COMPREHENSIVE INCOME (A+B+C)	21	**558,564**	**120,160**
a) Attributable to the parent company	21	**509,384**	**124,712**
b) Attributable to non-controlling interests	21	**49,180**	**(4,552)**

(*) Restated

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Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF TOTAL CHANGE IN EQUITY FOR FINANCIAL YEARS 2021 AND 2020 (thousands of euros)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2021

	Share capital	Other reserves	Treasury stock	Interim dividend	Translation differences	Profit for the year	Cash flow hedges	Minority interests (NCI)	Total
Opening balance at 01.01.2021	**329,251**	**2,299,169**	**-**	**(100,000)**	**(95,911)**	**205,533**	**(25,239)**	**367,130**	**2,979,933**
Adjustments due to changes in accounting criteria	-	-	-	-	-	-	-	-	-
Adjustments due to errors	-	-	-	-	-	-	-	-	-
Adjusted opening balance	**329,251**	**2,299,169**	**-**	**(100,000)**	**(95,911)**	**205,533**	**(25,239)**	**367,130**	**2,979,933**
Total comprehensive income for the period									
Adjustments owing to cash flow hedges	-	-	-	-	-	-	28,811	(2,157)	**26,654**
Variations due to translation differences	-	-	-	-	116,885	-	-	21,640	**138,525**
Actuarial changes in pensions	-	650	-	-	-	-	-	-	**650**
Profit for the year	-	-	-	-	-	363,038	-	29,697	**392,735**
	-	**650**	**-**	**-**	**116,885**	**363,038**	**28,811**	**49,180**	**558,564**
Other changes in equity									
Capital increases (decreases) (note 13.a)	-	1,858,768	-	-	-	-	-	-	**1,858,768**
Appropriation of profit	-	105,533	-	100,000	-	(205,533)	-	-	**-**
Dividend payments	-	-	-	-	-	-	-	(37,979)	**(37,979)**
Trading in treasury shares (net)	-	78	(1,696)	-	-	-	-	-	**(1,618)**
Other transactions with shareholders or owners	-	(3,645)	-	-	-	-	-	403	**(3,242)**
Other changes	-	(9)	-	-	-	-	-	(35)	**(44)**
	-	**1,960,725**	**(1,696)**	**100,000**	**-**	**(205,533)**	**-**	**(37,611)**	**1,815,885**
Balance at 31.12.2021	**329,251**	**4,260,544**	**(1,696)**	**-**	**20,974**	**363,038**	**3,572**	**378,699**	**5,354,382**

Notes 1 through 34 of the enclosed report and the annexes are an inseparable part of the 2021 consolidated annual accounts.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF TOTAL CHANGE IN EQUITY AT 31 DECEMBER 2020 (thousands of euros)

	Share capital	Other reserves	Interim dividend	Translation differences	Results for the year	Cash flow hedges	Minority interests (NCI)	Total
Opening balance at 01.01.2020 (*)	**329,251**	**2,284,172**	**(75,000)**	**(12,991)**	**189,664**	**(27,728)**	**203,359**	**2,890,727**
Adjustments due to changes in accounting policies	-	(37,748)	-	-	(27,114)	-	(267)	**(65,129)**
Adjustments due to errors	-	-	-	-	-	-	-	-
Adjusted opening balance	**329,251**	**2,246,424**	**(75,000)**	**(12,991)**	**162,550**	**(27,728)**	**203,092**	**2,825,598**
Total comprehensive income of the period								
Adjustments owing to cash flow hedges	**-**	**-**	**-**	**-**	**-**	**2,489**	**(1,534)**	**955**
Variations due to translation differences	**-**	**-**	**-**	**(82,920)**	**-**	**-**	**(27,687)**	**(110,607)**
Actuarial changes in pensions	**-**	**(390)**	**-**	**-**	**-**	**-**	**-**	**(390)**
Profit for the year	**-**	**-**	**-**	**-**	**205,533**	**-**	**24,669**	**230,202**
	-	**(390)**	**-**	**(82,920)**	**205,533**	**2,489**	**(4,552)**	**120,160**
Other changes in equity								
Capital increases (decreases) (note 13.a)	-	-	-	-	-	-	-	-
Appropriation of profit	-	87,550	75,000	-	(162,550)	-	-	-
Dividend payments	-	-	(100,000)	-	-	-	-	(100,000)
Trading in treasury shares (net)	-	-	-	-	-	-	191,707	191,707
Other transactions with shareholders or owners	-	(34,449)	-	-	-	-	(23,667)	(58,116)
Other changes	-	34	-	-	-	-	550	584
	-	53,135	(25,000)	-	(162,550)	-	168,590	34,175
Balance at 31.12.2020	**329,251**	**2,299,169**	**(100,000)**	**(95,911)**	**205,533**	**(25,239)**	**367,130**	**2,979,933**

(*) Restated

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR FINANCIAL YEARS 2021 AND 20202021 AND 2020 (thousands of euros)

	2021	2020 (*)
Profit before tax from continuing operations	**562,353**	**328,346**
Adjustments to profit		
Amortisation and impairment	383,428	324,685
Profit before tax of companies accounted for using the equity method	(62,690)	(57,390)
Net profit on disposal of non-current assets	(1,145)	360
Financial income and expense	126,525	234,079
Other results not involving the movement of funds	(8,812)	(43,871)
Corrected and adjusted profit before tax from continuing operations	**999,659**	**786,209**
Changes in working capital		
Changes in inventories	(16,247)	5,610
Changes in current assets/liabilities	78,558	(25,609)
Other cash flows from operations		
Current financial income and expense	(116,594)	(231,680)
Dividends received from associates and other non-current financial investments	35,328	10,193
Income tax received(paid)	(12,643)	(48,504)
Changes in non-current assets/liabilities	(102,089)	(90,274)
Net cash flows from operations	**865,972**	**405,945**
Acquisitions of PPE, intangible assets and non-current financial assets	(721,414)	(493,102)
Disposals of tangible and intangible assets and non-current financial assets	1,902	1,830
Investments in group companies and associates	(16,550)	(11,113)
Disposals of group companies and associates	28,565	205
Net cash flows from investments	**(707,497)**	**(502,180)**
Dividend paid	(100,000)	(75,000)
Dividends paid to external shareholders	(161,320)	(31,803)
From equity instrument issues	-	-
From financial liability instrument issues	1,651,750	208,705
Payments on financial liability instruments issued	(299,888)	(129,422)
Net cash flows with Group from financial instrument issues	(1,019,613)	213,722
Net cash flows from other current financial assets	(56,184)	20,035
Lease payments	(22,547)	(21,926)
Other financial cash flows	-	96,721
Cash flows from financing	**(7,802)**	**281,032**
Effect of exchange rate fluctuations	**6,811**	**(13,075)**
Variation in cash and cash equivalents	**157,484**	**171,722**
Opening balance of cash and cash equivalents	**467,758**	**296,036**
Closing balance of cash and cash equivalents	**625,242**	**467,758**

(*) Restated

notes 1 through 34 of the enclosed report and the annexes are an inseparable part of the 2021 consolidated annual accounts.

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES S.A. AND SUBSIDIARIES
(Consolidated Group)

1.- About the Group

Corporación Acciona Energías Renovables, S.A.U. (hereinafter the "Parent Company" or the "Company") was founded as a limited liability company in Madrid on 12 June 2008. On 10 March 2021, it underwent a transformation whereby the parent Company became a public limited company. Its registered offices and headquarters are located in Alcobendas (Madrid), Avda. de Europa, 18.

According to Chapter III.1 TRLSC, approved by Legislative Royal Decree 1/2010 of 2 July, Corporación Acciona Energías Renovables, S.L.U, the Parent Company of the Group, was registered in the Commercial Registry as a Sole Shareholder Company until it went public on 1 July 2021 and its stock started to trade on Spanish stock exchanges (SIBE- Madrid, Barcelona, Valencia and Bilbao stock exchanges). On 18 February 2021, the Board of Directors of Acciona, S.A., at the meeting where the 2020 annual accounts were being prepared, decided to launch an initial public offering (IPO) of shares of Corporación Acciona Energías Renovables, S.A., among other decisions. A total of 49,387,588 ordinary shares, representing 15% of the share capital were offered at a price of €26.73 per share. Subsequently, on 15 July 2021, an additional 7,408,138 shares were offered at the same price, representing another 2.25% of capital.

At the 2021 year end, the majority shareholder of the Parent Company is Acciona, S.A. (see note 14 a), a company whose stock trades on the Spanish Stock Exchange Interconnection System (SIBE) in Madrid, Barcelona, Valencia and Bilbao).

Its corporate purpose consists of:

- The operation of all kinds of primary energy resources by promoting, developing, designing, building, managing, operating, maintaining and repairing (i) power plants that generated electricity from renewable energy sources and (ii) green hydrogen power plants.

- Marketing, selling and storing the electricity generated at power plants using renewal energy sources.

- Producing, transporting, storing, marketing and selling green hydrogen and hydrogen subproducts or derivatives.

- Drafting studies and undertaking research related to the electrical and energy business in general and renewable energies in particular, as well as the technologies applied to that business.

- R&D+i activities related to the aforementioned business as well as the development of new auxiliary technology for renewable energy.

- Activities of a preliminary or supplemental nature to those included in the corporate purpose.

- Providing services to investee companies and undertakings, to which end it may provide them with the necessary bonds and guarantees.

- Managing the investments in other enterprises and companies of the business group.

Some or all of the activities enumerated above may be carried out by the company directly or indirectly through interests in other companies with identical or similar corporate purposes, in Spain or abroad.

The Company is currently the parent of a group of domestic and international companies called Group Corporación Acciona Energías Renovables (hereinafter, “the Group”). The Group's core business is the promotion, construction, operation, maintenance and development of renewable energies; fuel imports and exports, sales and co-generation, including engineering, consulting and auditing of sites and projects and drafting plans.

The Group's installed power at 31 December 2021 is 9,168.6 MW (8,630.7 MW at 31 December 2020) in all of the technologies with which the Group operates at both the domestic and international levels.

2.- Basis of presentation of the consolidated annual accounts and consolidation principles

2.1 Basis of presentation and comparison of information

The consolidated annual accounts of Group Corporación Acciona Energías Renovables for the 2021 financial year were prepared by the parent company's Board of Directors on 23 February 2022 in such a way as to show a true image of the consolidated equity and financial situation of the Group at 31 December 2021 and the consolidated financial performance, changes in the consolidated statement of recognised income and expenses, changes in the consolidated equity and consolidated cash flows that have occurred within the Group during the financial year ending on that date

These annual accounts were prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, which establishes that all companies governed by the laws of a member state of the European Union whose securities are listed on a regulated market of one of its member states must present consolidated annual accounts for the financial years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter IFRS) previously adopted by the European Union. In particular, they must be prepared in accordance with the principles and criteria in the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) in force at 31 December 2021, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council. The most significant mandatory accounting principles and measurement standards are summarised in note 3 along with alternatives allowed by law and the standards and interpretations that had not taken effect as of the date of these consolidated annual accounts.

These consolidated annual accounts were prepared from the Parent Company’s accounting records and those of the other Group companies. Those records include information on joint ventures, groups and consortia in which the companies participate using the equity accounting method, that is, companies consolidated based on the percentage of ownership of the assets, liabilities and operations carried out after eliminating certain asset and liability balances and operations for the year.

Group Corporación Acciona Energías Renovables is in turn part of the Acciona Group, whose consolidated annual accounts for the 2020 financial year were approved at the General Meeting of Shareholders of Acciona, S.A. held on 30 June 2021 and filed with the Madrid Commercial Registry. Likewise, in financial year 2021 Group Corporación Acciona Energías Renovables is part of Group Acciona, S.A., whose consolidated annual accounts were prepared according to IFRS-EU and will be filed, once approved, with the Madrid Commercial Registry as required by law.

At 31 December 2021, there were no significant changes to accounting estimates or accounting policies or significant errors to be corrected, with the exception of the standard for recognising deviations due to price adjustments in Spain's regulated market (see note 3.4).

For comparison purposes only and for each item on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of recognised income and expense, consolidated statement of changes in equity, and the notes to the consolidated financial statements, it has been included the corresponding amounts for the previous year as well as the amounts for the 2021 financial year using identical accounting principles, which are consistent with IFRS-EU. However, it is important to note that the change in the accounting standard applied in 2021 to deviations due to price adjustments in the Spanish market has given rise to the restatement of the 2020 financial statements to facilitate the comparability between financial years. The details and impact of the restatement are discussed in note 3.4 of these consolidated annual accounts.

COVID-19

The appearance of the COVID-19 Coronavirus in China in January 2020, which quickly spread across the globe, prompted the World Health Organization to declare the public health crisis caused by this viral outbreak an international pandemic on 11 March 2020.

In 2021 and 2020, the most gravely affected countries took measures aimed at isolating the population and restricting movements both within their own territories and internationally, closing their borders to travel with the exception of commercial traffic and temporarily suspending business activities. On the other hand, in order to mitigate the economic impacts of this crisis both the European Central Bank and the Federal Reserve as well as governments and other financial and supervisory bodies at the national and international level have taken measures aimed at mitigating the social and economic impacts that will arise from the consequences of the extraordinary measures taken to control the pandemic.

The most significant adverse impact on the Group's activities and businesses was the decrease in electricity demand and the effect this had on the evolution of market prices at the height of the confinement in 2020. Other negative impacts were certain delays in investments to be made or difficulty in accessing materials or equipment for proper maintenance of assets.

In 2021, the strategy of governments in the fight against COVID-19 has been aimed at maintaining lockdown measures to control the pandemic, albeit less restrictive than in financial year 2020, combined with efforts to immunize the population with the vaccine.

As far as the Group's business is concerned, most of the negative effects from last year have been mitigated, as the strategies mentioned above have been successful. Nevertheless, electricity demand has not returned to pre-pandemic levels at the national or international level. Between the different variants of the virus that are known at present or that may emerge in the future and the uneven distribution of vaccines worldwide, there continues to be uncertainty about the future and the economic and financial impacts on the Group's business in the short and medium term.

As of the approval date of these consolidated annual accounts for 2021, COVID-19 has not had a material impact on the Group's assets.

Unless otherwise indicated, these consolidated annual accounts are presented in thousands of euros, which is the functional and reporting currency of the parent company of Group Corporación Acciona Energías Renovables. Foreign currency transactions are included in accordance with the policies set out in notes 2.3.g) and 3.2.m).

2.2. Significant Regulatory framework

Spain

Legislative Royal Decree 9/2013 passed on 12 July 2013 introduced urgent measures to guarantee the financial stability of the electricity sector. This Legislative Royal Decree introduced significant changes to the applicable legal and economic framework and abolished, among others, Royal Decree 661/2007 of 25 May and Royal Decree 6/2009 of 30 April, with which most of the electricity production plants operated by the Group Corporación Acciona Energías Renovables in Spain were affiliated in terms of the supporting compensation scheme for renewable energies.

Under the new regulatory framework, in addition to the compensation for the sale of electricity at market rates, power plants can receive special compensation composed of a price per unit of installed power to cover the investment in standard facilities that cannot be recovered and a portion for operations that covers the differences between operating costs and revenues as a result of participating in the standard rate market.

For a standard facility, the compensation is calculated taking the following aspects into account over the regulatory useful life, assuming that the business is conducted by an efficient and well-managed company:

a) Standard revenues from electricity sales at market production prices.

b) Standard operating costs.

c) Standard value of the initial investment or net present value (NPV).

The intention behind these compensation parameters is to achieve the minimum level required to cover costs so as to enable these types of facilities to compete under equal conditions with the rest of the technologies on the market and obtain a reasonable return. A reasonable pre-tax return is somewhere around the average return on a 10-year treasury note on the secondary market, plus a spread to be determined. The first additional provision of Royal Decree-Law 9/2013 set the appropriate spread for those facilities covered by the premium economic regime at 300 basis points, without prejudice to a possible review every six years. The reasonable returns established for the first regulatory semi-period was 7.398%.

Law 24/2013 was passed in December 2013, replacing the Electricity Sector Act 54/1997 to reflect the new situation, eliminating the concept of the special regime and introducing the concept of special compensation and the criteria for defining what is considered a reasonable return.

Royal Decree 413/2014 of 6 June which was published on 10 June 2014 regulates electricity production using renewable energy sources, co-generation and waste. Subsequent to that, Order IET 1045/2014 was issued on 20 June 2014 and published in the Official State Gazette on 29 June 2014. This Order sets the final compensation parameters applicable to all current and future renewable energy plants. The new model, which is applicable as of 14 July 2013, defines the compensation of assets following the passage of LRD 9/2013.

As established in Royal Decree 413/2014, at the end of each six-year regulatory period, the compensation parameters for standard facilities may be reviewed, except for the regulatory useful life and the standard value of the initial investment (net present value or NPV), while at the end of each regulatory half-term, which will last for three years, the estimated income from electricity sales will be adjusted for the rest of the regulatory period.

Once the amounts of the initial NPV and the rest of the parameters referred to in the RD were determined, the remuneration was calculated using the methodology described in Annex VI1 of the RD, the purpose of which is to calculate the amount at which a standard facility should be compensated so that the cash flows received by the owner of the facility, discounted at the applicable rate of return, were equivalent to the NPV at the beginning of the semi-period.

Upper and lower limits are defined to reduce the uncertainty surrounding the estimation of the market energy price used in the calculation of the compensation parameters, which directly affects the remuneration obtained by the facility for the sale of the energy it generates. When the annual average price of the daily and intra-daily market is outside those limits, it generates, in the annual calculation, a positive or negative balance, referred to as the adjustment value for deviations in the market price, which will affect the UNV at the end of each regulatory semi-period.

Once the facilities exceed the regulatory useful life, they will cease to receive the investment compensation and the operating compensation. Similarly, facilities which, although still within their regulatory useful life, have achieved the reasonable return level, will have an investment compensation equal to zero.

The reasonable return principle contained in the RD is designed to be a floor, such that no provision is made therein for any obligation to pay back the compensations received if the return obtained by the facility owner exceeds the target return, with the exception of two specific scenarios:

a) In the last semi-period in which the standard facility reaches the end of its regulatory life.

b) If the compensation system is abandoned before a facility's regulatory life ends.

In these cases, the maximum amount to be repaid would be equivalent to the net negative adjustment balances that would be generated during the semi-period in which any of the above two scenarios occurred. Adjustments for negative deviations occurring before the start of the regulatory semi-period above have represented a decrease in UNV, so they will determine the existence of lower future compensations (or even no investment compensation at all if such UNV has reached zero), but the facility owner is not required to repay them.

In December 2016, the Ministry of Energy, Tourism and Digital Agenda sent the CNMC the order proposal updating the compensatory parameters for renewable, cogeneration and waste facilities for the next regulatory semi-period, 2017–2019. This proposal reviewed downward the pool projection for that semi-period and included the adjustment values for deviations in the market price of the previous years, which are offset over the applicable remaining useful life of the facilities. On 22 February 2017, Order ETU/130/2017 of 17 February was published, setting the definitive compensatory parameters of standard facilities applicable to certain facilities producing electricity from renewable energy sources, cogeneration and waste, to be applied to the regulatory semi-period starting on 1 January 2017.

The main change for 2019 was in the passing of Royal Decree-Law 17/2019 of 22 November, which adopted urgent measures necessary for the adaptation of compensatory parameters affecting the electricity system, and providing a response to the process of ceasing the activity of thermal power stations. The main points affecting Group Corporación Acciona Energías Renovables were:

a) The reasonable return for the period 2020-2025 (inclusive) applicable to the specific compensation scheme (7.09%) is updated.

1 *Methodology for calculating the net value of the asset and the adjustment rate for standard facilities associated with the facilities eligible for the specific compensation scheme described in Article 12.*

b) The owners of facilities with primary compensation at the time of the 2013 cutback are allowed to maintain the rate of return set in the first regulatory period (7.398%), subject to waiving the right to pursue or commence new legal actions or arbitration proceedings, as well as any possible compensation arising therefrom.

c) The deadline for approval of the Parameters Order was extended to 29 February 2020.

This new regulation allows the Group to maintain the rate of return for the facilities it owns in Spain and which are part of this compensation scheme through 2031.

31 December 2019 marked the end of the first regulatory period. Order TED/171/2020 was published on 28 February 2020, updating the compensation parameters for standard facilities applicable to certain electricity production plants using renewable energy sources, cogeneration and waste. These parameters apply to the next regulatory semi-period (2020-2022) and are retroactive in nature to 1 January 2020. Annex V to these consolidated annual financial statements breaks down the UNV for each standard facility in which the Group operates, established in the last parameters update.

Throughout the 2021 financial year, to mitigate the adverse effects of the price rise that took place in the wholesale market in the last four-month period, the Government introduced several measures consecutively. Thus, on 14 September of this year, LRD 17/2021 was published, containing urgent measures to mitigate the impact of the price rise on natural gas in the retail gas and electricity markets. This regulation establishes a decrease in compensation for non-emitting infra-marginal facilities, calculated based on the difference between the average price of natural gas in the month considered, and a reference value, set at €20/MWh, applicable from its entry into force up to 31 March 2022. This reduction excludes facilities in non-peninsular territories, those included in a regulated compensation framework (specific compensation and REER) and those with a net power below 10 MW. It also includes certain consumer-protection measures.

Subsequently, 26 October 2021 saw the entry into effect of LRD 23/2021, regarding urgent energy measures to protect consumers and introduce transparency in wholesale and retail electricity and natural gas markets. This regulation, in addition to extending and expanding consumer-protection measures, specifies the scope of the mechanism for decreasing over-compensation in the electricity market caused by the high price of natural gas, regulated in the previous LRD 17/2021, which establishes that the decrease is not applicable to energy produced that is hedged by a term-contracting instrument, when the hedge price is fixed, provided that the contract has been signed prior to the entry into force of LRD 17/2021, or later but with a hedge period of more than one year. To supervise these business mechanisms, it incorporates necessary elements to evidence the existence of these term contracts, supporting exclusion from the decrease mechanism. This information has to be sent to CNMC monthly.

The impact of this new regulation established in 2021 has had a very limited impact on the Group’s facilities, so virtually all the energy that would be subject to this decrease was already hedged in the term markets prior to its entry into effect.

In addition to the regulations mentioned above, the Group is also regulated under law 15/2012 which implemented tax measures for energy sustainability. Starting in 2013, this law applies to all electrical power production companies in Spain. All of the facilities operated by the Group Corporación Acciona Energías Renovables are subject to the payment of value added tax on electricity at a rate of 7% on all revenues from the sale of electricity. The law also establishes a fee for the use of continental waters for the production of electricity. This fee imposes a 22% tax on the value of the electricity produced, although there is a 90% reduction for facilities with less than 50 MW of installed powers and pumped storage stations.

Royal Decree-Law 10/2017 of 9 June, which was published in the BOE on 10 June, introduces urgent measures to alleviate the effects of the drought in certain river basins and amends the recast text of the Water Law approved by Legislative Royal Decree 1/2001 of 20 July which, among other things, modifies the fee charged for the use of continental waters for the production of electricity established in Law 15/2012. The new fee, applicable as of 10 June 2017, levies a 25.5% tax on the economic value of the electricity produced, with a 92% reduction of the tax for facilities with a capacity of less than 50 MW and a 90% reduction of the tax for pumped-storage power plants.

In 2021, the Supreme Court ruled that certain provisions of Royal Decree 198/2015, issued under Law 15/2012, which retroactively extended the application of the fee for the use of inland water to 2013 and 2014, were null and void and declared that for the years 2015 to 2020 the fee should not be paid in those cases where there had been no prior review of the administrative concession for the use of water for hydroelectric purposes. This decision recognises the right of the affected operators to receive a refund of the amounts unduly paid, along with late interest.

Royal Decree-Law 15/2018 of 5 October on urgent measures for energy transition and consumer protection, was published in the Official State Gazette (BOE) in October 2018, and calls for the temporary "suspension" of the tax on electricity production for the last quarter of 2018 and the first quarter of 2019. For Group Corporación Acciona Energías Renovables, this translates into a tax reduction of around €22. Finally, on 22 July 2020, the Ministry of Ecological Transition and the Demographic Challenge published Order TED/668/2020 in the Official State Gazette. Among other things, this Order laid out the procedure for refunding electricity production tax (IPVEL) for those facilities with specific compensation via their inclusion in the tax settlements in the last quarter of 2020 for each one of the companies affected. As of 31 December 2020, there are no refunds pending for this item.

Legislative Royal Decree 29/2021 was passed on 21 December 2021, adopting urgent measures in the energy sector to promote electric mobility, self-consumption and the deployment of renewable energies. Under this Legislative Royal Decree, a series of tax measures established in LRD 12/2021 and LRD 17/2021 (10% reduced VAT rate, the special 0.5% electricity tax and electric bill discounts, primarily) are extended through 30 April 2022. In addition, the tax on the electricity production is temporarily suspended 1 July 2021 through 31 March 2022, applying the same mechanisms as the ones established for previous suspension discussed above. For the Group, this new suspension has resulted in a €20.5 million reduction in taxes in 2021; the reduction in 2022 will depend on the revenue obtained during the first three months of the year.

Practically all of the facilities owned by the member companies of Group Corporación Acciona Energías Renovables operate freely on the Spanish market, selling power to the pool through Acciona Green Energy Development, S.L., a group company which acts exclusively as a middleman.

The Resolution of 18 December 2015 of the State Secretariat for Energy, published in 2015, set the guidelines for participating in the system adjustment services and approved certain testing and operating procedures for adaptation to Royal Decree 413/2014 of 6 June, which regulates the production of electricity using renewable energy sources, cogeneration and waste. The Resolution, which took effect on 10 February 2016, enables those renewable power facilities that are considered eligible and that successfully pass the tests for each one of these services to participate in the system adjustment services and to be compensated accordingly.

Since then, Corporación Acciona Energías Renovables has participated in the technical restrictions market with all of its renewable energy assets. In addition, in 2016 it began to participate in the tertiary regulation and deviation management markets, with a total of 3,372 MW of wind power enabled by Red Eléctrica de España (REE).

Circular 4/2019 was published in November 2019, modifying the methodology for compensating the electricity system operator, as well as the financing charges to be passed on to agents. For the Group, this new methodology resulted in a decrease in revenue of around €1.3 million per year.

Order ETU/1133/2017 of 21 November, which was published in the BOE on 23 November 2017, amended Order IET/2013/2013 of 31 October which regulates the competitive mechanism for assigning demand-side interruptible load management to take effect in the year 2018. This Order also modifies the availability service, reducing the period of application to the first half of 2018 and excluding all hydraulic facilities from the scope. In addition, Order TEC/1366/2018 of 20 December establishing electricity access tolls for 2019 partially repeals the regulations governing the availability service, eliminating this service from 2019 onward.

On 24 January 2020, the CNMC published Circular 3/2020, which establishes the methodology for the calculation of electricity transmission and distribution tolls and eliminates the generation toll of €0.5/MWh that had been in place up to that time. The impact for the Group is a decrease of approximately €6.5 million in annual costs.

As a result of the COVID-19 pandemic and exclusively in the context of the state of emergency, Royal Decree-Law 11/2020 of 31 March was published in April 2020, adopting urgent social and economic measures to deal with COVID-19 and introducing flexibility mechanisms in terms of supplies for SMEs and the self-employed. These measures had a very limited impact on the Group, mainly on the commercialisation business due to the temporary suspension of some supply contracts and the temporary postponement of electricity bill payments.

Royal Decree-Law 23/2020 of 23 June was passed in June 2020, approving measures for energy and other areas of economic reactivation, following the COVID-19 pandemic. One of the most relevant points in this regulation is the boost it gives to renewable energies, laying the foundation for a new compensation framework for installed capacity in the future through competitive mechanisms, which will coexist with the current special compensation scheme that will gradually disappear with the end of the regulatory term established for installed capacity that is entitled to this compensation.

The end of 2020 is marked by the approval of the regulations implementing Legislative Royal Decree 23/2020. Royal Decree 960/2020, which regulates the legal and economic rules for renewable energies used for electricity production facilities based on the recognition of a long-term energy price, was published in November of this year. Order TED/1161/2020 of 4 December, which regulates the first auction mechanism for the granting of the economic scheme for renewable energies and establishes a tentative calendar for the period 2020-2025, was published in December. A minimum target of 3,000 MW is set for 2020.

The Resolution of the Secretary of State for Energy of 10 December 2020 contains the announcement of the first renewable energy auction under the economic scheme regulated in this Order, along with the specific details. The first auction was held on 26 January 2021 for 3,000 MW of renewable energy, with two minimum reserves of at least 1,000 MW wind and 1,000 MW solar photovoltaic. The Group Corporación Acciona Energía Renovables bid on a total of 329.5 nominal MW: 79.5 wind and 250 solar photovoltaic.

The Resolution of 28 January 2021 of the Directorate General for Energy Policy and Mines was published in the Official State Gazette on 28 January 2021, resolving on the first renewable energy auction under the economic scheme according to the terms of Order TED/1161/2020 of 4 December. In that decision, 106.6 MW of nominal PV solar were awarded to various Group companies, which the Group will incorporate into its portfolio of projects for construction and subsequent operation in the coming years.

The Resolution of the Secretary of State for Energy dated 8 September 2021, which was published in the Official State Gazette on 9 September 2021, announced the second renewable energy auction under the provisions of Order TED/1161/2020, for a total of 3,300 MW. The Group did not participate in the auction.

The public consultation period was opened on 30 December 2021 in relation to the proposed Resolution of the Secretary of State for Energy, announcing the third renewable energy auction for a total of 500 MW to be held on 6 April 2022.

Apart from introducing the aforementioned tax measures, LRD 29/2021, mentioned above, includes measures to promote self-consumption and the deployment of electric recharging stations and takes on relevance in relation to the development of renewable projects, as it prevents the imminent expiration of access and connection permits for a large volume of projects, many of them mature, mostly delayed due to being held up in different government agencies. It amends LRD 23/2020 of 23 June 23 regarding the administrative milestones that must be reached to maintain access and connection permits. It pushes the interim milestones back by nine months, the closest one in time being the favourable Environmental Impact Statement. This measure is accompanied by a one-month window for projects with access permits granted before the LRD came into force to withdraw, recovering the guarantees provided during the access and connection process.

It is worthy of note that after the meeting of the Council of Ministers on 1 June 2021, the Government launched a public consultation process on a draft bill that modifies the electricity market regulations to limit the recent increase in electricity prices. This process resulted in a draft bill, currently making its way through the Congress, which, among other measures, is intended to act on the compensation of non-emitted CO_2 in the electricity market and which is expected to take effect in the second half of 2022.

The purpose is to provide a mechanism for reducing the remuneration of infra-marginal and non-CO_2 emitting plants that were commissioned prior to 2003. These plants receive recurring market-matching rates which, when set by CO_2-emitting plants, includes the cost of CO_2 emission rights and is not borne by these infra-marginal non-emitting plants. The reduction is calculated on the differential between the average price of the equivalent ton of CO_2 for the month in question and a references value of €20.67 per ton of CO_2.

At the date of these consolidated annual accounts, it is not possible to anticipate when this Project will be approved and in what form. Based on an analysis of the potential effect it could have on the recoverability of assets and the information available at this time, and considering the current uncertainty regarding its definitive approval and the form it will ultimately take, the Group has assessed its potential impact on the valuation of the Group's assets under the current conditions, based on the hypotheses used for the impairment test. However, future changes to the approval process could affect the Group's future business and therefore the recoverability of the affected assets.

United States

The Renewable Portfolio Standard (RPS) is a market policy freely established by some states which requires that a minimum proportion of all electricity supplied come from renewable energies. The percentages vary from state to state, although most are between 20% and 30% for the period from 2020 to 2025. The measure is usually implemented through RECs (Renewable Energy Credits), a system of negotiable certificates for verifying that a kWh of electricity was generated using renewable energy. At the end of the year, electricity producers must have enough credit to cover their annual quotas or run the risk of a fine for non-compliance.

The PTCs (Production Tax Credits) offer tax deductions on electricity production for the first 10 years of operation. The deduction is calculated per MWh and is adjusted each year based on the Consumer Price Index (regulated in the “Energy Policy Act”).

In 2005, Congress established a 30% ITC (Investment Tax Credit) initially applicable to solar energy projects, although access was later granted to other technologies with the passage of the *Bipartisan Budget Act* of 2018.

In 2009, a law was passed allowing companies that were eligible for PTCs to receive ITCs in exchange or, alternatively, a payment equal to 30% of the investment.

Traditionally, these tax incentives have to be renewed annually, with the uncertainty that goes along with it, but in December 2015 a long-term extension of both PTC and ITC was approved for both wind and solar power, with a gradual reduction of the incentive. For wind, which had the option to choose compensation through PTC or ITC, the PTC decreases by 20% each year until 2020, ending with a 0% incentive; similarly, the ITC is also reduced gradually until it is eliminated in 2020. For solar photovoltaic, on the other hand, 30% of the ITC is maintained through 2020 (31 December 2019), then starts to decrease and ends up fixed at 10% after 2022. The milestone that determines the deadlines is the start of construction.

In May 2016 the Internal Revenue Service (IRS) clarified what is considered a "construction start" for wind farm projects, which can be met with either a defined "physical work start" or a "safe harbour" of a certain minimum expenditure (5%), a question that was confirmed in the application guidelines issued by this body in June 2018.

The possibility of receiving PTC or ITC was extended for wind technology throughout 2020. In 2020, projects could "qualify" for an even higher PTC (15$/MWh, 60% of the original) than they would have qualified for in 2019 (10$/MWh, 40%) and a period of 4 years is again allowed for the commissioning of the facility. Regarding ITC, which is an alternative to PTC, in 2020 it would represent 18% of CAPEX (40% of the 2016 value) rather than 12% in 2019 (60% of the 2016 value).

To assist in addressing construction delays related to COVID-19, the IRS issued guidance in May 2020 that gave projects which were started in 2016 or 2017 an additional year for construction, meaning they have five years to commission instead of four. Onshore and offshore wind projects on which construction began 2021 are no longer eligible for the PTC.

On 27 December 2020, before the end of his term, President Trump signed *The Consolidated Appropriations Act, 2021.* This rule allows the ITC and PTC scheme to be extended through 2021. For the wind business in general, the same conditions that applied in 2020 are extended through 2021, although one of the changes it introduces for the wind business is that a gradual decrease in the ITC incentive, which started with 2021 projects, is extended for the years 2021 and 2022.

There is another tax benefit linked to the wind farm owner's ability to take advantage of accelerated depreciation of most capital assets (Modified Accelerated Cost Recovery - MACR's), which can result in an average amortisation period of five years. There is no expiration date on this tax benefit.

In 2019, progress was made in the development of policies aimed at boosting the use of energy storage technologies. In 2018, FERC issued and implemented Order 841 which requires all Regional Transmission Operators (RTOs) and Independent System Operators (ISOs) to make changes to market rules so that energy storage can participate in all services. It also requires market operators to consider the specific physical and technical characteristics of a storage unit in market operations.

2019 was the year in which the Order was transposed in the different markets: in December 2018, the six RTOs and ISOs submitted detailed proposals for compliance. States began to set energy storage targets in their climate and energy legislation. At the federal level, legislation has been passed, such as the 2019 law that establishes a research programme, demonstration programme and technical assistance programme.

On 22 April 2021, President Biden announced his commitments to reducing 2005 emission levels by 50-52% throughout the economy by 2030; having 100% emissions-free electricity by 2035, and a net-zero-emissions economy by no later than 2050. As part of its return to the Paris Agreement, the United States is required to develop a plan to achieve the Agreement's goals. These commitments are laid down definitively in the Executive Order signed in November 2021.

That same month, President Biden presented the economic plan called Build Back Better (BBB), with which he intends to inject more than half a trillion dollars into to the US energy transition, and plans to extend tax credits, which would benefit wind and solar power, and storage. This measure would bring down the costs of new wind plants coming online in 2030 by between 14% and 40% depending on the region, and for new large-scale solar plants by between 36% and 52%. Energy storage plants would qualify for ITC independently. The plan's aim is to advance the transition from fossil fuels to clean energy, giving an enormous boost towards a carbon-free energy sector by 2035 and investing more in innovation by promoting clean energy and making greater efforts on climate. The BBB bill is at a standstill because of the opposition of one democratic senator, who expresses concerns about the spending in the bill and its impacts on the federal budget deficit and inflation.

In December 2021, the EPA (Environmental Protection Agency) reviewed the national standards for greenhouse-gas emissions for passenger cars and light commercial vehicles for model years 2023–2026.

Mexico

Until December 2013, the production, transmission and distribution of electricity was controlled by the federal government through the Federal Energy Commission (CFE). The only options for renewable energy sales were Independent Energy Production (electricity plants that sell their production to the CFE directly) or Self-Supply Contracts (electricity productions plants that sell their production to a centre that owns a portion of the production plant).

On 18 December 2013, a constitutional reform was published that introduces significant changes to the Mexican energy model, opening it up and accepting greater private participation. The new Electricity Industry Act (LIE) published on 11 August 2014 lays out these substantial changes for the electricity sector: the state's role in the sector is limited to running the system and rendering transmission and distribution services; the different activities are legally separated; a wholesale electricity market is created which is operated by the National Energy Control Centre ("CENACE"), whose offers are based on cost; and a series of obligations is established for generators to be covered by Clean Energy Certificates (CELs). In addition, there will now be electricity contract auctions to cover the supply of electricity to the users of basic services. In long term auctions, the contracts include the assignment of clean energy, power and CELs. Contracts that were in place before the new law was passed will be allowed to continue.

The first market conditions were published in 2015 and must be re-evaluated every 3 years. In January 2016, the Secretary of State for Energy of the Government of Mexico (hereinafter, “SENER”) published a resolution authorising the different interconnected systems to start operating the short-term market and for CENACE to start performing the functions of a day-ahead energy market. To date, the day-ahead and real-time markets are still in the first stages of operation, and the implementation of the hour-ahead market has not yet started. The Power Balance Marketplace was inaugurated in February 2017 which determines the price that supports the previous year’s capacity, volume and total amount. This an annual, ex-post market.

2018 was the first year in which CELs were mandatory and must be submitted by consumers until they reach 5% of the electricity sold. CEL requirements for the Obligation Periods of 2020, 2021 and 2022 were published in March 2019 (7.4%, 10.9% and 13.9%, respectively), to supplement the rate already published in 2016 for the year 2019 (5.8%).

To date there have been three long-term auctions: two in 2016 and one in 2017. The last one included a clearinghouse to allow the participation of potential suppliers other than CFE. In 2018, CENACE announced the fourth long-term auction for the purchase and sale of electricity, capacity and CELs, the first draft of which came out in March of that year, with prequalification and registration of potential buyers and submission of prequalification applications in August. With the arrival of the new president, Lopez Obrador, it was suspended in December 2018 and finally cancelled in January 2019.

In addition, the Executive announced that it would review the contracts signed with private companies in the framework of previous auctions and other mechanisms and cancelled any further investments to improve the electricity transmission system at the national level. As of the date of these annual accounts, no date for a new auction has been announced.

The latest PRODESEN (National Electricity System Development Programme) published by SENER for the period 2019-2033 estimates by 2033 clean energy will account for 35% of all power generated.

On 28 October 2019 an Agreement was published amending the Guidelines for obtaining Clean Energy Certificates, which extends the possibility of generating CELs to the plants of the Federal Electricity Commission (CFE) prior to the Legacy Power Plants. This means that several of the Group’s facilities will qualify for these certificates. However, this regulation also poses the risk of an oversupply of CELs in the market as the number of installations qualified to issue them increased. Several generators rejected this measure and requested that it be repealed. As a consequence, the rule has been suspended until the final decision is published.

Despite this, the main problem continued to exist, as CFE could generate certificates with its old energy installations and thus increase the supply and reduce the demand for certificates - with CFE as the main consumer - putting downward pressure on the price to practically zero. The measure affects both operating facilities and plants under construction, as it substantially alters their revenue forecasts.

Arguing the COVID-19 crisis as the reason, on 29 April 2020 CENACE proposes a set of modifications that seek to increase the reliability of the system. A resolution is published indefinitely suspending the tests for new clean energy projects (with no reference to the rest of the technologies). In addition, alleging technical faults in the electricity system, the delivery of manageable plants (mainly fossil fuels) is guaranteed over renewable generation.

On 15 May 2020, SENER published the Policy on the Reliability, Security, Continuity and Quality of the National Electricity System, which limited the participation of renewable generation companies in the market, discouraging renewables because they are "intermittent". As a direct result, the commissioning of 28 wind and photovoltaic installations planned for 2020 and 2021 in Mexico has been delayed. The Supreme Court issued an injunction against this Reliability Policy as a precautionary measure until there is a final ruling on the matter.

Also, in late May 2020, the CRE (Energy Regulatory Commission) increased wheeling fees, which a federal court temporarily suspended, leaving open the legal strategy for companies to claim back earnings for wheeling. Lastly, changes in wheeling fees were challenged definitively by the Economic Competition Commission (COFECE) and are now suspended.

SENER and the CRE have issued a series of legislative instruments designed to give CFE a more active role in the planning of Mexico's National Electricity System ('SEN'), give priority dispatch to CFE, and restrict access to national networks by intermittent renewables, energy generators, and others. The regulatory changes have been challenged in the courts by interested parties, including private investors, NGOs, and public administration. Although judgments have not been delivered in most of these cases, important judicial decisions have invalidated some of that legislation.

On 9 March 2021, the bill to amend the Electricity Industry Act was presented, attempting to strengthen CFE's position in the electricity market at the expense of private sector players. SENER, CRE and CENACE would have a period of six months from the promulgation of the LIE Amendment to make the necessary changes to the electricity industry's regulatory framework to bring it into line with the Amendment.

However, just two days after its publication, the District Courts granted what amount to permanent injunctions to suspend the effects of the LIE Amendment. As a consequence, and in the context of the constitutional relief actions brought by various private companies, including affiliates of the Group Corporación Acciona Energías Renovables, the injunction seeks to avoid giving a competitive advantage and creating distortions in the market. This injunction does not mean the LIE Amendment has been invalidated, but it will not go into effect until the corresponding constitutional relief proceedings are decided. It could be annulled if the Federal Supreme Court of Justice (SCNJ) sitting *en banc* decides, in either of these cases, by a supermajority vote of at least 8 out of 11, that the LIE Amendment is unconstitutional.

On 30 September 2021, Mexico's president submitted an Amendment to Articles 25, 27, and 28 of the Constitution with the following objectives:

- i) CFE will generate at least 54% of electricity, and private entities up to 46%.
- ii) CRE and CNH are subrogated to SENER.
- iii) Electricity generation and supply are left exclusively in State hands, and CFE is allowed to buy electricity from private generators.
- iv) Self-supply generation permits are cancelled.
- v) Long-term auction generators and 'legitimate' self-suppliers will only be allowed to sell their energy to CFE. They are no longer allowed to sell it to the private sector.

As this is a constitutional amendment, there are no deadlines for it to be passed, as the aim is for study and discussion to continue for as long as is necessary. However, for it to pass requires the vote of two thirds of the members present in the Federal Congress (Chamber of Deputies and Senate) and the vote of 50 percent plus one of the local state congresses. As of now, the amendment is being studied by the committees of the Chamber of Deputies, which organised an open hearing for subject-matter experts to air different viewpoints. No dates have been set for its passing and eventual publication.

The Mexican government created the National Emissions Register to register all emissions coming from the sectors of transportation, electricity generation, housing, oil and gas, industry in general, agriculture, waste, and land use. This register is necessary to meet the objectives linked to the Paris Agreement (2030 Agenda). The goal is to reach carbon neutrality by 2050, based on year-2000 data. Mexico has committed to a 22% cut in greenhouse gases and a 51% cut in black-carbon emissions by 2030. As a result, it agreed that 35% of the electricity produced in Mexico will come from clean technology sources by 2024.

The operation of the Emissions Trading System (on a trial period up to 31 December 2022) has created a market instrument that, in accordance with the Mexican General Climate Change Act and the Paris Agreement, has been designed to reduce greenhouse-gas emissions. The system is based on the 'cap and trade' principle, and consists in establishing a cap on the total emissions of one or more sectors, which has to be reduced each year.

On 31 December 2021, the Federal Official Gazette published General-Purpose Administrative Provisions containing the national electricity system's criteria of efficiency, quality, reliability, continuity, security and sustainability: Network Code ('Network Code 2.0'). The document presents some major changes and amends the range of technologies that CENACE limits for reasons of reliability, now establishing power stations undergoing testing in first place, followed by renewable (intermittent) generation, moving thermal generation to fourth place.

Chile

In Chile, Law 20.257 (ERNC Law) from 2008 was amended by Law 20.698 (Law 20/25) and a target was set for renewables to account for 20% of all electricity generated by 2025. Electricity companies must prove what percentage of the electricity withdrawn from the system comes from these types of technologies. The law also imposes a penalty for non-compliance which is 0.4 UTM per unaccredited MWh (approximately US$32). For repeat offenders within three years of the first non-compliance, 0.6 UTM of unaccredited MWh (approximately US$48). Also, companies that have injected renewable energy in excess of their obligation can pass on the excess to other companies. However, there is no green certificate market as such but rather bilateral contracts between interested parties and certification of the transfer which is accredited by means of an authorised copy of the contract.

In order to meet the target, Law 20/25 also introduced annual auctions in keeping with the government's three-year demand projections. Introducing into the auction the possibility of bidding in differentiated blocks (Block A for the night, Block B for solar hours and Block C for the remaining hours of the day) facilitates the participation of renewables.

A resolution was published in April 2016 which approved the preliminary report establishing the regulated consumption values (in GWh per year) to be put out to bid in the coming years. The volumes included a reduction in the anticipated energy demand of approximately 10% between 2021 and 2041, which implies a significant decrease in what was to be auctioned this year (from the expected 13,750 GWh to approximately 12,500 GWh).

The Chilean government's goal with the auctions is for electricity distribution companies to have long-term supply contracts, 20 years starting in 2024, to satisfy the needs of price-regulated customers. In September of 2021, four years after the last auction was held in 2017, Chile announced a new reverse auction for power supply contracts. All willing projects will use renewable assets and storage for the supply. The weighted average auction price has been reduced by 27% to $23.8/MWh from previous auction price of $32.5/MWh, which is a new record low for the country. Group Corporación Acciona Energías Renovables was not awarded any projects in this auction.

The Transmission Law, published in July 2016, establishes a new electricity transmission system and creates a single independent coordinating body for the national electricity system. Following the approval of the Transmission Act, work began on the associated regulations.

The regulation for the implementation of the CO2 emissions tax (Exempt Resolution 659) was approved in 2017, which calls for the payment of compensation by all generating companies, including non-polluting ones.

In 2018, the Regulations for Supplemental Services and for the Coordination and Operation of the National Electricity System are withdrawn from the comptroller's office, delaying the approval process. In January of that year, the Chilean government said the country would not be building new coal plants without carbon capture, and began talks to replace existing capacity with cleaner sources.

Following the riots that began in October 2019 and the different economic and political impacts that resulted, the government agreed to freeze tariffs using the *transitional electricity price stabilisation mechanisms for customers subject to tariff regulation* (Law 21,185 of 2/11/2019), which affects the public service distribution concessionaires, who will only be allowed to transfer pre-defined prices to their regulated customers and to the power generators who supply them, which will be subject to an adjustment factor during the transitional period.

A proposal to modify the calculation of the sufficiency power was presented in 2021. The regulation aims to establish the methodologies, procedures and criteria for determining the power transfers resulting from the coordination of the operation referred to in article 72°-1 of the General Electricity Services Act. The most notable changes to the regulation include penalties for photovoltaic plants without storage, the promotion of storage in systems such as batteries and pumps and the recognition of batteries as renewable plants. This regulation is in the process of being revised but has been stalled due to the large volume of comments received.

In 2021, the Chilean Congress analysed the Electricity Portability Law, a bill that amends the General Electricity Services Act (LGSE) to add a new energy trader to Chile's electricity market to promote competition, which could buy blocks of energy from generating companies and sell sub-blocks to regulated customers at prices lower than those offered by distributors. Approval and the first pilot projects are expected in 2022. The regulation still needs to be defined for this to happen. It is expected that the new concept of a broker capable of buying and selling energy on the regulated market will be operative in 2022. Currently only unregulated customers can choose who they buy their energy from.

Poland

The Renewable Energy Act (RES Act) passed at 20 February 2015 replaces the green certificate incentive system with an auction premium system, although the change would not apply to existing facilities since the old and new systems would functional simultaneously. In an amendment published on 29 December, the introduction of auctions and the deadline for joining the green certificate system were delayed for 6 months until July 2016. Following the adoption of several amendments, the latest version of the RES Act was published in June 2016 and entered into force on 1 July 2016, but its application did not correct the oversupply of green certificates nor did it offer auctionable power for large wind and photovoltaic installations. The Group ultimately decided not to sign onto the new system and to continue with the incentive system based on the green certificates.

An auction was held in December 2016 but was limited to small facilities, mostly biogas. A draft for the auction of 700 MW of renewables for large facilities was published in early 2017 which was originally expected to happen in the second half of 2017, but to date it has not taken place. In addition, new amendments to the RES Act were passed in July 2017, particularly in relation to the Substitution Fee (the amendment now links the fee to declining market prices) and the auction conditions.

The RES Act underwent significant changes again with the RES Amendment Act of 7 June 2018 (which took effect on 14 July 2018). The most consequential changes include an extension of the validity of building permits for wind facilities that do not meet the conditions set forth in the Distance Act, and a return to the taxable base established in the definition of the investment rate as of 1 January 2018 (only the construction elements of the wind turbine instead of all components). The period for the auctioning scheme has been extended over the last few years, supported by decisions taken at European level, and is now set to run until 2027 inclusive.

Australia

The Renewable Energy Electricity Act 2000 (Cth) promotes renewable electricity generation and creates a renewable energy certificate scheme. The RET (Renewable Energy Target) is a scheme designed by the Australian Government to reduce greenhouse gas emissions in the electricity sector and encourage generation from renewable sources. The scheme imposes obligations on electricity retailers to obtain renewable energy certificates, which can be created by renewable energy generators. It consists of two schemes: "Large-scale Renewable Energy Target" and "Small-scale Renewable Energy Target".

The “Renewable Energy (Electricity) Amendment Bill 2015”, passed in June 2015, introduced stability into the system of green certificates, setting a target RET of 33,000 GWh in 2020 and eliminating the target adjustments every two years (henceforth every four years).

The Renewable Energy Target (RET) scheme encourages additional electricity generation from renewable sources to reduce greenhouse gas emissions in the electricity sector and comprises two different schemes: "Large-scale Renewable Energy Target" and "Small-scale Renewable Energy Target". In the case of the Large-scale Renewable Energy Target, the regulator has reported that there are enough approved projects to meet and exceed the 2020 target of 33,000 GWh of additional renewable electricity. The target ends in 2020, but will remain at 33,000 GWh until the end of the scheme in 2030 and these certificates can continue to be used. "The Small-scale Renewable Energy Target will also end in 2030.

In March 2017 the state of South Australia launched the SA Energy Plan which mentions battery storage as the basis for renewable technologies and the purpose of which is to provide the state with large-scale storage of renewable energy. In April of that year, the Clean Energy Council published a report with recommendations for eliminating regulatory barriers to storage and improving network security ("Policy and regulatory reforms to unlock the potential of energy storage in Australia") and in August the government of Victoria announced the auction of 650MW of renewables as part of a renewable auction scheme (VREAS) to meet the Victorian Renewable Energy Target (VRET) of 40% renewable energy by 2025.

In October 2017 the government announced the National Energy Guarantee (NEG) scheme to replace the current CET after 2020. The key aspects include: i) Reliability Guarantee (obligation for retailers to buy a certain amount of “dispatchable” coal, gas hydro or storage); ii) Emissions Guarantee (the obligation for retailers is that the electricity in their portfolios must meet a level of emission intensity to support Australia’s commitment to reduce emissions by 26% by 2030). The Energy Security Board published the NEG design document, which was presented at the Energy Council meeting in April 2018. Australia would later suspend the bill containing the emission reduction target for the NEG.

The transmission and distribution networks are monopolies whose revenues and prices are regulated by the AER (Australian Energy Regulator) in accordance with the NEL (National Electricity Law) and the NER (National Electricity Rules). All electricity generators are entitled to connect to the transmission and distribution networks, depending on the conditions set by the network service provider. Once connected to the transmission and distribution networks, there is no guarantee that generators will be dispatched, and it is possible that generators in weak or congested areas of the grid may not be dispatched because of system constraints or requirements.

The NER requires AEMO (Australian Energy Market Operator) and transmission network service providers to plan for investments in the transmission network based on a time-consuming investment analysis. Some state governments have passed legislation that allows them to bypass this national regulatory framework, which can result in the creation of "renewable energy zones" (REZs) with accelerated and better coordinated transmission investments. REZs are "renewable development zones" that connect multiple renewable generators and storage in the same location and are connected to the transmission grid. In October 2019, the Commonwealth government announced a $1 billion AUD "grid reliability fund" that would be administered by the Clean Energy Finance Corporation (CEFC) and would provide investments in energy storage projects, grid infrastructure and grid stabilisation technologies.

Victoria's Labour Government, elected in November 2018, promised to increase the state's renewable target to 50% by 2030, based on the already legislated target of 40% by 2025. In this regard, on 30 October 2019 the Renewable Energy (Jobs and Investment) Amendment Bill 2019 (Vic) was passed, introducing the VRET 2030 target into law. In the absence of a federal renewable target after 2020, investment will continue to be driven by the states.

India

The National Climate Change Plan, published in 2008, set a target of 15% renewable energy by 2020. Achieving this target required the involvement of both the national and state governments. In June 2015, a national target was set to achieve 175 GW of renewable capacity by 2022, of which 100 GW is solar and 60 GW is wind.

Currently, renewable development in India is based on auctions, which result in the assignment of a tariff. Following the publication of the National Wind-Solar Hybrid Policy in May 2018, a 1,200 MW hybrid solar and photovoltaic auction was held in December, in which 840 MW were awarded. In an attempt to promote innovative technologies, 50 MW of floating solar were auctioned and awarded. The *Ministry of New and Renewable Energy* has announced plans to auction 500 GW of renewable energy by 2028.

In addition to low auction prices, transmission costs (intra-state and inter-state) and the uncertainty associated with land have become key factors in the development of India's renewable sector.

In addition to auctions, there is a developing market for direct supply contracts between generators and consumers. It is estimated that 4.6GW of renewable projects were linked to a corporate PPA at the end of 2018, making India the largest market in Asia. The costs involved, the ease with which permits can be obtained, and the obligations arising from the scheduling and communication of electricity delivered to the grid vary from state to state.

Extra income from this type of contract comes from the RECs. The system was introduced in 2010 as a way of helping states with fewer renewable resources meet their obligation: if the company that has signed a PPA sells electricity through the grid to an end customer rather than a distributor or seller, it can apply for RECs.

In addition, something happened in 2019 that could increase interregional transmission capacity, resulting in a more dynamic market: the 2019-2020 Union budget introduces a plan that provides for the interconnection of five regional Indian networks to operate on the same frequency. The scheme will be implemented by 30 June 2020 to enable power transfer by ensuring the connectivity of all states at an affordable price.

They have increased renewable targets despite problems with grid and land availability. In November 2020, India's Prime Minister, Narendra Modi, announced the country's goal to increase its renewable energy capacity to 220 GW by 2022, up from the previous target of 175 GW. They currently have 136 GW of renewables installed. In addition, hybrid auctions have been conducted. Hybrid and technology-neutral bidding models are contributing to the economic rationale for renewables in India. The shift towards more sophisticated bidding with a focus on energy outcomes rather than technology is opening new doors for wind and solar.

South Africa

The government introduced the Energy Independent Power Producers Procurement Programme (REIPPP) in 2011, an auction system for the purchase of 13 GW of renewable electricity. The electricity generated is sold for a fixed rate to Eskom, the state distributor and the sole contractor for all independent power production projects.

The Integrated Resource Plan (IRP), which was finally published on 18 October 2019, gives an idea of the development plans for the period 2020-2030. It is based on balancing electricity supply and demand at a minimum cost while taking supply security and environmental criteria into account. The IRP has taken a turn, reducing coal and abandoning the idea of building new nuclear power facilities on a massive scale. It is worth noting that while some scenarios of the previous IRP envisioned the construction of an additional 9.6 GW of nuclear capacity, the new plan merely extends the life of the existing nuclear power. In addition, the installation of new wind and solar power is maintained through auctions and the margin of action for private operators in the field of distributed generation is extended, raising the limit of what can be installed. The plan mentions the importance of storage to enable the large-scale deployment of renewables, and provides for the installation of new storage capacity. Moreover, it mentions a battery pilot project that is already being prepared.

On 23 August 2020, the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP) for the purchase of 2,000 MW of capacity under twenty-year PPAs was published. The programme objective was to cover a short-term generating gap before launching other purchase programmes, such as the REIPPP. The RMIPPPP is open to all technologies, provided that the plants are available to generate energy during certain established hours and are connected to the network before June 2022. In March 2021, eight awardees were announced, and in June 2021 that number was increased by another three. As of February 2022, the PPAs have still not been signed because the award process has been challenged by a sponsor.

In April 2021, round 5 of the REIPPPP was announced, tendering for 1,600 MW of wind and 1,000 MW of photovoltaic solar. Projects are still limited to a maximum of 140 MW for wind and 75 MW for photovoltaic, as in previous rounds. In October 2021 the awarded projects were announced. The projects should achieve financial closure six months after the award. The Northern Cape province, which has the best photovoltaic resource in the country, has seen its network saturated and only 150 MW have managed to be awarded to projects located in this region. Projects with lower rates than those awarded have been disqualified.

Round 6 is expected to be announced in the first quarter of 2022, with capacities in line with Round 5 (1,600 MW for wind and 1,000 MW in photovoltaic). The publication date could be affected by further delays in the RMIPPPP and in Round 5.

Canada

Under the Greenhouse Gas Pollution Pricing Act, the Federal Carbon Pollution System was adopted in June 2018. The system has two key points:

- a tax on fossil fuels (paid by fuel producers or distributors rather than consumers),
- and a cap-and-trade pricing system for industry (Output Based Pricing System).

Facilities that exceed the annual limit may purchase excess emission credits from other facilities or pay the carbon price. For 2018 and 2019, the carbon pricing system applies to industrial installations emitting 50 kilotons or more of CO2 equivalent per year.

As part of the federal government's commitment to ensure that carbon prices are applied across Canada, the Prime Minister announced the territorial application of the system in October 2018.

At the beginning of 2019, the provinces of Ontario, New Brunswick, Saskatchewan and Manitoba did not have their own emissions reduction strategies. Consequently, as of April 2019 these provinces now have a government-imposed carbon tax.

The federal support system consists of two components: (i) a tax-like component that is a regulatory charge on fuels and (ii) a baseline ETS and credit for emission-intensive and trade-exposed industrial facilities, called the Output-Based Pricing System (OBPS). Most of the revenue from the federal system is returned to the province or territory where it was collected.

The rest of the States already have their own carbon tax. Alberta implemented a tax on all types of fuel in 2017. However, the new conservative prime minister removed the tax, so Alberta will soon be subject to the federal tax as well.

Ukraine

In 2015, Ukraine assumed the ambitious target of producing 25% of its power using renewable energy sources by 2035. Ukraine has been supporting this effort with a Green Tariff, a “feed-in tariff” on generation up until this year. This tariff scheme is no longer applicable to new projects and 2022 will be the last year to complete ongoing projects that can take advantage of the feed-in tariff scheme until 2030.

The Group’s wind farms in this country are selling their electricity under the Green Tariff regulations in all cases.

After the MoU, the Law "On Amendments to the Laws of Ukraine to Improve Support to Electricity Generation from Alternative Energy Sources" (Draft Law No. 3658) was published, followed the regulator’s (NEURC) decree defining the new tariffs. Among the changes introduced by this document, there is a cut in the Green Tariff, specifically for photovoltaic plants with a COD from 1 July 2015 through 31 December 2019. There is a 15% reduction in the Green Tariff for plants larger than 1 MW starting on 1 August 2020 (a reduction of approximately €22.6 per MWh) which will remain unchanged until at least 31 December 2029. This new regulation affects all facilities owned by the Group.

In 2019 it launched a new auction mechanism for new plants. The Auction Law of 22 May 2019 introduces changes in the Green Tariff scheme and establishes the framework for auctions. The Green Tariff (previous model) and the auction scheme are intended to operate in parallel so that wind farms already in existence when the legislation takes effect can either stay with the previous scheme or take part in the auctions.

As with the Green Tariff, government support will be provided by guaranteed purchases by the state through the specially designated and authorised Guaranteed Buyer of all electricity produced using renewal energy sources within the quota purchased auction at the established fixed rate. However, the auction scheme has not yet been definitively implemented.

The responsibility for deviations will be 50% for generators, rising to 100% in 2022. In addition, as of 1 January 2021, the TSO can limit production when so required by the system, paying the mandated compensation.

On 11 November 2020, the Regulator adopted a Resolution on Amendments to the Market Rules whereby the TSO will be able to compensate renewable producers, upon request, for capped electricity throughout 2019.

By contrast, no payments will be made for capped electricity in 2020 based on their requirements until the respective amounts are included in the tariff structure for 2021.

The "Memorandum of understanding on resolution of problematic issues in renewables sector" (MoU) between the renewable sector and the government, published in June 2020, was intended to resolve the liquidity problems of the GB "guaranteed buyer" and solve the delays in the settlement of the generators with the Transmission System Operator (TSO), among other things. The regulation essentially states that balances due to generators will be paid before 31 December 2021. At the end of the 2021 financial year, all deferred debt for 2020 was paid in full.

The “State Budget Act of 2021", adopted on 16 December 2020, anticipates that state guarantees could be issued in 2021 by decision of the Cabinet of Ministers of Ukraine (CMU) to guarantee payments of the state-owned TSO's debts/payment obligations to international financial institutions and/or by borrowing to ensure their liquidity. In principle, the state guarantees would cover the TSO’s borrowings to make certain payments to the GB to settle obligations to the producers of renewables. The available version of the 2021 State Budget Act does not contain sufficient expenditures to provide financial support to the GB to pay producers, but the final version signed by the President or the amendments to the 2021 State Budget Act would seem likely to provide for such expenditures.

The Government announced that it will pass a law allowing for the repayment of outstanding debts between 2021-2022, issuing 5-year government bonds and defining a timetable for issuing additional bonds to resolve the TSO’s debt in the future. In 2021 the debt for the generators’ sale of energy was 80% settled by the GB. The remaining 20% is expected to be paid through the State’s general budgets.

In November 2021 the ‘Memorandum of Economic and Tax Policies’ was signed between the Ukrainian government and the International Monetary Fund within the framework of extending the financial support and aid signed at the end of June of that year. The agreement sets out undertakings in several areas, including some related to the renewable energy sector. The GB will no longer guarantee producers solvency and liquidity from 2022 onwards, and the regulator is introducing the figure of the ‘Transmission System Operator’ (TSO), which will use an appropriate mechanism to implement the charge of a sufficient transmission tariff to meet all system costs, including obligations to pay renewable energy producers, not only from that date onwards, but all pending payments accrued throughout the 2021 financial year, with the applicable limits regarding guaranteed public debt issue.

The FMI also introduced a new indicator to monitor the development of the above regulation, called ‘Ceiling on stock of arrears of the Guaranteed Buyer to RES’. This indicator represents the state debt volume of the GB due and pending payment to producers in the renewable energy sector, and is established at a fixed value of 0 UAH billion both by the end of 2021 and by March 2022.

Other countries

The facilities owned by the other member companies of the Group Corporación Acciona Energías Renovables in other countries are governed by the particular laws applicable in the countries where they are located, operating in the free market to the extent that the country's laws allow.

2.2 Consolidation Principles

a. Consolidation principles

The companies over which the Company has the ability to exercise a significant influence, either directly or indirectly, are considered associates. It is understood that a Company controls another when, due to its involvement, it is entitled to share in the profits and has the ability to influence such profits because of the power it exerts over the company. The Company has such power when it possesses substantive rights that give it the ability to direct a company's relevant activities. The Company is entitled to a share in another company's profits when the yields obtained as a result of being involved vary depending on the company's performance. The method for consolidating subsidiaries is explained in part c) of this note and includes the companies listed in Annex 1.

In those cases where operations are managed jointly with third parties and it is determined that the other party has direct rights and responsibilities stemming from the proportional part of the assets and liabilities under the agreement, the Group recognises in the consolidated annual accounts the assets, liabilities, income and expenses according to its stake in jointly-controlled business. The companies accounted for using this consolidation method, which is explained in part d) of this note, are listed in Annex II.

Companies not included in either of the preceding categories over which the parent has significant influences in management or are joint ventures are considered associates and are carried using the "equity method" (see Annex III). This consolidation method is explained in part e) of this note.

For wind projects in the United States with Production Tax Credits or PTCs and accelerated fiscal depreciation, external partners are brought in whose economic interests vary over the life of the projects, although the Group continues to control the financial and operational aspects of the projects. These companies are consolidated using the same method as is used for subsidiaries (see part c) of this note). These partners continue to hold interests in the companies' capital, obtaining tax benefits and even a rate of return on their investments which depends on each project's performance. The Group holds purchase options on these projects at the market value when the investor-partner obtains a return.

b. Elimination on consolidation

All balances and the effects of significant transactions between subsidiaries and the parent company or between the subsidiaries and joint ventures themselves are eliminated during the consolidation process

In transactions with associates and joint ventures, a percentage of the earnings equivalent to the Group's stake in their capital is eliminated.

c. Subsidiaries

Subsidiaries are undertakings which the Company has the power to control, regardless of the percentage of ownership in the subsidiary. This ability is generally considered to exist if the following three conditions are met: power over the investee; exposure to or right to participate in the variable results of the investment and the ability to use that power to influence the amount of the returns.

Income, expenses and cash flows of the subsidiaries are included under consolidated annual accounts as from the acquisition date which is the date on which the Group obtains effective control thereof. Subsidiaries are excluded from the consolidation as from the date on which control was lost.

The transactions and balances held with subsidiary companies and any profits or losses not realised are eliminated during the consolidation process. However, unrealised losses are considered an indicator that the transferred assets are impaired.

The accounting policies of the subsidiaries are adapted to the accounting policies of the Group for any transactions and other events which occur under similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process refer to the same submission date and the same period as those of the Company.

When a new subsidiary is acquired, the assets and liabilities and the contingent liabilities are calculated at fair value on the acquisition date, which is when the parent takes control of the subsidiary, according to IFRS 3 - "Business Combinations". Any excess of fair value over the acquisition cost of the identified net assets is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The results of subsidiaries generated during the year are consolidated taking into account only those generated on or after the acquisition date. Likewise, the results of subsidiaries that are disposed of during the year are consolidated taking into account only those generated up to the disposal date.

In addition, the interests of minority shareholders are calculated in proportion to the fair value of the recognised assets and liabilities of the minority shareholders.

Third party interests in the capital of investee companies are shown under "Minority Interests" (NCI) on the consolidated balance sheet under the heading of Group Equity. Similarly, their interest in the fiscal year's profit or loss is shown under "Minority Interests" on the consolidated income statement.

d. Continuing operations

Joint ventures are those undertakings that are jointly managed by a Group company and one or more unrelated third parties, where the parties act jointly to direct the relevant activities and share in the control over decision-making, strategies and, where required, unanimous consent of the parties.

Joint agreements in which it can be concluded that the other party has direct rights and responsibilities stemming from the proportional part of the assets and liabilities under the agreement are considered joint ventures.

For jointly-controlled operations, the Group recognises its assets in the consolidated annual accounts, including its share of jointly controlled assets; its liabilities, including its share of liabilities incurred jointly with the other operators; its revenue from the sale of its share of the output from the joint operation; its expenses, including its share of joint expenses.

The assets and liabilities of joint ventures are classified on the consolidated balance sheet by type. Likewise, the income and expenses originating from joint ventures are consolidated and classified on the consolidated income statement by type.

e. Equity method

Associates and joint ventures (jointly controlled business that entitles the partners to a share of the net assets) are accounted for using the “equity method” in the consolidated annual accounts, that is, the percentage of equity which represents the stake held by the Group in their capital, net of any dividends received and other eliminated equity items

The value of these holdings on the consolidated balance sheet may include the goodwill that arises from the acquisition.

The Group's participation in the profit or loss of associates earned as from the acquisition date is recorded as an increase or decrease in the value of the investment, with the corresponding debit or credit to "Results of companies accounted for using the equity method - similar activities". The Group's participation in the profit or loss of associates earned as from the acquisition date is recorded as an increase or decrease in the value of the investment in the associated, with a balancing entry in other comprehensive income. Dividend payments are recorded as a reduction in the value of the investment. In order to determine the Group's participation in profit or loss, including losses due to impairment of the value recognised by the associate, the Group considers the income or expense derived from the acquisition method.

When the Group's investment in associates is reduced to zero, the implicit additional obligations in the subsidiaries, if any, are consolidated by the equity method under the heading of "Non-current provisions" on the balance sheet.

The Group evaluates the existence of a significant influence, including those cases in which the ownership percentage is less than 20%. In addition to the ownership percentage, qualitative factors such as participation in decision-making, presence on the Board of Directors, access to certain relevant information, as well as the exchange of management personnel are all taken into account.

f. Translation differences

The functional currency of each Group company is the currency of the country where it operates. Transactions in currencies other than the functional currency are treated as foreign currency transactions.

During the consolidation process, the assets and liabilities from the Group's foreign transactions in currencies other than the euro are converted at the exchange rate in effect on the date of the balance sheet. Income and expenses are converted at the average exchange rates for the period unless there are significant fluctuations. Capital and reserve accounts are converted using historical exchange rates. Translation differences are recognised as equity in other comprehensive income. These conversion differences are recognised as income or expenses for the period in which the acquisition or disposal takes place.

g. Changes in the scope of consolidation and minority interests

In the twelve-month period ended 31 December 2021, there were no significant changes in the scope of consolidation or in minority interests, compared to the year ended 31 December 2020.

A contract was signed on 10 April 2020 whereunder Acciona Energía, S.A., Bestinver, S.A. and AXA Investment Managers-Real Assets (AXA) acquired from Kohlberg Kravis Roberts & Co. LP (KKR) its 33.33% stake in the share capital of Acciona Energía Internacional, S.A. (AEI, parent of the Acciona Energía Internacional subgroup), along with the credit balance owed by AEI to KKR. In this transaction, Acciona Energía acquired an 8.33% stake in AEI; Bestinver, S.A., 5%; and AXA, 20%; whilst KKR assigned 25% of its credit position to Acciona Energía; 15% to Bestinver and 60% to AXA. The deal was closed on 29 December 2020, once the conditions precedent had been met, at which time Acciona Energía received the shares representing 8.33% of the capital of AEI in exchange for a consideration of 49,269 thousands of euros and the assumption of credit rights in the amount of 63,961 thousand of euros. The payment of these two items totalling 113,230 thousand of euros was made on 4 January 2021.

As a result of this transaction between shareholders and since there was no change of control, there was a €34 million decrease in the Group's consolidated reserves at 31 December 2020. Likewise, the amount attributed to minority interests decreased by €15 million on the same date (see note 14.f).

Annex IV shows this and the rest of the non-material changes in the scope of consolidation for financial years 2021 and 2020. The impact on the enclosed consolidated annual accounts is discussed in the pertinent notes of this report.

3.- Main accounting principles

3.1 Adoption of new standards and interpretations

Standards and interpretations applied this financial year

The following modifications and interpretations of accounting standards which took effect in 2021 were considered in preparing the enclosed consolidated annual accounts:

Standards, modifications and interpretations	Description	Mandatory application for financial years starting on or after:
Approved for use in the EU		
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Benchmark Interest Rate Reform - Phase 2	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the ongoing benchmark reform (Phase 2).	1 January 2021
Amendment to IFRS 4– Deferred application of IFRS 9	Deferred application of IFRS 9 to 2023	1 January 2021
Amendment of IFRS 16 – Leases. Leasehold improvements	Amendment to extend the deadline for the application of the practical solution of IFRS 16 for leasehold improvements related to COVID-19.	1 April 2021

Regarding IFRS 9, IAS 39, IFRS 7 and IFRS 16, in this second phase the IASB proposes certain practical solutions, clarifications and exceptions for reflecting financial assets and liabilities and lease liabilities in the financial statements of entities in the best possible way as a consequence of the IBOR reform. It has also amended certain requirements for hedging relationships in order to be able to continue to apply hedge accounting under the assumption that certain benchmark interest rates on which the cash flows of hedging instruments and hedged items are based are not affected by the uncertainties generated by the reform of the interbank offered interest rates (IBOR indices). At 31 December 2021, phase 2 of this amendment has had no significant implications for the Group.

The "Amendment to IFRS 16 Leases - Rent Leasehold improvements" came into effect on 1 June 2020 and simplifies the accounting for rent concessions related to COVID-19. The amendment exempts lessees from having to reassess leases in the event of rent forgiveness or renegotiation of rent deferrals in the year 2020 that meet the conditions described in the amendment to the standard and allows these improvements to be recorded as miscellaneous rental income. As lessors continue to grant these leasehold improvements as a result of COVID-19 and as the effects of the pandemic remain significant, the IASB has extended the application period of this practical solution to 30 June 2022 (it was previously 30 June 2021). As in the previous year, the impact on the Group has not been significant as the contracts most affected by the downturn in activity due to the COVID-19 confinement did meet the conditions set out in the amendment. They ended up being cancelled early or renegotiated in such a way that the future flows of the lease or committed rental period were modified.

The remaining standards were applied without significant impact on either the reported figures or the presentation and disclosure of information, either because they do not entail relevant changes or because they refer to economic events that do not affect Group Acciona Generación de Energías Renovables.

Standards and interpretations issued but not yet in force

At 31 December 2021, the following standards and interpretations were published by the International Accounting Standards Board (IASB) but are not yet in force, either because the effective date is after the closing date of the consolidated annual accounts or because they had not yet been adopted by the European Union:

Standards, modifications and interpretations	Description	Mandatory application for financial years starting on or after:
Approved for use in the EU		
Amendment to IFRS 3 –Reference to the Conceptual Framework	IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those in the Conceptual Framework. In addition, certain clarifying guidance is given on the recognition of contingent assets and liabilities.	1 January 2022
Amendment to IAS 16 - Proceeds before intended use	The amendment prohibits deducting any proceeds from the sale of items produced while the company is preparing an asset for its intended use from the cost of an item of property, plant and equipment. Proceeds from the sale of such samples, along with production costs, must be recognised on the income statement.	1 January 2022
Amendment to IAS 37 - Onerous contracts Cost of fulfilling a contract.	The amendment explains that the direct cost of fulfilling a contract includes the incremental costs of fulfilling that contract and an allocation of other costs directly related to the performance of the contract.	1 January 2022
Annual Improvements to IFRS 2018–2020.	Minor Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022
IFRS 17 - Insurance Contracts and amendments	Replaces IFRS 4 and clarifies the principles of registration, measurement, presentation and disclosure of insurance contracts in order to ensure that the entity provides relevant and reliable information that allows the users of the information to determine the effects of the contracts on their financial statements.	1 January 2023
Not approved for use in EU		
Amendments to IAS 1 - Classification of liabilities as current and non-current	Clarifications regarding the presentation of liabilities as current and non-current.	1 January 2023
Amendments to IAS 1- Disclosure of accounting policies	Amendments that enable entities to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 - Definition of accounting estimate	Amendments and clarifications as to what should be understood as a change of an accounting estimate	1 January 2023
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	Clarifications on how companies should record deferred tax arising on transactions such as leases and decommissioning obligations.	1 January 2023
Amendments to IFRS 17 - Insurance contracts First-time application of IFRS 17 and IFRS 9. Comparative information	Amendments to the transition requirements of IFRS 17 for insurers applying both IFRS 17 and IFRS 9 for the first time at the same time	1 January 2023

The Group's directors do not expect any significant impact from the introduction of these amendments and improvements summarised on the table above, which have been published but are not yet effective, as they are prospective applications, changes in presentation and disclosure and/or deal with aspects that are not applicable or immaterial to the Group's operations.

3.2 Measurement standards

The measurement standards used to prepare the Group's consolidated Annual Accounts in accordance with the International Financing Reporting Standards adopted by the European Union (IFRS-EU) are as follows:

A) Property, plant and equipment

Fixed assets acquired for production, for the provision of goods or services or for administrative purposes are shown on the consolidated balance sheet as the lesser of the cost of acquisition or production, less the cumulative amortisation and recoverable value.

The cost of expansions, upgrades and betterments leading to an increase in productivity, capacity or efficiency, or a lengthening of the useful lives of property, plant and equipment items are capitalised. The acquisition cost includes professional fees and the financial expenses incurred during construction which are directly attributable to the acquisition, construction or production of qualified assets, which are those that require a substantial period of time before they are ready for use. All financial expense associated with the financing used to build the associated assets is capitalised during the construction period.

Capitalisation of interest begins when the expenses related to the assets are incurred, the interest has accrued and the activities required to prepare the assets or parts of the assets for their intended use are being carried out. It ends when all or substantially all the activities necessary to prepare the assets or parts of the assets for their intended use have been completed. However, capitalisation of interest is suspended during periods when activities are interrupted, if these are prolonged significantly over time, unless the temporary delay is necessary to bring the asset into operating condition.

The cost of fixed assets includes the estimated cost dismantling or removal cost as well as the restoration of the place where they are located to its original state, provided that such obligations were assumed as a consequence of using the place for a purpose other than the production of inventories.

Assets that are removed from service because of upgrading processes or for any other reason are recorded by removing the carrying balance from the corresponding cost and accumulated amortisation accounts.

In-house work the company's assets is measured at accumulated cost which is obtaining by adding external costs plus in-house costs, which are determined on the basis of in-house materials consumption and manufacturing costs incurred. At 31 December 2021, the company recognised €213.3 million under "Other revenue" in the accompanying consolidated income statement for work carried out by the Group for its own property, plant and equipment, most of which relates to wind power projects in Spain, Mexico, Australia, Chile and the United States.

Conservation and maintenance costs are carried to the consolidated income statement of the fiscal year in which they are incurred.

Depreciation is generally calculated using a straight-line method on the acquisition cost of the assets less the residual value. It is understood that the land on which buildings and other constructions are built has an indefinite useful life and is therefore not subject to depreciation. Companies depreciate property, plant and equipment by spreading the cost of the assets over the estimated useful life. The annual depreciation rates for financial year 2021 are as follows:

Annual depreciation rate	
ASSETS ASSOCIATED WITH THE ELECTRICITY BUSINESS	
Wind farms	3.33%
Hydroelectric plants	1% - 4%
Photovoltaic solar power plants	3%
Other electricity-generating plants	4.00%
OTHER ASSETS	
Buildings	2%
Other plant and machinery	5 – 16.6%
Other plant, tools and equipment	10 - 20%
Other PPE	20– 33.3%

In 2020, the Group re-estimated the useful life of its wind farms and solar PV installations from 25 to 30 years.

At the national level, the regulation establishes a regulatory life for operating assets that depends on the technology (see note 2.2), which is currently 20 years for wind assets, 30 years for photovoltaic assets and 25 years for biomass facilities. The regulatory life is the time during which the facility is eligible to be part of the special regime and, therefore, to earn income (return on the investment or operating income through the minimum remuneration mechanism established therein).

The Group, on the other hand, estimates the useful life of its facilities by assessing the number of years during which it will obtain positive economic flows. It may, therefore, extend beyond the regulatory life, as is the case with the Group's wind power assets.

Consolidated companies recognise any loss in the recorded value of these assets due to impairment with a balancing entry under "Net impairment losses" on the consolidated income statement. The criteria for recognising impairment losses to these assets and any subsequent recovery of those losses are described in section d) of this note.

B) <u>Leases and right of use</u>

A contract is deemed to contain a lease if there is a transfer of the right to direct the use of an identified asset for a period of time in exchange for a consideration.

At the inception date of a lease, a liability is recognised for the lease payments to be made, including any reasonably certain extensions, along with an asset representing the right to use the underlying asset for the term of the lease.

When assessing renewals in light of lease valuations, the Group considers lessee's contractual right to renew the contact and the business plans, project or asset with which the lease is associated, among other things. Because of the considerable investments made in assets related to leases, there is a strong economic incentive for the lessee to exercise the option to extend the lease.

Insofar as land leases, which represent a majority of the Group's leases in terms of both volume and valuation, the term of the lease, including the contractually regulated extensions, are adapted to the useful lives of the facilities provided that they are entered into for an indeterminate period of time, where the termination date is directly linked to the duration of the lessee's activities or where extensions are implemented merely by means of confirmation on the part of the lessee of its intention to exercise the option to extend the lease. In residual cases where the decision is not a unilateral one on the part of the lessee, it is understood that the extensions will be agreed upon by the parties. Only extensions stipulated in the contract are considered to be within the lease period.

The Group measures lease liabilities at the present value of the lease payments outstanding at the commencement date. The Group discounts lease payments at the appropriate incremental interest rate unless it can reliably determine the lessor's implicit interest rate.

Outstanding lease payments consist of fixed payments, less any incentive receivable, variable payments that depend on an index or rate, initially measured at the index or rate applicable at the commencement date, amounts expected to be paid for residual value guarantees, the strike price of the purchase option that is reasonably certain to be exercised and lease termination indemnity payments, provided that the lease term reflects the exercise of the termination. Variable payments not included in the initial measurement of the liability are recognised in profit or loss in the period in which they accrue.

Subsequent to initial recognition, the value of the lease liability is increased by the accrued finance expense and decreased by the payments made, re-estimating the carrying amount for lease modifications or to reflect updates of fixed payments.

Right of use assets are initially recognised at the present value of the lease liability, plus any lease payments made on or before the commencement date, less incentives received, direct costs incurred and an estimate of decommissioning or restoration costs to be incurred. The assets are recognised as "right of use" assets and are initially classified according to the type of underlying asset.

They are subsequently measured at cost less any accumulated amortisation and impairment losses (see note 3.2.D). These assets are depreciated on a straight-line basis over the life of the contract, except where the useful life of the asset is shorter than the term of the contract or where it is believed that a call option on the asset will be exercised, in which case the depreciation period coincides with the useful life of the asset.

The liability is revalued, generally as an adjustment to the usage right asset, whenever there are subsequent changes to the contract, such as in the following cases: changes in lease terms, changes in future lease payments due to updating the indexes indicated in the contract, changes in future payments and changes in purchase option expectations, etc. In the event of changes that alter the term of the lease or substantial changes to the scope of the lease, the contractual liability is revalued using the updated discount rate. The Group records the re-estimated liability as an adjustment to the right of use asset until it is reduced to zero, and subsequently in the income statement.

There are two exceptions to the recognition of lease assets and liabilities for which the expense is recorded in the income statement on an accrual basis:

- Low value leases: This refers to leases that are insignificant, i.e. contracts whose underlying asset is deemed to be of little relevance. The Group has determined that €5,000 is the reference amount for determining the upper limit of this value.

- *Short-term* leases: Contracts with estimated rental terms less than 12 months.

In relation to the cash flow statement, the Group records the principal payments for lease contracts under "Net cash flows from financing activities", as well as the interest related to these contracts under "Net cash flows from operating activities".

C) Other intangible assets

Intangible assets are initially stated at cost and/or cost of production and are later stated at cost less accumulated depreciation and/or any losses due to impairment they have experienced.

All of the intangible assets of Group Corporación Acciona Energías Renovables are considered intangible assets with defined useful lives and are amortised accordingly, using criteria that are similar to those used for the depreciation of fixed assets, which are basically equivalent to the following depreciation percentages (determined based on the average estimated useful lives of the different items):

Annual depreciation rate	
Development	20%
Concessions and other rights	3.33 - 5%
Computer software	10 – 33%

Consolidated companies recognise any loss in the recorded value of these assets due to impairment with a balancing entry under “Net impairment losses” on the consolidated income statements. The criteria for recognising impairment losses to these assets and any subsequent recovery of those losses are described in section d) of this note.

Research and development

The cost of research activities are recognised as expenses in the period in which they are incurred, with the exception of those projects in which an identifiable assets is created which is likely to generate economic profits in the future and the cost of developing the asset can be reliable evaluated.

The Group's development expenses, fundamentally related to wind farm business, are only recognised as assets if they are likely to generate economic profits in the future and the cost of developing the asset can be reliably evaluated.

Development costs are amortised on a straight line basis over their useful lives. When the criteria mentioned above are not met, the development cost is recognised as an expense in the year in which it is incurred.

Administrative concessions and other rights

Administrative concessions include the cost of acquiring concessions to exploit hydroelectric resources. They are depreciated on a straight-line basis over a period of twenty-five years from the commissioning date of the power plant, which reflects the useful life of the assets and is always shorter than the concession term. Depending on the terms of the administrative concession, at the plants are returned to the State in good operating condition at the end of the established term.

Also included under this heading is the acquisition cost of the rights to the land where certain wind farms operated by the Group are located as well as the connection or transmission rights for facilities that are not owned by the Group but in respect of which it has secured power evacuation rights. These asset are amortised on a straight-line basis over the life of the land rights contract starting with the commissioning of the facility.

This includes the cost of the intangible rights and identifiable value acquired in business combinations which will make it possible to develop additional production facilities in the future and which are amortised on a straight line basis over the estimated useful lives of the facilities once they are up and running. In addition, these intangible assets are written down when they experience a drop in value.

The Group also includes under the heading of administrative concessions the fixed assets associated with the concession business where the risk of recovering the investment is assumed by the operator (IFRIC 12). These types of concession activities are carried out through investments operated by project companies and the most salient features of which are as follows:

- The concession infrastructure is owned by the body that grants the concession.

- The grantor, which may be a public or private entity, controls and regulates the services rendered by the concession holder and the conditions under which they are rendered.

- The assets are operated by the concession company according to the standards laid out in the award specifications for a particular period of time. At the end of that time, the assets revert to the grantor of the concession and the concession holder holds no rights over them.

- The concession holder earns income for the services rendered, either from the users directly or from the grantor of the concession.

The accounting criteria applied by the Group in relation to these concession projects are as follows:

- Capitalize the financial expenses incurred during the construction period and do not capitalize those incurred after the facility become operational.

- Straight-line depreciation of the fixed assets associated with the concession over the life of the concession.

- Concessions adhere to the criterion of amortizing the entire investment plus the estimated costs needed to return the asset in good working order at the end of the project.

- These assets are normally built by a member company of the Group. In this regard, the income and expenses related to the construction of infrastructure or betterments are recognized as a gross amount (sales and cost of sales in the consolidated accounts), recognized the construction margin in the consolidated annual accounts. No adjustments were necessary for this reason in 2021 or 2020.

Computer software

The acquisition and development costs incurred in relation to the basic computer systems used in the management of the Group are recognised with a charge to "Other Intangible Assets" in the consolidated balance sheet.

Computer system maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

D) <u>Impairment of PPE, intangible assets and companies accounted for using the equity method</u>

On each balance sheet date, the Group reviews the carrying value of the tangible, intangible assets and associated rights of use, intangible assets and companies accounted for using the equity method to determine whether there are indications that any of these assets have sustained impairment losses.

When assessing the need to recognise or reverse impairment, different variables are considered, including:

- Relevant fluctuations in the market value of the Group's assets, considering comparable transactions in the different markets.

- Assessment of the forward pricing behaviour of the assets that sell their energy at market prices.

- Unexpected shortfalls in anticipated production that persist over time, due either to technical or evacuation capacity constraints or changes in the assets' technical or economic performance.

- Changes in the leal, regulatory, economic or technological environment where the assets are located.

- Relevant changes in macroeconomic variables such as inflation and interest rates.

If there is any such indication, the recoverable amount of the asset is calculated to determine the extent of the loss due to impairment (if there was). If the asset does not generate cash flows independently of other assets, the Group calculates the recoverable amount of the smallest identifiable cash-generating unit to which the asset pertains.

If it is estimated that the recoverable amount of an asset or a cash-generating unit is less than the carrying value, the value of the asset or the cash-generating unit is reduced to the recoverable amount.

When an impairment loss is subsequently reversed, the carrying value of the asset or the cash-generating unit is increased to the revised estimated of the recoverable amount but in such a way that the carrying value when increased does not exceed the carrying value that would have been existed had no impairment loss been recognized for the asset or cash-generating unit in prior financial years.

The recoverable amount is the fair value less the cost of the sale or the value-in-use, whichever is greater. The method used to estimate value-in-use of assets with a limited duration (primarily electricity generation assets) is explained below.

Fixed assets associated with projects

Grouped under this heading are the projects with limited durations characterised by contractual structures that makes it possible to determine with some assurances how much the project will cost (both in the initial investment phase and the operating phase) and to reasonably project the income that will be earned over the life of the project (fundamentally, the Group's tangible and intangible assets).

To calculate the value-in-use of these types of assets, the Group estimates the expected cash flows through the end of life of each cash generating unit (CGU). No terminal value is considered. This is possible because:

- The assets are associated with stable, long-term production, which makes it possible to make reliable estimates for prolonged periods.

- There are plentiful historical series from reliable external sources.

- Determining revenues and estimating prices are based on a thorough understanding of markets and a careful analysis of the parameters that determine market prices when not directly insured by electricity futures contracts.

- The operating costs are known and are low in volatility.

- Most of the projects are financed by non-current debt directly associated with the flows from the projects, with fixed conditions that make it possible to forecast the expenditures that will be needed to service the debt.

Generally speaking, the CGU for this calculation is the company that owns one or more of the facilities that operates on these technologies, which are the smallest units whose cash flows, both inflows and outflows, are identifiable and independent of other flows shared with other facilities. The net book value of each CGU takes into account both the assets and liabilities identifiable with each of them, including the asset and liability items derived from leases within the scope of IFRS 16.

The forecasts include all known data (based on the project contracts) and fundamental hypotheses supported by specific studies performed by experts or historical data (demand, production, etc.). Macroeconomic data such as inflation, interest rates, etc. are also forecast using data from specialised independent sources (e.g., Bloomberg).

Future cash flows are the cash flows that are expected to be derived from the use of the asset and they include the cash flow balances under operating leases within the scope of IFRS 16. Value in use is established on the basis of the expected future cash flows for the period in which these assets are expected to generate revenue, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset, and other factors that market participants would consider in pricing the future cash flows to be derived from the asset.

E) Information to be disclosed on financial instruments

Qualitative and quantitative disclosures in the consolidated annual accounts regarding financial instruments, risk management and capital management required under IFRS 7 are discussed in the following notes:

- Categories of financial assets and liabilities, including derivative financial instruments and measurement standards are discussed in note 3.2.f).

- Classification of fair value measurements for financial assets and for derivative financial instruments according to the fair value hierarchy established in IFRS 13 is discussed in note 3.2.f).
- Disclosure requirements (quantitative and qualitative information) for capital are discussed in note 14 d).
- Accounting and risk management policies are described in note 17.
- Derivative financial instruments and hedge accounting are discussed in note 18.
- Transfers from equity to income due to the settlement of hedging operations using derivative financial instruments are discussed in note 26.

F) Financial instruments

Current and non-current financial assets, except hedges

The financial assets held by Group companies are classified in two large blocks based on their subsequent valuation method:

- Financial assets at amortised cost: This refers to assets expected to be held in order to obtain contractual cash flows from the collection of principal and interest (if applicable). They are recorded at amortised cost, this being understood as the initial market value, less any principal that is repaid, plus the interest accrued but not received, calculated using the effective interest rate method. The types of assets in this category are:

  - Loans and receivables: those arising from the supply of cash, goods or services by a company to a debtor directly. This category consists almost entirely of the assets recognised under "Trade and Other Receivables".

  - Cash and cash equivalents include the cash on hand and the cash and deposits at banks. Other liquid assets include short-term investments with maturities less than three months away which are not subject to a significant risk of changes in value.

  - Other financial assets: assets with values that are fixed or can be determined and with specified maturity dates. These are assets which the Group has the intention and the ability to keep in its possession from the date of purchase through maturity. This section mainly includes loans to companies accounted for by the equity method, short-term deposits, as well as deposits and guarantees.

  The Group has devised an impairment model based on expected losses resulting from a default event for the next 12 months or for the entire life of the financial instrument, depending on the type of non-current financial asset and how the credit risk has evolved since its initial recognition. This model considers the type of client (public bodies, key accounts, etc.), as well as the credit history for the last five years. Changes in credit ratings from external market sources are used to assess significant change in credit risk for the classification of assets into tranches. For current trade and other receivables, the Group has followed the simplified expected loss model set out in the standard based on historical experience of credit losses. There was no significant balance under this heading on the 2021 income statement.

- Financial assets at fair value through changes in the income statement: this refers to securities that are not included in any other category and are almost entirely made up of holdings in the share capital of other companies. Valuation:

  - For investments in unlisted companies, since fair value cannot always be reliably determined at acquisition, cost adjusted for evidence of impairment. The main criterion used by the Group to determine whether there is objective evidence of impairment is the existence of evidence investee impairment.

  - In all other cases, at fair value when this can be reliably determined, either by reference to the quoted value or, failing that, by reference to the value of recent transactions, or by reference to the discounted present value of future cash flows. Gains and losses arising from changes in fair value are recognised directly in the consolidated income statement.

In 2021 and 2020 there were no restatements of the financial assets between the categories defined in the preceding paragraphs.

Financial asset purchases and sales are recorded using the trading dates.

Transfers of financial assets

The Group writes off financial assets when they mature or the rights over the related cash flows are assigned and the risks and benefits incidental to their ownership have been substantially transferred, such as in firm sales of assets, trade credit assignments in "factoring" operations where the company retains no credit or interest risk, sales of financial assets with agreement to buy them back at their fair value or securitization of financial assets where the assigning company neither retains any subordinate financing nor does it give any guarantee or assume any other type of risk.

Bank borrowings and debt with Group companies and related parties, except derivatives

Bank overdrafts and loans that accrue interest are recorded at the amount received, net of direct issuing costs. The financial costs, including premiums payable on the settlement or redemption and the direct issuing costs, are recorded based on an accrual criterion on the income statement using the effective interest rate method and added to the carrying value of the instrument to the extent that they are not settled in the accrual period. These obligations are subsequently measured at amortised cost using the effective interest rate method.

The Group derecognises a financial liability or a part thereof when it has fulfilled the obligation contained in the liability or is legally released from the responsibility for the liability, either by virtue of a judicial process or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of initially recognised liabilities are accounted for by cancelling the original financial liability and recognising a new financial liability of the conditions of the instruments are considerably different.

The Group considers the conditions to be substantially different if the current value of the discounted cash flows under the new conditions, including any commissions paid and net of any commissions received, and using the original effective interest rate for the discount, differs by at least 10 percent of the current value discounted from the effective cash flow still remaining from the original financial liability.

If the interchange is recorded by cancelling the original financial liability, the costs or commission are recognised as part of results. Otherwise, the modified flows are discounted at the original effective interest, recognizing difference between this and the previous carrying value in profit and loss. Likewise, the carrying value of a financial liability is adjusted by costs and fees, and amortized using the amortized cost methods over the remaining life of the modified liability.

The Group recognises on the income statement the difference between the carrying value of a financial asset or the part of a financial asset that has been cancelled or transferred to a third party and the consideration paid, including any assigned asset other than the cash or the liability assumed.

In the case of North American wind farms, for facilities with tax incentives (PTC or ITC) and accelerated tax depreciation (see note 2.2), through financing structures known as "Tax Equity Investments", investment partners are incorporated with a stake in the economic interest of the projects obtained by taking advantage of the tax benefits thereof and until a rate of return is obtained on the investment made, which depends on the performance of the projects themselves. These investments are treated by Group Corporación Acciona Energías Renovables related-party debt. The debt is paid down as the tax benefits are realised, and with a small percentage of the annual free cash generated by the project. The expected maturity of these debts is associated with the tax incentives obtained for the facility, which in the case of the Group's US projects, all of which have PTC, is 10 years.

When determining the accounting criteria for recording the investment in companies owned by Tax Equity Investments facilities, the Group analyses whether such investments should be considered financial liabilities or minority interests within shareholders' equity. This analysis basically depends on the Group's ability to avoid cash disbursements in the repayment of contributions and the contractually established return on the investment partner's contribution.

As a general rule, with this type of structure no guarantees are provided by the sponsoring partner or the project associated with the investment partner regarding the repayment of the debt or its expected return. Its primary resource is limited to the cash flows from the project itself, to the extent that it is capable of generating them. The Group considers views these types of structures as financial liabilities, as established in IAS 32, although they are analysed on a case-by-case basis. In note 19 on related party transactions there is a breakdown of the financial liabilities with related parties related to the recognition of investments in this type of structure.

Derivative financial instruments and hedges

The Group's business is basically exposed to the financial risks associated with fluctuations in foreign currency exchange rates and interest rates. To hedge these risks, the Group uses forward exchange rate contracts and financial interest rate swaps. The Company’s policy is not to contract hedging instruments for speculative purposes.

Accounting criteria

Derivatives are recorded at fair value on the date of the consolidated balance sheet (see valuation methods below) under the heading of "Current and non-current financial assets" if the value is positive or under "Current and non-current bank borrowings" if the value is negative. Changes in the fair value of derivative financial instruments are recognised in the income statement as they occur, unless the derivative has been designated as a hedge which is highly effective.

The derivatives designated as hedges by Group Corporación Acciona Energías Renovables refer almost entirely to cash flow hedges, i.e. hedges to reduce the risk of potential variations in cash flows due to the payment of interest associated with long-term financial liabilities at variable rates, or due to fluctuations in exchange rates, or in the case of hedges on energy commodities. Changes in the fair value of derivatives are designated as hedges are recorded, to the extent that such hedges are cash flow hedges, under the heading of "Reserves - adjustments due to value changes" in consolidated equity. The cumulative loss or gain is taken to the consolidated income statement to the extent that the underlying has an impact on the income statement due to the hedged risks, netting the effect under the same caption on the consolidated income statement. The results corresponding to the ineffective part of the hedges are taken directly to the consolidated income statement.

The Group has also entered into energy purchase and sale contracts for which it performs an analysis in order to classify them appropriately for accounting purposes. Generally speaking, contracts that are netted in cash or another financial instrument are considered derivative financial instruments and are carried at fair value at year-end as described above, with the exception of those entered into or held for the purpose of receiving or delivering energy under the Group's strategic purchases, sales or utilisation requirements.

The Group's hedging policy

At the beginning of the hedge, the Group formally designates and documents the hedge and the Company’s hedging objective and strategy. Hedge accounting is only applicable when there is formal documentation of the hedging relationship and all effectiveness requirements are met, i.e. if it can be demonstrated that there is an economic relationship between the hedged item and the hedging instrument, if the effect of credit risk does not predominate over changes in value arising from that economic relationship and if there is a reason why the hedging relationship is the same as that arising from the amount of the hedged item without an imbalance between the weight of the hedged item and the hedging instrument that would render the hedge ineffective.

In the process of measuring the effectiveness of the hedges, the Group used the fair value of the hedging instrument (derivative) and the fair value of the designated hedged item. The fair value of derivatives includes credit risk adjustments, so changes in credit risk adjustments are considered in the measurement of effectiveness. The Group records the change in equity or on the income statement, depending on whether the change in the fair value of the derivative in its entirety is greater or less than the change in the fair value of the hedged item.

For cash flow hedges on planned transactions, the Group would evaluate whether the transactions are highly likely and whether they are exposed to cash flow fluctuations that could affect fiscal year results.

If cash flow hedge for a firm commitment or planned transaction is derived from the recognition of a non-financial asset or liability, when the asset or liability is recognised the profit or loss associated with the cash flow hedge previously recognised in equity include the initial value of the asset or liability. For hedges not associated with the recognition of a non-financial asset or liability, the deferred balances in equity are recognised on the income statement for the same period during which the item that is the object of the hedge has an effect on net results.

The Group has no compound financial instruments with implicit derivatives.

Procedure for measuring derivatives and credit risk adjustment

For derivatives that do not trade on regulated markets (OTC), the Group uses the expected cash flows and generally accepted options measurement models to measure them, based on the market conditions for cash and futures as of the closing date of the fiscal year. The fair value of each type of financial instrument is calculated as follows:

- The value of interest rate swaps is calculated by updating the future cash flows from fixed and floating interest, according to implicit market rates obtained from long term interest rate swap curves. Implicit volatility is factored into the calculation of reasonable and cap and floor values using options-measuring formulae.

- Forex insurance contracts and options are measured using the quoted exchange rates and the interest rate curves for the currencies involved, as well as the implied volatility through the maturity date for options.

- Power price contracts are measured using forward price projections based on publicly available information from forward electricity markets and other variables that are not directly observable for the longer terms of the curve, making the Group's own assumptions about components correlated to the power price. These assumptions do not have a significant impact on the fair value estimates of the energy derivatives at the end of the current year and are therefore classified as level 2 of the fair value hierarchy required by IFRS 13.

At 31 December 2021, to determine the credit risk adjustment for derivative measurement purposes, the Group used a technique based on simulations of total anticipated exposure (which includes both actual and potential exposure) adjusted by the probability of default over time and severity (or potential loss) assigned to the Company and to each one of the counterparties.

More specifically, the credit risk adjustment was obtained using the following formula:

EAD * PD * LGD, where:

- EAD (Exposure at default): Exposure at the time of the breach Calculated by simulating scenarios with market price curves. Calculated by simulating scenarios with market price curves.

- PD (Probability of default): Probability of a counterparty breaching its payment obligations at a given moment in time.

- LGD (Loss given default): Severity = 1 – (recovery rate): Percentage of loss that ultimately occurs when one of the counterparties breaches its obligations

The total anticipated exposure of derivatives is obtained using observable market inputs such as interest rate curves, exchange rates and volatilities, based on market conditions on the measurement date.

The inputs applied to obtain the credit risk and that of its counterparties (probability of default) are based primarily on the use of the Company's own credit spreads or those of comparable companies that currently trade on the market (CDS curves, IRR on debt issues). If there are no credit spreads available for the Company or comparable companies, in order to maximise the use of relevant observable variables, the Company uses those of the public traded companies considered most appropriate in each case (credit spreads of quoted companies). When there is credit information available on the counterparties, the credit spreads are obtained from publicly traded CDS' (Credit Default Swaps).

To adjust the fair value to the credit risk, the Company considers the credit enhancements relative to guarantees or collateral when determining the severity rate applicable to each position. Severity is considered constant in time. If there are no credit enhancements relative to guarantees or collateral, a minimum recovery rate of 40% is applied. However, that rate can be anywhere from 68.45% to 88.40%, depending on the degree of completion of the project (construction or operating phase) and the geographical area (Western Europe, Eastern Europe, North America, Latin America, Oceania and Africa) for derivatives under Project Finance schemes.

The fair value measurements of the different derivative financial instruments, including the data used to calculate the Company's own credit risk adjustment and that of its counterparties, fell into level 2 of the hierarchy of fair values established by IFRS 13 because the inputs were based on quoted prices for similar instruments on active markets (not included in level 1), quoted prices for identical or similar instruments in non-active markets and techniques based on valuation models for which all significant inputs are observable in the market or can be corroborated by observable market data. It should be noted that for measurements of long-term energy sales contracts, part of the price curve is obtained from directly or indirectly observable values in the market and another part of the curve, for a more or less prolonged period depending on the country where the contract is executed, is calculated considering level 3 variables, i.e. not directly observable. These long-term energy sales contracts are classified in level 2 since observable inputs prevail over level 3 inputs. If the unobservable inputs could have a significant effect on the valuation of the contracts, they would be classified in level 3, and when the unobservable part of the price curve becomes unobservable or its effect on the valuation is no longer relevant, the valuation would be reclassified to fair value hierarchy 2, as established by IFRS 13.

Similarly and in compliance with the Acciona Group's policies, although the Group has determined that most of the inputs used to measure the interest rate or exchange rate derivatives fall within level 2 of the fair value hierarchy, the credit risk adjustments use level 3 inputs such as credit estimates based on credit ratings or comparable companies to assess the likelihood of the Company or the counterparty going bankrupt. The Group has evaluated the relevance of the credit risk adjustments to the total value of the derivative financial instruments and reached the conclusion that it is negligible.

Trade payables

Trade payables do not explicitly earn interest. They are recognised at their face value, which does not differ significantly from their fair value.

Trade payables include outstanding balances payable to suppliers under reverse factoring contracts with financial institutions and are considered trade liabilities whose settlement is managed by the financial institutions, insofar as the Group has only assigned the management of payment to the financial institutions and remains the primary obligor for the payment of debts to trade creditors.

Current/Non-current classification

On the enclosed consolidated balance sheet, the financial assets and liabilities are classified by maturity, i.e., those maturing within twelve months are classified as current and those maturing in more than twelve months are classified as non-current.

Current terms loans which are sure to be refinanced to non-current loans at the company's discretion under available long-term credit policies are carried as non-current liabilities.

G) Inventories

Trade inventories are generally recognised at the lower of weighted average cost and net realisation value.

The Group assesses the net realisable value of the inventories at the end of each year and recognises the appropriate loss if this value is lower. When the circumstances that previously caused a reduction no longer exist or when there is clear evidence of an increase in the net realizable value due to a change in economic circumstances, the amount of the reduction is reversed.

H) Treasury shares

The Group measures treasury shares acquired at cost, i.e., the value of the consideration paid plus costs directly related to the transaction. Both the acquisition cost of treasury shares and the final result of transactions involving treasury shares are recognised directly in consolidated equity (see note 14 c).

I) Termination benefits

Under the law, consolidated Spanish companies and abroad must indemnify employees that are dismissed without just cause. The member companies of the Group Corporación Acciona Energías Renovables have no layoff plans at this time for which the legally-required provisions have not been funded.

J) Provisions

The Group’s consolidated annual accounts include all of the provisions covering present obligations at the date of the consolidated balance sheet arising from past events which could give rise to a loss for the companies, which are certain as to their nature but uncertain as to the amounts and/or timing of the payments. This includes all provisions for which it is more likely than not that they will have to be used to fulfil an obligation.

Provisions that are quantified based on the best information available on the consequences of the event to which they refer and which are re-estimated at each accounting year end are used to fulfil the specific obligations for which they were originally recognised. When those obligations cease to exist or are diminished, the provisions are partially or totally reversed.

Litigation and/or claims in progress

At the end of 2021 and 2020, there were different legal proceedings underway involving the consolidated companies in connection with the normal conduct of their business. The Directors, based on the opinions of the Group's legal advisers, do not believe that these proceedings, once settled, will have a significant effect on the consolidated annual accounts of the fiscal years in which they are settled; consequently, it was not deemed necessary to set up any additional provisions.

Trade provisions

Trade provisions refer to the costs that have not yet materialised. The provision for the completion of construction work is intended to cover the costs associated with the completion of the outstanding units of work until they are received by the client.

Provisions for pensions and similar obligations

Certain Group companies have signed or assumed collective bargaining agreements that establish the payment of benefits to the personnel covered under these agreements when they reach retirement age, as long as the established conditions are met. In addition, some of these collective bargaining agreements provide for a retention bonus based on years of service. The impact of these commitments is not significant.

These Group companies have assumed pension commitments with their employees. These defined benefit commitments usually take the form of pension plans or insurance policies, with the exception of certain benefits, primarily commitments to supply electricity which, given their nature, are not outsourced but rather handled internally.

For defined benefit plans, the companies record the cost of these commitments based on an accrual criterion over the employee's working life. On the consolidated balance sheet date, the companies conduct the pertinent actually studies for each planned unit of credit. The cost of past services for variations in benefits are recognised on the consolidated income statement immediately, to the extent that the benefits have accrued.

The commitments associated with defined benefits plans show the current value of the accrued obligations after deducting the fair value of the asset associated with the different plans. The actuarial gains and losses arising on measurement affecting both the assets and liabilities associated with the plans are recorded in equity under the heading of "reserves - variations due to results of pension actual studies".

For each plan, if the difference between the actuarial liability for past services and the plan's assets is positive, the difference is recorded on the consolidated balance sheet under “Provisions” and if it is negative on the consolidated balance sheet under “Trade and other receivable", but only provided that the difference can be recovered by the Group, usually by deducting the amount from future contributions.

The impact of these plans on the consolidated income statement is not significant (see note 15):

Likewise, the Group records severance benefits when there is an agreement with individual employees or groups of employees or when there is a certain expectation that an agreement will be reached that will allow them, either unilaterally or by mutual agreement with the Company, to leave their employment in exchange for a consideration or indemnity. If mutual agreement is required, a provision is only recorded in those cases where the Group has decided to allow the employees to leave their jobs at the latter's request. Whenever provisions of this kind are recorded, there is an expectation on the part of the employees that the early retirement will take place.

Provisions for dismantling

The Group may be obligated to dismantle certain assets and restore the site to its original state under the terms of certain contracts signed in relation to such assets. In these situations, the Group recognises a liability for the estimated current cost of dismantling the asset and restoring the site to its original conditions over the accrual period, which is usually associated with the construction period of the asset.

The liability is also recognised as an increase in the value of the asset during the construction period, which is depreciated on a straight line basis over the estimated useful life of the asset once it is up and running.

The provision for dismantling is adjusted at the end of each year if there are changes in the estimated cash flow estimates or the discount rates applied up to that time. Any increase in the dismantling provision due to the financial effect of the passage of time is recognised in the consolidated income statement of the year in which it accrues under the heading of "Financial expenses".

The liability for the dismantling provision represents management's best estimate of the current cost of fulfilling the obligation of the value at which a third party would be willing to assume such an obligation as of the closing date of the consolidated balance sheet.

Provisions for liabilities

The Group funds the provision of risks and expenses based on the estimates of the warranties assumed on the machinery and equipment it sells, as stipulated in the sales agreements.

K) <u>Grants</u>

Government grants for PPE and intangible assets are considered deferred income and as such are recorded on the consolidated balance sheet under "Other non-current liabilities". They are carried to the income statement, spread over the anticipated useful lives of the associated assets under the heading of "Other revenue" on the consolidated income statement.

L) <u>Revenue recognition</u>

Income is calculated as the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered as part of the ordinary course of business, less discounts, VAT and other sales tax. Income and expenses are recorded based on the accrual principles, i.e., when the real movement of the goods and services they represent takes place, regardless of when the monetary or financial exchange associated with them occurs.

The Group identifies and separates the various commitments to transfer a good or service regulated in a contract. This requires the separate recognition of income from each one of the individually identified obligations within the same main contract.

The Group also estimates the price of each contract, taking into account not only the initial price agreed in the contract but also the amount of the variable consideration, the time value of money (in those cases where there is a significant financing component) and non-monetary consideration.

When the amount is variable or relates to unapproved claims, it is estimated using the approach that best predicts the amount to which the Group will be entitled, using either an expected value based on probability or the single most probable amount. Such consideration shall be recognised only to the extent that it is considered highly probable that a significant reversal of recognised income will not occur when the associated uncertainty is resolved.

When the Group acts as principal, it recognises energy sales and purchases at the gross amount of the it expects to receive in exchange for the goods or services; whereas when it acts as agent, it recognises revenue at the amount of any payment or commission it expects to receive in exchange for arranging for a third party to supply those goods or services.

Revenue from power sales

Revenue includes the electricity sold on both regulated and deregulated markets, generated by companies with their own power generation assets and through the Group's electricity sales business.

For the power generation business in regulated markets and projects with PPAs (Power Purchase Agreements) or long-term energy supply contracts, there is a pre-set sale price for electricity and supplements. For projects that sell energy without this type of contract, the sale price of energy and supplements can vary throughout the project depending on the quoted prices in the market ("*pool*") at any given time.

Sales of energy, together with associated allowances, are recorded as revenue at the time of delivery to the customer based on the volume of electricity supplied, at which time the performance obligations for the quantities supplied during the period are satisfied and includes, for retail energy sales, an estimate of the electricity remaining to be invoiced at the end of the year. In this regard, in the retail business the Group acts as the principal of the contract while, in its role as market representative, the Group's marketing company acts as the agent of the contract.

In accordance with the provisions of RD 413/2014, renewable energy generation facilities in Spain receive certain incentives. In addition to the remuneration for the sale of generated energy at market prices, the facilities may receive specific remuneration composed of a term per unit of power (investment remuneration) that covers the investment costs of a standard facility that cannot be recovered by the sale of energy and a term for the operation that covers the difference between operating costs and revenue from the facility's participation in the market. The Royal Decree also establishes that ministerial orders will update certain remuneration parameters in each regulatory half-period. Order TED/171/2020 established the remuneration parameters for estimating these incentives for the 2020-2022 regulatory period.

RD 413/2014 regulates the procedure to be followed if the actual market prices during the different half-periods of the regulatory life of the asset are lower (positive adjustments) or higher (negative adjustments) than the prices estimated by the regulator at the beginning of the regulatory half-period and that were used to determine the incentives to be received.

In 2021, the Group modified and adapted the recording criteria for positive and negative differences arising between the market price adjustment in Spain recognised in the current regulatory framework (see note 2.2) and the one established in the document titled "Accounting for adjustments due to deviations in market price" (Vadjm), in accordance with article 22 of Royal Decree 413/2014 published by the CNMV on 22 October 2021.

- Accordingly, as a general rule the Group recognises market deviations, both positive and negative, arising under RD 413/2014 in the consolidated balance sheet with a balancing entry in net revenue.

- However, if during the residual regulatory life of the assets the Group considers, based on its best estimate of the future evolution of energy prices, that it is highly likely that the market returns will be higher than those established in RD 413/2014 and that leaving the remuneration regime would therefore not have significantly more adverse economic consequences than remaining in it, then the general criterion is not followed and the asset is only recognised in the event of positive market deviations.

Thus, pursuant to the provisions of the aforementioned publication, the Group recognises all deviations, positive and negative, under “Net revenue" in the consolidated income statement for the year, except for standard facilities that the Group believes are highly likely to obtain returns directly from the market that are higher than the ones guaranteed in Royal Decree 413/2014 over their remaining regulatory useful life.

This situation arises at standard facilities when, considering the market forecast, the Group’s management estimates at the end of the year that when the remuneration parameters for the next regulatory half-period are adjusted it is highly likely that no return on investment will be obtained (e.g., when the associated NPV is zero). In such cases, the valuation assigned to the liability associated with the adjustment for market price deviations is considered to be zero and therefore the negative differences up to that date are adjusted at that time under the same heading in the consolidated income statement and in accordance with the provisions of IAS 8 with respect to a change in estimates. The amount not recognised for this reason at 31 December 2021 was €170 million.

The applicable market price forecast used by the Group is the forward market quote obtained from the OMIP platform at each year-end.

Conversely, if as a result of forward market price fluctuations, negative differences valued at zero as described in the preceding paragraphs were to recover as a result of a change in expectations regarding the PNV of the standard facility in question or the likelihood of receiving a return on the investment, this change would also be recorded as a change in estimates in accordance with IAS 8.

Assets and liabilities arising from adjustments for deviations from the net market price up to the last review of remuneration parameters are reversed on a straight-line basis over the remaining regulatory life of the associated standard facility. In turn, the net asset or liability that is built up during the current regulatory half-period begins to be reversed, using the same criteria, from the start of the following regulatory half-period.

Assets originating as a result of positive differences arising from the adjustment for market price deviations are recognised under "Other non-current assets" in the consolidated balance sheet or under "Trade and other receivables" if the debt matures on a current basis. Liabilities originating as a result of negative differences arising from this mechanism are recognised under "Other non-current liabilities" or as "Trade and other payables" if they fall due on a current basis.

Turnkey project income

Part of the Group's business consists of building turnkey wind farms and other energy-producing facilities. The Group recognises the results of construction contracts using the product method criterion, hereinafter the percentage of completion method, which is determined on the basis of the percentage of costs incurred in relation to total estimated costs. Income is recognised in the income statement as a percentage of the cost incurred (compared to the total estimated cost of the contract) as it relates to the total income from the project. This is a method that is commonly used in Anglo-Saxon markets and for contracts without unitary prices.

For contracts where it is considered probable that the estimated cost will exceed the income derived, provisions are made for the expected losses and charged to the consolidated income statement for the year in which they become known.

Ordinary income under a contract is recognised considering the initial contract value agreed with the client and any modifications or claims in relation thereto, only to the extent that it is highly likely that income will be earned, that it can be reliably measured and that there will not be any significant reversals in the future.

A modification is considered to exist when instructions are received from the client to alter to scope of the contract. A claim is considered to exist under a contract when costs not included in the initial contract (delays, specification or design errors, etc.) are incurred by the client or third parties and the contractor is entitled to be compensated for the extra costs incurred, either by the client or by the third party that caused the extra cost.

These modifications and claims are considered revenue under the contract when the client has approved the work, either in writing, verbally or tacitly according to standard business practice, i.e. when collection is considered highly probable and no significant reversal of revenue will occur in the future.

M) Corporate income tax Deferred tax assets and liabilities

Current tax liability is the amount of corporate income tax to be paid or refunded on the consolidated earnings for the financial year. Current income tax assets and liabilities are carried at the amounts expected to be paid to or received from the tax authorities according to prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred tax liabilities are the amounts payable in the future for income tax related to taxable timing differences, while deferred tax assets are the amounts recoverable for income tax due to the existence of deductible timing differences, tax loss carryforwards or deductions pending application. Timing differences are therefore understood as the difference between the carrying amount of certain assets and liabilities and their taxable base.

Current or deferred tax assets are recognised in income unless they arise from a transaction or event which is recognised in the same financial year or a different one, against consolidated equity or a business combination.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Recognition of deferred tax liabilities

The Group always recognises deferred tax liabilities except:

- They arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the carrying value nor the taxable base;

- They are differences related to investments or subsidiaries, associates and jointly controlled entities over which the Group is able to control the timing of the reversal and they are unlikely to be reversed in the foreseeable future.

Recognition of deferred tax assets

The Group recognised deferred tax assets as long as:

- It is likely that there will be sufficient future tax revenues to offset them or when the tax laws provide for the possibility of converting deferred tax assets into tax credits in the future. However the assets that arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the carrying value nor the taxable base are not recognised;

- The timing differences are related to investments or subsidiaries, associates and jointly controlled entities to the extent that the temporary differences will reverse in the foreseeable future and it is expected that enough taxable income will be generated in the future to offset the difference.

The Group recognises the conversion of a deferred tax asset into a tax refund as this is allowed by the tax laws in effect. A deferred tax asset is derecognised with a charge to deferred corporate tax and the and the receivable is derecognised with a credit to corporate tax payable.

N) Balance and transactions in foreign currency

Transactions in foreign currencies are recorded in the Company's operating currency (euros) calculated using the interest rate on the transaction date. During the year, the differences that occur between the recorded exchange rate and the rate in force on the payment or receipt date are recorded as financial profit (loss) on the consolidated income statement.

The balances receivable or payable denominated in currencies other than the functional currency are converted at the exchange rate on the 31st December each year. Generally speaking, translation differences are recorded as financial gains (losses) on the consolidated income statement.

O) Activities affecting the environment

In general, environmental activities are those activities whose purpose is to prevent, reduce or repair environmental damages.

In this regard, investments in environmental activities are stated at acquisition and carried as a higher cost of the asset in the fiscal year in which the expense is incurred.

The expenses associated with protecting and improving the environment are charged to the income statement for the year in which they are incurred, regardless of when the monetary or financial flows associated with them occurs.

The provisions for probable or certain liabilities, litigation in progress and pending obligations or indemnities of an environmental nature whose quantity is unknown that are not covered by insurance policies are set up when the liability or obligation which could result in a payment or indemnity arises.

P) Earnings per share

Basic earnings per share are calculated as the quotient between the net profit for the period attributable to the parent company and the weighted average number of shares in circulation during the period, not including the average number of shares held by the Parent Company in Group companies.

Diluted profit per share is calculated as the quotient between the net profit (loss) for the period attributable to the ordinary shareholders, adjusted by the effect attributable to the ordinary shares of a potentially diluting effect and the weighted average number of shares in circulation during the period, adjusted by the weighted average number of ordinary shares that would be issued if all potential shares were converted into ordinary company shares. The conversion is considered to take place at the beginning of the reporting period or when the potential shares are issued if the shares are placed in circulation during the period in question.

Q) Consolidated cash flow statement

The following expressions are used with the following meanings on the consolidated cash flow statements prepared according to the indirect method:

- Cash flows: incoming and outgoing cash and cash equivalents, these being understood as alterations in the value of highly liquid short term investments.

- Operations are the Company's typical business activities along with other activities that cannot be classified as investment or finance activities. Based on the before-tax results of the continuing operations and the corrections to "fixed asset depreciation" under the caption titled “Other adjustments to (net) results”, the interest paid and received which is shown separately but under the same heading is transferred, along with the results of any disposed assets recorded as investments and finally the corrections to results generated by companies accounted for using the equity method and in general any other results that do not generate cash flows.

- Investments: the activities associated with buying, selling or otherwise disposing of non-current assets and other investments not included in cash or cash equivalents.

- Financing: activities that lead to changes in the size and composition of equity and liabilities that are not part of operations.

3.3 Accounting estimates and judgments

The information contained in these consolidated annual accounts is the responsibility of the Parent Company's Directors.

When preparing the enclosed consolidated annual accounts for financial years 2021 and 2020, the Group's management used certain estimates to assess the value of some assets, liabilities, income, expenses and commitments. Basically these estimates, details of which can be found in the applicable valuation standards, relate to:

- The valuation of assets with indications of impairment to determine the existence of impairment losses and the calculation of the recoverable amount (see notes 3.2.d and 4).

- The useful lives of tangible and intangible assets. The assumptions used to calculate the fair value of financial instruments (see notes 3.2.a, 3.2.c, 4 and 6).

- The amount of undetermined or contingent liabilities and the probability of materialising (see notes 3.2.i and 15).

- Future costs for decommissioning of facilities and restoration of land (see notes 3.2.i and 15).

- The tax results that will be reported by Group companies to the tax authorities in the future which were used as the basis for recording the different corporate income tax balances shown on the enclosed consolidated annual accounts and the recoverability of recognised deferred taxes (see notes 3.2.l and 21).

- The incremental rate used to measure lease contracts and to determine lease terms (see notes 3.2 b and 5).

- Pending energy to be billed to customers in the sales business (see notes 3.2.k and 23).

- The estimate of the Net Present Value (NPV, see note 2.2.) and the return on investment to be obtained at each of the standard facilities operated by the Group in Spain in the recalculation of parameters for the next regulatory half-period (see note 20 and Annex V).

There were no changes in accounting estimates in 2021 (in 2020 there was a change in estimates relating to the extension of the useful life of wind and photovoltaic assets which was disclosed last year's consolidated financial statements).

3.4 Changes in accounting policies

In October 2021, Spain's National Securities Market Commission (CNMV) completed its review of the accounting practices of the different issuers insofar as the recognition of deviations from market prices and published a clarification in which it concluded, in the interest of promoting standardisation within the sector, with a different standard than the one applied to date by Group Corporación Acciona Energías Renovables.

According to this criterion, all deviations, positive or negative, must be recognised in the financial statements unless it can be demonstrated that over the residual regulatory life of the assets an entity believes, based on its best estimate of the future evolution of energy market prices, that it is highly probable that market returns higher than those established in RD 413/2014 will be obtained and that, therefore, abandoning the remuneration regime would not have significantly more adverse economic consequences than remaining in that regime.

The Group has adopted the criterion published in 2021 and, therefore, in accordance with IAS 8, has restated the financial statements for 2020. The impact of this re-statement on the 2020 consolidated financial statements is as follows, in millions of euros:

Income statement	31.12.2020	31.12.2020 restated	Effect of re-statement
Net revenue	1,759.10	1,768.70	9.6
Other operating expenses	-499.20	-499.90	-0.7
Operating results	534.30	543.20	8.9
Pre-tax earnings	319.40	328.30	8.9
Corporate income tax expense	-95.90	-98.10	-2.2
Profit for the year	223.50	230.20	6.7

Balance sheet	31.12.2020	31.12.2020 restated	Effect of re-statement
Non-current assets	8,467.10	8,387.60	-79.5
Current assets	1,342.30	1,360.50	18.2
Total Assets	9,809.40	9,748.10	-61.3
Equity	3,038.40	2,979.90	-58.5
Non-current liabilities	3,830.50	3,834.60	4.1
Current liabilities	2,940.60	2,933.50	-7.1
Total Liabilities	9,809.40	9,748.10	-61.3

Cash flow statement	31.12.2020	31.12.2020 restated	Effect of re-statement
Pre-tax profit(loss) from continuing operations	319.4	328.3	8.9
Changes in current assets/liabilities	-26.3	-25.6	0.7
Changes in non-current assets/liabilities	-80.7	-90.3	-9.6

4.- Property, plant and equipment

The changes in the cost and cumulative depreciation of PPE in 2021 and 2020, in thousands of euros, were as follows:

Property, plant and equipment	Land and buildings	Plant and machinery	Other plant	Other PPE	Payments on account and work in progress	Amortisation	Provisions	Total
Balance at 31.12.2019	**241,722**	**11,609,309**	**14,760**	**28,020**	**554,423**	**(4,836,444)**	**(785,808)**	**6,825,982**
Changes in the scope of consolidation	--	--	--	--	(38)	--	--	(38)
Additions/Funding	328	57,060	412	501	694,730	(311,600)	(2,145)	439,286
Disposals	(43)	(6)	(126)	(494)	(20)	446	87,204	86,961
Transfers	385	450,814	--	(463)	(448,769)	(2,340)	29	(344)
Translation differences	(1,127)	(491,081)	(338)	(232)	(48,369)	139,023	89,214	(312,910)
Balance at 31.12.2020	**241,265**	**11,626,096**	**14,708**	**27,332**	**751,957**	**(5,010,915)**	**(611,506)**	**7,038,937**
Changes in the scope of consolidation	--	(24,350)	10,841	49	7,047	(2,311)	--	(8,724)
Additions/Funding	1,943	26,383	1,121	532	472,534	(340,006)	(2,395)	160,112
Disposals	--	(710)	(340)	(60)	(5,180)	790	190	(5,310)
Transfers	5,428	676,596	272	--	(662,234)	3	--	20,065
Translation differences	475	321,398	(25)	117	46,254	(99,139)	(9,252)	259,828
Balance at 31.12.2021	**249,111**	**12,625,413**	**26,577**	**27,970**	**610,378**	**(5,451,578)**	**(622,963)**	**7,464,908**

The net balances by heading at the end of 2021 and 2020 are as follows:

Property, plant and equipment	2021			2020		
	Cost	Amortization and provisions	Total	Cost	Amortization and provisions	Total
Land and buildings	249,111	(156,967)	92,144	241,265	(152,432)	88,833
Plant and machinery	12,625,413	(5,859,848)	6,765,565	11,626,096	(5,421,011)	6,205,085
Other structures	26,577	(17,563)	9,014	14,708	(12,324)	2,384
Other PPE	27,970	(26,055)	1,915	27,332	(25,428)	1,904
Payments on account and work in progress	610,378	(14,108)	596,270	751,957	(11,226)	740,731
Total	**13,539,449**	**(6,074,541)**	**7,464,908**	**12,661,358**	**(5,622,421)**	**7,038,937**

One of the main changes in 2021 relates to additions under investments in work in progress, primarily wind power generation facilities in Australia, Mexico and Spain; and photovoltaic generation facilities in the United States and Chile, in the amount of approximately €430 million.

Two wind farms came online in 2021, Chalupa in the United States and San Carlos in Mexico. Also noteworthy is the commissioning of the Malgaridas photovoltaic plants in Chile and Arcyz in Ukraine.

The caption titled “Transfers” includes €656 million that was moved from fixed assets in progress to electricity generation facilities.

Also recognised under this heading are the transfers of intangible assets consisting of the expectant rights associated primarily with the San Carlos wind farm for a total amount of €17 million.

The caption titled “Translation differences and other” for 2021 includes the effects of fluctuations in the exchange rate for the period, which have been generated mainly at the facilities located in the United States, Chile and Mexico, whose financial statements are shown in USD and the USD has appreciated against the euro in 2021, in addition to the facilities in Canada and Australia, as their currencies have also appreciated against the euro this year.

In keeping with internal procedures established in this respect, the Group analyses the existence of impairment indicators each year and, if any, calculates the recoverable value. In relation to CGU's with impairment recorded in the past, the Group analyses the evolution of the profitability of the main assets, assessing compliance or the appearance of deviations in the main assumptions and estimates underlying the impairment tests of previous years, as well as the existence of relevant changes in the regulatory, economic or technological environment in the markets where the assets operate, in order to appropriately update the impairment provisions during the year.

At 31 December 2021, the Group’s property, plant and equipment consists mainly of wind, solar photovoltaic and hydroelectric power plants located in various geographical areas with different regulatory environments. At 31 December 2021, the amount recognised under “Impairment" was €623 million (31 December 2020: €612 million). This is, for the most part, impairment affecting both international assets (United States, Poland, Italy) and Spanish ones, the latter arising following the regulatory change in 2012 and 2013.

The Group has updated the impairment tests associated with the hydroelectric power generation assets located in Spain due to the regulatory changes mentioned in note 2.2., which are mainly due, on the one hand, to the Supreme Court ruling on the appeal filed by several Group subsidiaries against the revised text of the Water Law regulating the tax on the use of inland water for electricity production; and, on the other hand, to the draft bill amending the electricity market regulations to limit the recent increase in electricity prices. At 31

December 2021, there was no impact on the Group's income statement as a result of the updating these impairment tests.

The expected cash flows until the end of the useful life, excluding terminal value, of all cash generating units (CGU) were used to calculate value-in-use. Generally speaking the CGU for this calculation is the company that owns one or more of the facilities that operates on these technologies, which are the smallest units whose cash flows, both inflows and outflows, are identifiable and independent of other flows shared with other facilities.

The main assumptions used in the cash flows are as follows:

- Production associated with each facility, which Group management considers to be the best estimate based on independent external reports that measure the expected long-term resource at each site, adjusted to account for historical deviations that have occurred on an annual basis.

- Long-term energy sales price curves. Management's estimates in this case are based on the prices established in the sales contracts and, for unsold production, the average annual prices quoted on the market. For very long-term contracts for which there is no quotation or the quotation is not liquid and therefore not representative, an evolution of the price curve calculated based on variations in the quoted prices of gas and other components. These prices are adjusted each year by the differences that are historically observed between average market prices and the prices actually captured by each facility (deviations, penalties).

- The operating costs of each facility are based on management's best estimates and experience considering existing contracts and expected increases due to inflation. Future synergies or cost savings as a result of planned or potential future actions do not figure into the calculations. Costs are estimated in a way that is consistent with the recent past and considering the assets in their current condition.

The discount rate used to discount the cash flows of the assets was 6% for all the facilities analysed.

Also, the Company conducted an analysis of the sensitivity of the result of the impairment test to the following changes in assumptions:

Hypothesis	Fluctuation	Impact
Discount rate	0.50%	(18,790)
	-0.50%	20,299
Price curve	2.50%	30,759
	-2.50%	(24,724)
CPI	0.50%	23,348
	-0.50%	(23,154)

The results of these sensitivity analyses indicate that:

- With a change of +0.5% and -0.5% in the discount rates the impact would be an increase of €18,790 thousands in the provision and a reduction of €20,299 thousands, respectively.

- Likewise, upward and downward fluctuations of 2.5% in pool tariffs would result in a reduction of €30,759 thousands in the provision and an increase of €24,724 thousands, respectively.

- Finally, upward and downward variations of 50 basis points in the long-term CPI affecting the operating and maintenance costs of the assets would result in an increase in the provision of €23,348 thousands and a reduction of €23,154 thousands, respectively.

During 2021 Group companies have finance costs of in the amount of €5,844 thousands (€12,142 thousands at 31 December 2020) as an increase in the value of property, plant and equipment for facilities under construction, mainly in Australia, Chile and Mexico (see note 26).

Fully depreciated property, plant and equipment, most of which was still in operation at 31 December 2021 totalled €161,580 thousands (€145,867 thousands at 31 December 2020).

The most significant movements in 2020 in property, plant and equipment related to additions for investments in progress, mainly in wind power generation facilities in Mexico, Australia, Chile and the United States, and photovoltaic generation facilities in Chile and Ukraine, amounting to approximately €691 million.

Two wind farms came online in 2020, one in Chile called Tolpán and the other in Mexico, Santa Cruz. Also noteworthy is the commissioning of the Almeyda and Usya photovoltaic plants in Chile and Hudzovka in Ukraine. The caption titled "Transfers" includes €448 million that was moved from fixed assets in progress to electricity generation facilities. Also recognised under this heading are the transfers of intangible assets consisting of expectant rights associated with a photovoltaic plant in Ukraine for a net total of €2 million.

Translation differences in 2020 mainly included the effect of exchange rate fluctuations for the period generated mainly at the facilities located in the USA, Chile and Mexico, whose financial statements were prepared in US dollars, as well as at facilities located in Canada, South Africa, Poland and Ukraine due to the depreciation of the Canadian dollar, the South African rand, the Polish zloty and the Ukrainian hryvna against the euro during 2020.

In addition, the Group updated the impairment tests associated with wind and photovoltaic power generation assets following the extension of their useful lives (see note 3.3) and recognised an impairment reversal of €87 million in relation to wind assets located in Spain under "Impairment losses" in the consolidated income statement (see note 4 to the consolidated annual accounts for 2020).

At 31 December 2021, Group companies have commitments to acquire property, plant and equipment totalling €1,189 million for the wind and photovoltaic facilities currently under construction, mainly in the United States, Australia and Spain. The amount committed at 31 December 2020 was €168 million.

The Group has insurance policies in place to cover the potential risks to which its property, plant and equipment are exposed and the potential claims that may be brought in connection with its business activities. The coverage provided by these insurance policies is deemed to be sufficient.

At 31 December 2021, the net amount of property, plant and equipment used as collateral to secure financial debt associated with a specific project is €973 millon (€1,088 millon in 2020).

The Group holds mortgaged land and buildings as security for loans granted, the net book value of which at 31 December 2021 amounts to €20,463 thousands (31 December 2020: €20,981 thousands).

5.- Right of use

Right of use assets

Changes in this balance sheet heading in 2021 and 2020 are as follows:

Right of use	Land and natural resources	Buildings	Plant	Machinery and vehicles	Amortisation	Impairment	Total
Balance at 31.12.2019	**212,538**	**8,226**	**91,038**	**2,714**	**(29,659)**	**--**	**284,857**
Additions/Funding	105,152	1,341	--	1,402	(26,206)	--	81,689
Disposals	(4,232)	(439)	--	(334)	1,199	--	(3,806)
Translation differences and other	(5,048)	(255)	(5,888)	(31)	976	--	(10,246)
Balance at 31.12.2020	**308,410**	**8,873**	**85,150**	**3,751**	**(53,690)**	**--**	**352,494**
Changes in the scope of consolidation	--	--	--	27	(15)	--	12
Additions/Funding	24,988	1,819	--	975	(26,179)	--	1,603
Transfers	--	--	--	--	--	--	--
Disposals	(1,747)	--	(20)	(290)	403	--	(1,654)
Translation differences and other	11,103	72	5,793	(73)	(2,944)	--	13,951
Balance at 31.12.2021	**342,754**	**10,764**	**90,923**	**4,390**	**(82,425)**	**--**	**366,406**

The leases in which the Group acts as lessee and which are recorded under this heading refer to the leased land on which the power plants, offices and other facilities are located.

The Group has recognised under "Plant" a 20-year sale and leaseback contract for a solar thermal power plant in Nevada (United States), which expires in December 2027. The net book value of the right of use asset is €47 million and the associated liability is €66 million at the 2021 year-end (2020 year end: €51 million and €69 million, respectively).

The additions to "Land and natural assets" in 2021 are mainly due to the recognition of new lease contracts for land associated with wind farms and photovoltaic plants located in Portugal, Chile and Mexico, as well as the revaluation of previous contracts to reflect consumer price index rent updates.

The additions in 2020 under "Land and natural assets" are mainly due to the recognition of new land lease agreements associated with wind farms and photovoltaic plants located in the United States, Chile and Mexico, as well as the revaluation of previous contracts due to CPI rent adjustments and the effects of extending the committed lease terms by considering the execution of extensions to adjust the contracts to the change in the useful lives of the wind and photovoltaic facilities built on this land in the valuation.

Details of the net carrying amount of the right of use assets classified by the type of underlying asset at 31 December 2021 and 2020 are as follows, in thousands of euros:

Right of use	2021				2020			
	Cost	Amortisation	Impair-ment	Total	Cost	Amortisation	Impair-ment	Total
Land	342,754	(43,462)	--	299,292	308,410	(27,030)	--	281,380
Buildings	10,764	(4,324)	--	6,440	8,873	(2,726)	--	6,147
Plant	90,923	(31,965)	--	58,958	85,150	(22,108)	--	63,042
Vehicles	4,390	(2,674)	--	1,716	3,751	(1,826)	--	1,925
Total	**448,831**	**(82,425)**	--	**366,406**	**406,184**	**(53,690)**	**--**	**352,494**

The Group has availed itself of the exemptions for short-term contracts and low-value assets (see note 3.2 b)), with the expense recognised for short-term contracts amounting to €517 thousands in 2021 (€346 thousands in 2020) and for contracts relating to low-value assets in the amount of €498 thousands in 2021 (€541 thousands in 2020).

In financial year 2021, the Group recognised on the income statement €22,470 thousands and €26.179 thousands, respectively, in interest and depreciation costs associated with these leases (€23,055 thousands and €25,515 thousands, respectively, in financial year 2020).

The average discount rates applied in 2021 were as follows for the countries with the largest right of use assets attributed to the Group:

Discount rate	
Spain	3.52%
USA	4.31%
Mexico	7.25%
Australia	4.31%
Italy	4.23%
Chile	4.47%

This interest rate is based on the risk-free rate in each country (to reflect the circumstances of each economy and the contractual currency the contract) adjusted by the risk spread applicable to Group companies.

The total amount of lease cash payments was €45,017 thousands in 2021 (€45,837 thousands in 2020).

No impairment was recorded on the Group’s consolidated income statement in 2021 or 2020.

Non-current and current lease obligations

The balance of lease obligations at 31 December 2021 and 2020 is detailed below, in thousands of euros:

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Lease obligations	22,785	384,228	**407,013**	19,848	368,300	**388,148**
Total lease liabilities	**22,785**	**384,228**	**407,013**	**19,848**	**368,300**	**388,148**

The Group has no lease agreement with material residual value guarantees.

The details of the maturity dates of the Group's "Lease obligations" at 31 December 2021 and 2020 are as follows, in thousands of euros:

	2021	2020
Maturity	**Par value**	**Par value**
Less than one year	44,832	42,962
Between one and five years	175,367	166,559
>5 years	536,283	533,003
Total	**756,482**	**742,524**

6.- Other intangible assets

Changes in this balance sheet heading in 2021 and 2020 are as follows:

Other intangible assets	Development	Concessions	Others	Computer software	Amortisation	Provisions	Total
Balance at 31.12.2019	**40,276**	**205,378**	**5,160**	**23,685**	**(125,718)**	**(2,105)**	**146,676**
Changes in the scope of consolidation	--	(471)	--	--	--	--	(471)
Additions/Funding	2,170	4,235	558	1,383	(10,506)	(1,122)	(3,282)
Disposals	(30,389)	(164)	--	(1,427)	30,389	--	(1,591)
Transfers	22	(1,989)	--	--	1,787	--	(180)
Translation differences and other	(38)	(14,576)	(93)	(263)	3,733	906	(10,331)
Balance at 31.12.2020	**12,041**	**192,413**	**5,625**	**23,378**	**(100,315)**	**(2,321)**	**130,821**
Changes in the scope of consolidation	-	16,117	-	339	(24)	(17)	16,415
Additions/Funding	1,314	1,937	-	8,688	(10,184)	-	1,755
Disposals	-	-	(192)	(8)	8	-	(192)
Transfers	735	(20,800)	-	-	-	-	(20,065)
Translation differences and other	79	10,382	24	125	(3,254)	250	7,606
Balance at 31.12.2021	**14,169**	**200,049**	**5,457**	**32,522**	**(113,769)**	**(2,088)**	**136,340**

The net balances by heading at the end of 2021 and 2020 are as follows:

Other intangible assets	2021			2020		
	Cost	Amortization and provisions	Total	Cost	Amortization and provisions	Total
Development	14,169	(7,314)	6,855	12,041	(6,685)	5,356
Concessions	200,049	(86,748)	113,301	192,413	(76,801)	115,612
Other	5,457	(1,208)	4,249	5,625	(617)	5,008
Computer software	32,522	(20,587)	11,935	23,378	(18,533)	4,845
Total	**252,197**	**(115,857)**	**136,340**	**233,457**	**(102,636)**	**130,821**

The breakdown of the balance at 31 December 2021 and 2020 is as follows:

Concessions	2021			2020		
	Cost	Amortization and provisions	Total	Cost	Amortization and provisions	Total
Intangible concessions (IFRIC 12)	107,303	(42,317)	64,986	98,188	(33,790)	64,398
Other concessions	92,746	(44,431)	48,315	94,225	(43,011)	51,214
Total	**200,049**	**(86,748)**	**113,301**	**192,413**	**(76,801)**	**115,612**

The caption titled "Concessions" includes primarily those concession assets where the risk of recovering the asset is assumed by the operator. It also includes the cost of government concessions as well as the expectant rights and identifiable intangible assets for the development of future renewable projects acquired from third parties by acquiring interests in the companies that own those rights through business combinations.

The only concession registered under IFRIC 12 is a wind farm in Costa Rica operated by Consorcio Eólico Chiripa, 65% of which is owned by the Acciona Energía Group. This is a concession for the construction and operation of the Chiripa wind farm for 20 years, through the year 2033, which is currently operational.

The most significant changes in 2021 are additions to the scope of consolidation in the amount of €17 million in relation to the acquisition of interests in companies holding rights to intangible assets earmarked for the development of future renewable energy projects (mainly in Peru) and projects for the installation and management of electric vehicle chargers.

Also recognised under this heading are the transfers of intangible assets consisting of the expectant rights associated primarily with the San Carlos wind farm in Mexico for a total amount of €17 million.

The most significant changes in 2020 relate to the derecognition of development costs that were fully depreciated. Expectant rights in the amount of €2 million which were previously recorded under concessions were transferred to property, plant and equipment once the facilities in question were up and running.

At 31 December 2021, the Group had fully depreciated intangible assets in the amount of €35,090 thousands, the majority of which were still in use (€28,090 thousands at 31 December 2020).

No impairment of intangible assets was detected in financial year 2021, nor were there any significant deficits not covered by existing provisions at 31 December 2021.

7.- Participation in joint ventures

The changes under this caption on the enclosed consolidated balance sheet in 2021 and 2020 were as follows:

Investee company	Balance a 31.12.20 (*)	Pre-tax share in profits (losses)	Interim dividend	Tax effect and other changes	Balance at 31.12.21
Energías Renovables Mediterráneas, S.A.	97,357	9,002	--	(1,379)	104,980
Desarrollo de Energías Renovables de Navarra, S.A.	8,380	12,219	--	(3,342)	17,257
PARQUES EÓLICOS DE Buio, S.L.	45,511	6,711	(4,950)	(26,140)	21,132
Amper Central Solar, S.A.	55,184	15,639	--	(4,382)	66,441
Group Cathedral Rocks	14,272	(32)	--	263	14,503
Parque Eólico de Deva, S.L.	6,906	3,106	(2,750)	(6,040)	1,222
Parque Eólico de Tea, S.L.	11,563	3,722	(3,400)	(7,559)	4,326
Parque Eólico de Bobia y San Isidro, S.L.	7,662	3,700	(3,450)	(7,504)	408
Parque Eólico Ameixenda Filgueira, S.L.	7,408	3,028	(3,000)	(5,849)	1,587
Parque Eólico A Ruña, S.L.	5,266	1,143	(1,750)	(2,792)	1,867
Blue Canyon Winpower, LLC	2,089	77	(525)	151	1,792
Group Energy Corp. Hungary	3,516	(133)	--	(76)	3,307
Parque Eólico Virxe do Monte, S.L.	3,324	838	(1,225)	(1,888)	1,049
Parque Eólico Adraño, S.L.	4,885	1,690	(1,850)	(2,530)	2,195
Group Eurovento	925	476	--	(123)	1,278
Parque Eólico Vicedo, S.L.	1,993	1,114	(850)	(2,177)	80
Explotaciones Eólicas Sierra de Utrera, S.L.	1,213	1,074	--	(269)	2,018
Parque Eólico Cinseiro, S.L.	2,276	1,012	(52)	(256)	2,980
Parque Eólico Currás, S.L.	2,129	893	(950)	(1,619)	453
Alsubh Solar Power, S.A.E.	3,403	731	--	704	4,838
Sunrise Energy, S.A.E.	3,724	624	--	87	4,435
Rising Sun Energy, S.A.E.	3,582	616	--	64	4,262
AT Solar V, SAPI de CV	20,807	(4,625)	(4,009)	(729)	11,444
Tuto Energy II, S.A.P.I. de C.V.	19,436	(1,020)	(2,284)	(5,192)	10,940
Parque Eólico de Abara, S.L.	3,599	1,234	--	(25)	4,808
Other	11,251	(119)	(26)	1,341	12,447
Total holdings in associates	**347,661**	**62,720**	**(31,071)**	**(77,261)**	**302,049**

(*) Re-stated, see note 3.4

Investee company	Balance a 31.12.19 (*)	Pre-tax share in profits (*)	Interim dividend	Tax effect and other changes	Balance a 31.12.20 (*)
Energías Renovables Mediterráneas, S.A.	87,724	13,099	--	(3,466)	97,357
Desarrollo de Energías Renovables de Navarra, S.A.	7,733	838	--	(191)	8,380
Parques Eólicos de Buio, S.L.	36,971	5,588	(500)	3,452	45,511
Amper Central Solar, S.A.	46,435	14,456	(1,640)	(4,067)	55,184
Group Cathedral Rocks	14,369	399	(447)	(48)	14,273
Parque Eólico de Deva, S.L.	7,242	(230)	(450)	344	6,906
Parque Eólico de Tea, S.L.	8,397	4,754	(400)	(1,188)	11,563
Parque Eólico de Bobia y San Isidro, S.L.	6,377	2,647	(700)	(662)	7,662
Parque Eólico Ameixenda Filgueira, S.L.	6,517	1,786	(450)	(445)	7,408
Parque Eólico A Ruña, S.L.	2,988	3,436	(300)	(858)	5,266
Blue Canyon Winpower, LLC	2,758	(105)	(370)	(194)	2,089
Group Energy Corp. Hungary	4,855	48	(1,105)	(282)	3,516
Parque Eólico Virxe do Monte, S.L.	2,639	1,246	(250)	(311)	3,324
Parque Eólico Adraño, S.L.	3,481	2,285	(350)	(531)	4,885
Group Eurovento	910	87	(150)	77	924
Parque Eólico Vicedo, S.L.	1,989	28	--	(24)	1,993
Explotaciones Eólicas Sierra de Utrera, S.L.	1,427	29	(235)	(8)	1,213
Parque Eólico Cinseiro, S.L.	1,469	241	--	566	2,276
Parque Eólico Currás, S.L.	1,581	446	(175)	277	2,129
Alsubh Solar Power, S.A.E.	(931)	1,177	--	3,157	3,403
Sunrise Energy, S.A.E.	3,674	1,105	--	(1,055)	3,724
Rising Sun Energy, S.A.E.	3,453	1,191	--	(1,062)	3,582
AT Solar V, SAPI de CV	26,676	(1,573)	--	(4,296)	20,807
Tuto Energy II, S.A.P.I. de C.V.	23,283	595	--	(4,442)	19,436
Parque Eólico de Abara, S.L.	--	2,259	--	1,340	3,599
Other	15,773	1,696	(606)	(5,612)	11,251
Total holdings in associates	**317,790**	**57,528**	**(8,128)**	**(19,529)**	**347,661**

(*) Re-stated, see note 3.4

The shareholdings of Group Corporación Acciona Energías Renovables in associates are listed in Annex III of this report.

Where the Group's investments in associates accounted for using the equity method has been reduced to zero and where there may be implicit obligations in excess of the contributions made, equity losses or decreases are recognised under non-current provisions in the consolidated balance sheet (see note 15).

The caption titled "Tax effects and other changes" includes, in addition to the tax effect of the result for the year, changes due to derivative values (see note 18) and translation differences amounting to €7,338 thousands at 31 December 2021 (€6,808 thousands at December 2020).

Disclosures on derivative financial instruments relating to companies accounted for using the equity method are provided in note 18.

There were no material changes under this heading in financial years 2021 or 2020.

The assets, liabilities, ordinary income and profit (loss) for financial years 2021 and 2020 are listed below in proportion to the percentage of ownership in the capital of each associate:

	Total 2021	**Total 2020 (*)**
ASSETS		
Non-current assets	694,976	669,377
Current assets	186,186	110,734
Total assets	**881,162**	**780,111**
LIABILITIES		
Equity	302,049	347,661
Non-current liabilities	469,824	337,180
Current liabilities	109,289	95,270
Total liabilities and equity	**881,162**	**780,111**
RESULT		
Net revenue	166,562	134,969
Pre-tax profit	62,720	57,390

(*) Re-stated, see note 3.4

There is no single associated company that is individually significant to the Group.

8.- Holdings in joint ventures

The holdings of Group Corporación Acciona Energías Renovables in joint ventures are listed in Annex II of this report. The most significant amounts included in the consolidated financial statements for financial years 2021 and 2020 in relation to these interests are summarised below:

	2021		**2020**	
	Companies	**Joint ventures and jointly-owned**	**Companies**	**Joint ventures and jointly-owned**
Net revenue	2,569	168	1,330	175
Gross operating profit	1,827	130	561	179
Operating profit	772	(49)	(383)	--
Non-current assets	10,244	1,130	10,178	1,309
Current assets	1,666	68	1,556	6
Non-current liabilities	1,785	--	1,775	--
Current liabilities	543	1,106	308	1,305

None of the holdings in joint ventures is individually significant to the Group.

9.- Current and non-current financial assets

The breakdown of the balance of this item on the consolidated balance sheet at the 2021 and 2020 year end, presented by type and category for valuation purposes, is as follows:

Thousands of euros					
31.12.2021					
Financial asset: Type/Category	**Financial assets at fair value with changes in profit and loss**	**Financial assets at fair value with changes in the consolidated statement of recognised income and expenses**	**Financial assets at amortised cost**	**Hedging derivatives**	**Total**
Equity instruments	825	--	--	--	825
Other loans with Group companies and associates	--	--	22,531	--	22,531
Derivatives	--	--	--	--	--
Other financial assets	--	--	18,597	--	18,597
Long-term / non-current	**825**	**--**	**41,128**	**--**	**41,953**
Other loans with Group companies and associates	--	--	699	--	699
Other receivables	--	--	84,956	--	84,956
Derivatives	--	--	--	5,647	5,647
Other financial assets	--	--	80,873	--	80,873
Short-term / current	**--**	**--**	**166,528**	**5,647**	**172,175**
Total	**825**	**--**	**207,656**	**5,647**	**214,128**

Thousands of euros					
31.12.2020					
Financial asset: Type/Category	**Financial assets at fair value with changes in profit and loss**	**Financial assets at fair value with changes in the consolidated statement of recognised income and expenses**	**Financial assets at amortised cost**	**Hedging derivatives**	**Total**
Equity instruments	666	--	--	--	666
Other loans with Group companies and associates	--	--	8,518	--	8,518
Derivatives	--	--	--	--	--
Other financial assets	560	--	16,869	--	17,429
Long-term / non-current	**1,226**	**--**	**25,387**	**--**	**26,613**
Other loans with Group companies and associates	--	--	68,290	--	68,290
Other receivables	--	--	82,187	--	82,187
Derivatives	--	--	--	17,691	17,691
Other financial assets	--	--	28,093	--	28,093
Short-term / current	**--**	**--**	**178,570**	**17,691**	**196,261**
Total	**1,226**	**--**	**203,957**	**17,691**	**222,874**

The amount recognised under "Other loans" at 31 December 2021 and 2020 are mainly deposits that are pledged as a result of the guarantee clauses in the project finance contracts for each one of the operating wind farms, which are subject to market interest rates (see note 16). The most notable changes in 2021 and 2020 were those related to the funding of reserve accounts to cover the debt service by the Group companies that signed financing agreements in those years.

The caption titled "Other loans to Group companies and associates" includes, inter alia, the placement of surplus balances with other Acciona Group companies and loans granted to associates which are not eliminated on consolidation and which are subject to annual market interest rates. The market value of these assets does not different substantially from the carrying value.

Current and non-current "Other financial assets" include mainly deposits and bonds provided by the Group, including those provided by the Group Acciona's company Acciona Green Energy, S.A., to be able to operate in the daily and forward electricity trading markets.

In 2021, there were no material changes in the balances for that make up this consolidated balance sheet item. Likewise, there were no material impairment losses on the balances comprising non-current and current financial assets.

The valuation hierarchy of financial instruments at fair value is described in note 3.2 f).

10.- Other non-current assets

The composition of this caption at 31 December 2021 and 2020 was as follows:

	2021	2020 (*)
Non-current payables	14,539	225
Derivatives	163,472	66,526
Non-current accruals	10,108	62,611
Total non-current receivables and other non-current assets	**188,119**	**129,362**

(*) Re-stated, see note 3.4

"Non-current receivables" at 31 December 2021 refer mainly to the credit rights from a Chilean subsidiary generated with the Chilean energy market regulator and deriving from a pending update of the tariff associated with a PPA entered into with the latter in the amount of €14,534 thousands. At 31 December 2020, this item was classified as a current asset under "Trade receivables" on the Group's consolidated balance sheet.

The "Derivatives" caption also includes the fair value of derivatives related to the sale and purchase of energy in various countries, mainly Spain, Chile, the USA and Australia:

- €115,116 thousands is the value of the designated hedging derivatives entered into in Spain by the Group's trading subsidiary and related to forward power purchase contracts which are settled by differences and which are taken out to eliminate the price risk with respect to contracts for the delivery of power to customers at a fixed price.

- €32,377 thousands (€62,412 thousands at 31 December 2019) is the fair value of a commodity derivative contracted by a Chilean subsidiary for the supply of energy to a customer at an inflated fixed price. This contract is valued at the market rate and changes in value are recorded in consolidated income as the result of changes in the value of financial instruments at fair value.

“Non-current accruals" include €52,591 thousands at 31 December 2020 which is the amortised amount at the acquisition date of two non-current energy price hedging derivatives entered into in December 2015 and December 2018 by two US subsidiaries. These contracts were entered into to secure the selling price of a certain amount of energy for a term of 13 and 12 years, respectively. The Group capitalised the difference between the transaction price and the fair value estimate ("Day-one profit and losses") and apportioned it on a straight-line basis in the consolidated income statement. In 2021 it was presented net of the value of the associated derivative.

11.- Inventories

The composition of the Group’s inventories at 31 December 2021 and 2020 is as follows:

	2021	2020
Raw materials, other supplies and trade inventories	144,246	124,259
Advances delivered	10,435	11,185
Provisions	(29,516)	(26,052)
Total inventories	**125,165**	**109,392**

The balances under "Raw materials, other supplies and commercial inventories" include spare parts for the maintenance of the Group's various facilities.

The Group makes value adjustments for impairment if there are reasonable doubts as to the total or partial recovery of these assets. They are recorded under "Depreciation and amortisation and changes in provisions" in the consolidated income statement (see note 24).

12.- Trade and other receivable

The composition of the balance at 31 December 2021 and 2020 was as follows:

	2021	2020
Trade receivables from sales and services rendered	411,229	255,223
Receivable from group companies (note 31)	95,849	147,397
Receivable from associates (note 31)	17,323	19,008
Sundry receivables	21,049	17,338
Derivatives (note 18)	--	1,174
Provisions	(9,929)	(10,078)
Total Trade and other receivable	**535,521**	**430,062**
Advance payments from customers	(2,587)	(2,829)
Total net balance at 31 December	**532,934**	**427,233**

The amount recorded under the heading of "Clients for sales and services rendered" refers primarily to the balances due on the sale of energy generated in Spain and abroad.

At the end of 2021, the Group has €98.2 million in non-recourse factoring (€72.8 million at the 2020 year end). The Group enters into these contracts with certain financial institutions, selling the Group's receivables under specific commercial terms and conditions.

The caption titled “Receivables, Group companies" refers primarily to loans with the parent company in the amount of €70,875 thousands at 31 December 2021 (€124,368 thousands at 31 December 2020) as a consequence of being a member of the tax group whose parent company is Acciona, S.A. This refers to the domestic companies pertaining to Group Corporación Acciona Energías Renovables that subject to the applicable tax laws.

The details of the aging of trade receivables are as follows:

	2021	2020
Invoices up to 3 months old	390,605	236,263
Invoices between 3 and 6 months old	2,238	3,105
Invoices more than 6 months old	18,386	15,855
Total	**411,229**	**255,223**
Past due invoices more than 3 months old not provisioned	12,262	10,498

Changes in the impairment provision for receivables are as follows at 31 December 2021 and 2020:

	2021	2020
Opening balance	**(10,078)**	**(9,297)**
Increase in provisions for impairment of trade receivables	(244)	(2,134)
Reversal of amounts not utilised	364	1,239
Restatements and other	29	114
Closing balance	**(9,929)**	**(10,078)**

The Group recognises expected credit losses over the life of the asset for those trade receivables that do not have a significant financing component, using a simplified approach based on historical credit loss experience for trade receivables, adjusted accordingly to reflect current economic conditions and estimates of future conditions. This simplified approach divides trade receivables into customer segments to reflect the different loss patterns for each segment. This allows the Group to recognise expected losses over the life of the assets without the need to identify significant increases in credit risk.

13.- <u>Cash and other liquid assets</u>

The composition of the balance at 31 December 2021 and 2020 was as follows:

	2021	2020
Cash and banks	606,423	417,420
Deposits and other	18,819	50,338
Total cash and cash equivalents	**625,242**	**467,758**

This caption includes the Group's cash as well as loans and bank deposits with initial maturity dates no longer than three months away and with no associated risks.

There are no restrictions on the availability of cash and cash equivalents other than the one mentioned in the previous paragraph.

In financial years 2021 and 2020, cash and cash equivalents earned market interest rates.

14.- <u>Shareholders' equity</u>

a) <u>Subscribed and registered share capital</u>

The Company's share capital is represented by 329,250,589 fully subscribed and paid-up shares with a par value of one euro each.

At 31 December 2021 the Parent's majority shareholder is Acciona, S.A. As mentioned in note 1, on 1 July 2021 a portion of the Parent's shares were admitted to trading on the Spanish Stock Market Interconnection System (SIBE - Madrid, Barcelona, Valencia and Bilbao Stock Exchanges). At the date of these consolidated annual accounts, the majority shareholder of the Group Corporación Acciona Energías Renovables is Acciona, S.A., with 82.72% of the shares. The remainder is freely traded on the stock exchange.

There are no balances or transactions with the majority shareholder other than those detailed in note 31.

b) <u>Retained earnings</u>

The balance in the "Share premium" account, which at 31 December 2021 and 2020 was €2,599,689 thousands, arose as a result of a series of capital increases carried out with share premiums. Article 296 of the Revised Text of the Capital Companies Act expressly permits the use of the balance of the share premium account to increase capital and places no specific restrictions on the availability of said balance. The breakdown of the issue premium, reserves and translation differences on the statement of change in equity is as follows:

	2021	2020 (*)
Share premium	2,599,689	2,599,689
Legal reserve	46,463	27,902
Voluntary reserves	1,317,549	(606,650)
Reserves for fully or proportionally consolidated companies	267,209	182,701
Reserves in companies accounted for using equity	31,510	70,288
Reserves Subtotal	**4,262,420**	**2,273,930**
Translation differences	20,975	(95,911)
Interim dividend paid during the year	--	(100,000)
Total Reserves	**4,283,395**	**2,078,019**

(*) Re-stated, see note 3.4

On 22 March 2021, Acciona, S.A., the majority shareholder of Corporación Acciona Energías Renovables, S.A., approved the contribution of shareholders through which it proceeded to capitalise €1,859 millon of the financial debt held with Acciona Group companies at that date and in particular of that held with Acciona Financiación de Filiales, S.A., through a non-monetary contribution of the credit rights with this subsidiary made by the Company's shareholder (Acciona, S.A.). Previously, Acciona Financiación de Filiales, S.A. transferred these credit rights to Acciona S.A. under a purchase and sale agreement entered into on the same date. The carrying value of these credit rights does not differ significantly from the fair value.

c) Treasury stock

The changes in treasury stock during the 2021 financial year were as follows:

	2021	
	Number of shares	Cost (thousands of euros)
Opening balance	-	-
Added	498,191	15,282
Disposals	-444,254	-13,586
Closing balance	**53,937**	**1,696**

On 18 October 2021, Corporación Acciona Energías Renovables, S.A. entered into a liquidity agreement with Bestinver Sociedad de Valores, S.A. for the management of its treasury stock under the terms of Circular 1/2017 of the National Securities Market Commission (CNMV). The transactions with company shares within the framework of this agreement are carried out by Bestinver on the Spanish stock exchanges and the purpose is to favour the liquidity of the transactions and the regularity of the stock price.

In 2021, the positive result recorded in reserves from transactions with treasury stock carried out under the liquidity agreement totalled €79 thousands.

d) Reserves in consolidated companies and conversion differences

The details of the consolidation reserves contributed by subsidiaries, joint ventures and associates and the conversion differences at 31 December 2021 and 2020 are as follows:

	2021		2020 (*)	
	Consolidated reserves	**Translation differences**	**Consolidated reserves**	**Translation differences**
Corporación Acciona Energías Renovables, S.L.U.	1,000,703	29,882	1,162,391	--
Acciona Energía Subgroup	353,065	(33,723)	68,107	(96,045)
Ceatesalas Subgroup	(612,394)	(649)	(592,523)	134
Alabe Sociedad de Cogeneración Subgroup	96,188	--	76,610	--
Ineuropa de Cogeneración Subgroup	(27,345)	--	(27,315)	--
Acciona Saltos de Agua Subgroup	(96,791)	--	(78,288)	--
Corporación Acciona Eólica, S.L.U.	(203,316)	--	(230,253)	--
Corporación Acciona Hidráulica, S.L.U.	(225,646)	--	(152,598)	--
Acciona Eólica de Galicia, S.A.U.	21,265	--	32,855	--
KW Tarifa, S.A.U.	(11,253)	--	(5,997)	--
Acciona Energía Financiación de Filiales, S.A.	4,234	25,465	--	--
Other	9	--	--	--
Total	**298,719**	**20,975**	**252,989**	**(95,911)**

(*) Re-stated, see note 3.4

None of the direct or indirect investees of the Parent Company have their shares and/or holdings admitted to trading.

e) Valuation adjustments in equity

- Cash flow hedges

This section, included under "Retained earnings" on the consolidated balance sheet, includes the net amount of the tax impact of the changes in the value of financial derivatives designated as cash flow hedging instruments (see note 18).

The changes in the balances under this heading in 2021 and 2020 are shown below:

	2021	2020
Balance at 1 January	**(25,239)**	**(27,730)**
Net increase for the year	339,685	9,013
Net decrease for the year	(317,747)	(8,228)
Transfer to FY profit (loss)	6,873	1,706
Balance at 31 December (note 16)	**3,572**	**(25,239)**

The main upward and downward changes during the year were due to changes in the value of power purchase and sale derivatives designated as accounting hedges due to energy price increases (see note 18).

f) Interim dividend

On 31 March 2020, the directors of Corporación Acciona Energías Renovables, S.L.U. agreed to pay an interim dividend of €100,000 thousands against 2020 profits. The dividend was paid on 13 April 2021.

g) Minority interests

The balance under this heading on the enclosed consolidated balance sheet shows the value of minority shareholders' interests in the subsidiaries. The enclosed consolidated income statement also shows the interest of those minority shareholders in the financial year results.

The changes in 2021 and 2020 were as follows, in thousands of euros:

Company	Balance at 31.12.20 (*)	2021 profit	Change in scope of consolidation	Translation differences	Balance at 31.12.21
Compañía Eólica Granadina, S.A.	5,131	1,496	--	(1,350)	5,277
Eólica de Villanueva, S.L.	1,214	594	--	(568)	1,240
Eólica de Zorraquín, S.L.	1,216	210	--	(92)	1,334
Group Acciona Energía Internacional	357,544	25,304	--	(16,523)	366,325
Other	2,024	2,093	344	62	4,523
Total minority interests	**367,129**	**29,697**	**344**	**(18,471)**	**378,699**
(*) Re-stated, see note 3.4					

Company	Balance at 31.12.19 (*)	2020 profit (*)	Change in scope of consolidation	Translation differences	Balance at 31.12.20 (*)
Compañía Eólica Granadina, S.A.	4,365	1,366	--	(600)	5,131
Eólica de Villanueva, S.L.	1,171	43	--	--	1,214
Eólica de Zorraquín, S.L.	973	243	--	--	1,216
Group Acciona Energía Internacional	195,007	22,858	176,356	(36,677)	357,544
Other	1,576	159	773	(484)	2,024
Total minority interests	**203,092**	**24,669**	**177,129**	**(37,761)**	**367,129**

(*) Re-stated, see note 3.4

At 31 December 2021, the amount recorded under Other items includes the decrease of €37,979 thousands euros in minority interests for dividends distributed to minority shareholders, as well as changes due to changes in the value of financial derivatives and translation differences.

The main change in 2020 was due to the increase in the stake in Acciona Energía Internacional, S.A. (parent company of the Acciona Energía Internacional subgroup), which resulted in a decrease of €15 million in the amount attributable to minority interests, as well as the capitalisation of loans granted by minority shareholders in the amount of €191 million.

The composition of the balance under this heading on the enclosed consolidated balance sheet at 31 December 2021 and 2020 is as follows, by item:

	2021			2020 (*)		
Company	**Capital and reserves**	**Result**	**Total**	**Capital and reserves**	**Result**	**Total**
Group Acciona Energía Internacional	341,021	25,304	366,325	334,686	22,858	357,544
Compañía Eólica Granadina, S.A.	3,781	1,496	5,277	3,765	1,366	5,131
Eólica de Villanueva, S.L.	646	594	1,240	1,171	43	1,214
Eólica de Zorraquín, S.L.	1,124	210	1,334	973	243	1,216
Other	2,430	2,093	4,523	1,866	159	2,025
Total minority interests	**349,002**	**29,697**	**378,699**	**342,461**	**24,669**	**367,130**

(*) Re-stated, see note 3.4

Below is a summary of the financial information for those subgroups which represent a significant portion of the Group's assets, liabilities and operations, in relation to which there are non-controlling interests:

31.12.2021	**SubGroup Acciona Energía Internacional**
% minority interests	25.00%
ASSETS	
Non-current assets	2,429,129
Current assets	267,690
Total assets	**2,696,819**
LIABILITIES	
Equity	1,018,716
Attributed equity	869,855
Minority interests	148,861
Non-current liabilities	1,477,512
Current liabilities	200,591
Total liabilities	**2,696,819**
RESULT	
Revenue	442,827
Operating profit	211,359
Profit before tax	139,091
Profit after tax	81,423
Profit attributable to minority shareholders	(6,598)
Profit attributable to the parent company	74,826
Cash flows from operations	206,716
Cash flows from investments	(3,216)
Cash flows from financing	(236,858)

31.12.2020	SubGroup Acciona Energía Internacional
% minority interests	25.00%
ASSETS	
Non-current assets	2,434,862
Current assets	272,590
Total assets	**2,707,452**
LIABILITIES	
Equity	1,043,166
Attributed equity	914,161
Minority interests	129,005
Non-current liabilities	1,206,352
Current liabilities	457,934
Total liabilities	**2,707,452**
RESULT	
Revenue	419,268
Operating profit	206,025
Profit before tax	91,306
Profit after tax	58,672
Profit attributable to minority shareholders	(4,953)
Profit attributable to the parent company	53,719
Cash flows from operations	200,064
Cash flows from investments	(4,226)
Cash flows from financing	(197,606)

h) Capital management

The Group's cash management objectives are aimed at safeguarding the ability to continue operating as a going concern, generating profits for shareholders and benefits for other stakeholders, as well as maintaining an ideal financial-equity structure for reducing capital costs. This policy makes it possible to create shareholder value while at the same time having access to the financial markets at a competitive cost in order to cover the needs, both for refinancing debt and for financing investments, that are not covered by the funds generated by the business.

In order to maintain or adjust the equity structure, the Group could adjust the amount of dividends payable to the shareholders, reimburse capital to shareholders, issue new shares or sell assets to reduce debts.

Like other businesses operating in the same sector, the Group uses its gearing ratio to control its capital structure. This ratio is the quotient obtained by dividing net debt by net equity. Net debt is the sum of the current and non-current financial debt, excluding assets held for sale, less current asset investments, cash and cash equivalents.

The gearing ratio at 31 December 2021 and 2020 was as follows:

	Thousands of euro	
	31.12.2021	**31.12.2020 (*)**
Net financial debt:	**1,660,546**	**453,825**
Non-current bank borrowings (note 16)	1,088,911	619,551
Non-current bonds and debentures (note 16)	679,838	180,970
Current bank borrowings (Nota 16)	87,951	191,693
Current bonds and debentures (note 16)	522,129	11,557
IFT (notes 9 and 13), cash and cash equivalents	(718,283)	(549,946)
Equity:	**5,354,383**	**2,979,933**
Of the Parent	4,975,684	2,612,803
Minority shareholders	378,699	367,130
Gearing ratio	**0.31**	**0.15**

(*) Re-stated, see note 3.4

i) Restrictions on the availability of subsidiaries' funds

The financial agreements of certain Group companies contain clauses with requirements that must be met in order to profits to be distributed to shareholders or partners.

15.- Provisions and litigation

a) Non-current provisions

The changes under the heading of "Non-current provisions" on the liability side of the consolidated balance sheet at 31 December 2021 and 2020, by item, in thousands of euros, are as follows:

	Provisions for pensions and similar obligations	**Provisions for risks and charges**	**Provision for liabilities**	**Total**
Balance at 31.12.19	**5,276**	**121,976**	**34,779**	**162,031**
Additions and funding	178	38,678	29	38,885
Disposals	(345)	(3,077)	(34,533)	(37,955)
Transfers	--	7,117	--	7,117
Other changes	(24)	(9,363)	1,386	(8,001)
Balance at 31.12.20	**5,085**	**155,331**	**1,661**	**162,077**
Additions and funding	322	21,123	40	21,485
Disposals	(1,126)	(396)	--	(1,522)
Transfers	--	(17,701)	--	(17,701)
Other changes	25	11,205	25	11,255
Balance at 31.12.21	**4,306**	**169,562**	**1,726**	**175,594**

According to the best estimates of the parent company's directors, these provisions cover the potential liabilities derived from the litigation, appeals, disputes and obligations that were pending at the end of the year.

Provisions for pensions and similar obligations

The Group includes provisions for pensions and similar obligations arising as a consequence of the acquisitions of assets and/or companies from the Endesa Group in 2009 under this heading on the enclosed consolidated balance sheet. The group of employees considered includes 83 people (83 in 2020), 32 of whom are already semi-retired or retired (28 in 2020). Not all of these employees are in the same situation or eligible for the same benefits. The main characteristics of these provisions are:

a) Defined benefit pension plan with salary increases limited by CPI. The features of this pension plan are clearly that of a defined benefit plan.

   The hypotheses used to calculate the actuarial liability for the uninsured defined benefit commitments are as follows at 31 December 2021 and 2020:

	2021	2020
Interest rate	1.06%	0.67%
Mortality rates	PERPMF2020	PERPM/F2000
Expected return on assets	1.06%	0.67%
Salary increase	1.00%	1.00%

The information on the variation in the actuarial liabilities for defined benefit commitments at 31 December 2021 and 2020 is as follows:

	2021	2020
Initial actuarial liability	**2,567**	**2,773**
Accrued cost for the year	68	73
Financial expenses	19	33
Benefits paid during the year	-	(145)
Profit/(loss) for the year	(88)	(167)
Final actuarial liability	**2,566**	**2,567**

The information on the variation in the actuarial assets for defined benefit commitments at 31 December 2021 and 2020 is as follows:

	2021	2020
Initial actuarial assets	**1,488**	**1,706**
Yield for the period	10	20
Contributions during the year	296	264
Profit/(loss) for the year	86	(502)
Final actuarial assets	**1,880**	**1,488**

At 31 December 2021 and 2020, the total actuarial assets and liabilities referred entirely to the defined benefit commitments located in Spain.

The amounts recorded in the consolidated income statement for defined benefit pension obligations totalled €76 thousands at the end of 2021 (€86 thousands in 2020) which included the cost for the year plus the yield and the financial cost of the assets and liabilities associated with these employee benefits.

b) In addition, there are obligations to provide retired employees with certain social benefits which are primarily related to electricity. These obligations are not outsourced and are covered by internal provisions. The total amount for these items in 2021 was €1,892 thousands at 31 December 2020 (€2,564 thousands at 31 December 2020).

   The actuarial changes recorded for these other items generated gains of €693 thousands in 2021 (€176 thousands in losses in 2020).

These liabilities refer in their entirety to the agreements signed by Group companies in Spain. The Plan affects employees with 10 or more years of service.

Provisions for risks and charges

The types and amounts of the main provisions are based on the estimates made in relation to the warranty commitments assumed for the equipment and machinery sold, primarily wind turbines, which are recorded as "provisions for liabilities" and dismantling operating wind farms when this is required under the law, in which case they are recorded as "provisions for risks and expenses".

The items recorded under these two headings are as follows:

a) Implicit obligations: recognition of implicit obligations in subsidiaries accounted for using the equity method when the Group's investments in associations is reduced to zero. The provision at 31 December 2021 is €310 thousands (€676 thousands at 31 December 2020). The assets, liabilities, ordinary income and profit (loss) for financial years 2021 and 2020 are listed below in proportion to the percentage of ownership in the capital of each associate:

	Total 2021	Total 2020
ASSETS		
Non-current assets	361	4,100
Current assets	986	5,109
Total assets	**9,209**	**9,209**
LIABILITIES		
Equity	(310)	(676)
Non-current liabilities	970	5,446
Current liabilities	687	4,439
Total liabilities and equity	**9,209**	**9,209**
RESULT		
Net revenue	-	-
Profit before tax	(34)	(141)

b) Decommissioning: this is the directors' best estimate in relation to the commitments assumed for the decommissioning of electricity production facilities in international projects in which the Group operates, when the Group concludes, following analysis of the specifics of these contracts, that there is an obligation to decommission these facilities. These provisions are initially recognised with a charge to "Property, plant and equipment" and therefore have no impact on the income statement at the time of initial recognition. The balance for this item at 31 December 2021 was €168 million (€155 million 31 December 2020).

As discussed in note 3.2.I, this provision is estimated at the present value of the estimated decommissioning and restoration obligations of these assets over the period in which it is accrued. The discount rates and inflation rates applied to calculate this present value in the most relevant countries are as follows:

	Discount rate	Inflation rate
USA	1.73 - 1.81%	2.1%
Mexico	6.50%	3.5%
Canada	1.73%	1.8%
Italy	3.50%	1.5%
Poland	3.50%	1.5%
Portugal	1.00%	1.5%
India	8.00%	6.0%

According to the best estimates of the parent company's directors, these provisions cover the potential liabilities derived from the litigation, appeals, disputes and obligations that were pending at the end of the year. It is complicated to predict what the outcome will be. However, it is not expected that any cash outlays will be required in the near future given the status of the proceedings at the present time.

The best estimates of the risks and uncertainties which inevitably surround most of the events and circumstances affecting these provisions were used measure them.

The Group’s management does not believe there will be any additional liabilities for which provisions have not been made in the financial statements at 31 December 2021 and 2020.

b) Current provisions

The changes under the heading of “Current provisions" on the liability side of the consolidated balance sheet at 31 December 2021 and 2020, by item, in thousands of euros, are as follows:

	Guarantees	Other provisions	Total
Balance at 31.12.19	**98**	**1,429**	**1,527**
Additions and funding	--	(11)	(11)
Balance at 31.12.20	**98**	**1,418**	**1,516**
Additions and funding	--	1,206	1,206
Disposals	--	(913)	(913)
Changes in consolidation scope	--	148	148
Balance at 31.12.21	**98**	**1,859**	**1,957**

In addition to what has been mentioned previously, the Group sets up provisions, based on the best estimates of the parent company's directors, to cover the potential liabilities derived from the litigation, appeals, disputes and obligations that were pending resolution at the end of the year.

Litigation

At the date of these consolidated annual accounts, the Polish company Golice Wind Farm Sp. z.o.o. is in dispute with its main customer (ENEA) over the unilateral termination by the latter of the CPA (bilateral agreement for the purchase and sale of emission certificates from the production of energy from renewable resources) signed between the parties. In August 2020, the Poznan court of first instance handed down a judgment in which the plaintiff's arguments regarding the termination without quantification of the damage caused were accepted in full and, in addition, ENEA was ordered to pay the unpaid invoices for 2017 and 2018, with interest. An extension of the claim was filed claiming damages up to October 2020, the quantification of damages up to that date having been estimated at PLN 53,346,916 (approx. EUR 11,599,677), including late interest. On 21 February 2022, the Court of Appeals, in response to the appeals filed by both Golice Wind Farm and ENEA in 2021, upheld the decision recognising that the termination of the CAP by ENEA was improper and without effect, leaving the final amount of damages to be paid to Golice by ENEA to be determined.

16.- Bank debt

a) Bank borrowings:

The details of the balances payable to banks at 31 December 2021 and 2020 on recourse and non-recourse loans, understanding non-recourse loans as unsecured debt where recourse is limited to the debtor's cash flows and assets, are as follows:

	2021		2020	
Item	**Non-current**	**Current**	**Non-current**	**Current**
Non-recourse loans	**436,126**	**81,025**	**539,551**	**90,693**
Project financing	398,706	61,081	485,553	84,712
Finance leases	9	61	--	28
Other project-related payables	35,057	18,945	50,672	5,014
Fixed asset mortgage expenses	2,354	938	3,326	939
Recourse loans:	**652,785**	**6,926**	**80,000**	**101,000**
Other project-related recourse debt	652,785	6,926	80,000	101,000
Total payables to banks	**1,088,911**	**87,951**	**619,551**	**191,693**

In 2021 and 2020, the loans and lines of credits taken out by Group Corporación Acciona Energías Renovables accrued interest mostly referenced to Euribor for financing in euros, although part of the debt is also referenced to other indices such as Libor for debt in US dollars, WIBOR for Polish Zlotys and JIBAR for South African rands, as the most relevant indices outside the Eurozone. In addition, following the IBOR reform, the Group has begun to take out financing at risk-free reference rates (RFR), such as the SOFR for US dollars, the €ster for euros or the SONIA for sterling. A significant part of the debt of Group Corporación Acciona Energías Renovables is hedged by financial derivatives aimed at reducing interest rate volatility.

The Group, through its subsidiaries or associates, has made investments in energy infrastructures that are operated by subsidiaries, joint ventures and associates under "project finance" arrangements.

This financing concept applies to projects that are, in and of themselves, capable of providing sufficient guarantees to the participating financial entities that the debt undertaken to carry them out will be repaid. Each project is developed by a special purpose entity in which the project assets are financed in part by investments made by the partners, which is limited to a certain amount, with the rest, generally a higher amount, being financed through long term debt. The debt service on these loans is guaranteed primarily by the future cash flows generated by the project itself and by in rem guarantees on the project's assets.

In 2021, the heading "Project finance" shows a net decrease of €87 million, which refers primarily to the scheduled repayments of this type of loan, as well as the positive effect of the translation differences for the period, mainly those arising from projects whose currency is the US dollar.

On 26 May 2021, the subsidiary of the Group Acciona Energía Financiación Filiales, S.A. entered into a syndicated loan with the following characteristics, in thousands of euros:

Syndicated loan	Date of the loan	Maturity date	Limit	Drawn	Interest rate
Tranche A	26/05/2021	26/05/2024	1,000,000	300,000	Euribor + 0.95%
Tranche B1	26/05/2021	26/05/2024	700,000	250,000	Euribor + 0.95%
Tranche B2	26/05/2021	26/05/2024	300,000	--	Euribor + 0.95% / Libor + 1.10%
Tranche C	26/05/2021	26/05/2026	500,000	--	Euribor + 0.70%
Bank loans	02/07/2021	02/07/2024	80,000	80,000	Euribor + 1.70%
TOTAL			**2,580,000**	**630,000**	

There was a single initial drawdown of Tranche A of the syndicated loan for the sole purpose of repaying intra-group debt with Acciona Financiación Filiales, S.A.

For Tranche B2, drawdowns may be made in euros and US dollars up to maximum combined limit of €300 million.

Acciona Energía Financiación Filiales, S.A. has taken out a series of credit facilities with a total limit of €246 million. The interest rate is tied to the Euribor plus spreads ranging from 0.70% to 0.95%. No amounts had been drawn down at 31 December 2021.

As indicated in note 3.2.f), the adoption of IFRS 13 requires an adjustment to the valuation techniques used by the Group to obtain the fair value of derivatives to include the bilateral credit risk adjustment so as to reflect not only the Company's own risk but that of the counterparty in the fair value of the derivatives.

At 31 December 2021, the credit risk adjustment resulted in a reduction in the value of the derivative liability in the amount of €574 thousands which was recognised, on the one hand, as a reduction of €161 thousands in bank borrowings, and on the other hand as an increase in the value of the investment accounted for using the equity method in the amount of €413 thousands, without considering the tax effect, by those companies which are accounted for using this method. The net effect of this modification on equity adjustments for the valuation of cash flow hedges was positive in the amount of €530 thousands.

Furthermore, certain investee companies have made commitments to distribute profits and maintain a series of financial ratios that are calculated on the individual financial statements at the end of each fiscal year, including the maintenance of certain balances in cash accounts (see note 9).

At 31 December 2021 and 2020, neither the parent company nor any of its major subsidiaries had breached any of their financial obligations or any other type of obligation that could lead to the early termination of the loan agreements.

However, it is worth noting the default situation of the Polish company Golice Wind Farm Sp z.o.o. As indicated in note 15, this company is in the middle of a dispute with its main client regarding the unilateral termination of a contract signed by the parties. The outcome of this disputes will determine the ability of this Group company to maintain projected profits and cash flows to service the associated debt (€11,585 thousands classified as current) and the recoverability of net assets in the long term (in the amount of €11,735 thousands).

There were no defaults or other breaches of obligations to pay principal, interest or amortisations on the balances payable to financial institutions in 2021 or 2020.

The breakdown of the nominal value of financial debt by contractual maturity date (excluding the value of cash flow hedging instruments) at 31 December 2021 is as follows:

2022	2023	2024	2025	2026	Thereafter	Total
84,372	70,941	703,452	61,515	60,108	196,501	**1,176,889**

b) Debentures and bonds

The details of the debentures and bonds with and without recourse at 31 December 2021 and 2020 are as follows, in thousands of euros:

	2021	2020
Debentures and bonds without recourse	196,069	192,527
Debentures and bonds with recourse	1,005,898	0
Total debentures and bonds	**1,201,967**	**192,527**

The changes in these current and non-current liability accounts on the 2021 and 2020 balance sheet are as follows:

	Non-current	Current
Balance at 31.12.19	**209,440**	**10,738**
Depreciation	--	(9,394)
Transfers	(10,771)	10,771
Other changes	(17,699)	(558)
Balance at 31.12.20	**180,970**	**11,557**
Issues	496,640	662,465
Depreciation	--	(166,120)
Transfers	(13,002)	13,002
Other changes	15,230	1,225
Balance at 30.12.21	**679,838**	**522,129**

In 2021, the main changes under this heading are in the "Issues" line which refers to the €500 million bond issue under the Euro Medium Term Note (EMTN) programme and €662 million in promissory notes under the

Euro Commercial Paper (ECP) programme, which are described below. The caption titled "Amortisation" includes debt repaid during the year stemming from the 2001 maturities of the bonds of the Mexican subsidiaries described below.

The line item "Other changes" refers mainly to translation differences arising during the year.

At 31 December 2021, the details of the issues making up the balance under this heading are as follows:

- This item contains the placement of a private bond issue carried out on 10 August 2012 with a credit rating of BBB by Standard & Poors and BBB- by Fitch, by the Mexican subsidiaries CE Oaxaca Dos, S. de R.L. de C.V. and CE Oaxaca Cuatro, S. de R.L. de C.V. in the amount of US$ 298.7 million. The purpose of this bond issue was to finance the development, construction and operation of a number of projects for 102 MW of wind power each, the end client being the Federal Electricity Commission (CFE). The issue accrues 7.25% annual interest, payable every six months on 30 June and 31 December each year through 31 December 2031. The amortisation of the debt began on 31 December 2012 and will continue with payments every six months until the debt is paid in full on 31 December 2031. At 31 December 2021, the non-current and current outstanding balances due, net of transaction costs and considering unpaid accrued interest, totalled €183.1 million and €13.0 million, respectively.

- Euro Medium Term Note (EMTN) programme established in July 2021. The programme is underwritten by Acciona Energía Financiación de Filiales, S.A. and is guaranteed by Corporación Acciona Energías Renovable, S.A. The issue limit is €3 billion and it is rated BBB- by Fitch and BBB (high) by DBRS. In compliance with European regulations, both the initial prospectus and its renewals and supplements are approved by the Central Bank of Ireland. The securities issued under this programme may accrue fixed or floating interest, may be issued in euro or another currency, at par, below par or at a premium, and may have different maturity dates for interest and principal.

  On 7 October 2021, a €500 million bond was issued under this programme. The annual coupon was set at 0.375%, with a yield of 0.416% (issue price: 99.758%). The transaction is structured under an advanced green financing framework that is fully aligned with the taxonomy of sustainable activities and the stringent requirements of the EU green bond framework.

  At 31 December 2021, the total balance recognised for the bonds issued under this programme is €496.8 million net of transaction costs and considering unpaid accrued interest, all of it recorded as non-current on the consolidated balance sheet.

- Euro Commercial Paper (ECP) programme established in July 2021 for issuing promissory notes. The programme is underwritten by Acciona Energía Financiación de Filiales, S.A. and is guaranteed by Corporación Acciona Energías Renovable, S.A. The issue limit is €2.000 million and has an initial term of one year through July 2022. In compliance with European regulations, both the initial prospectus and its renewals and supplements are approved by the Central Bank of Ireland. Securities issued under this programme may not have a maturity longer than 364 days, may bear interest at fixed or variable rates, may be issued in euro or in another currency, and may be issued at par, below par or at a premium.

  At 31 December 2021, the total balance recognised for the bonds issued under this programme is €509.1 million, net of transaction costs and considering unpaid accrued interest, all of it recorded as non-current on the consolidated balance sheet.

The breakdown of the nominal value of these obligations, by contractual maturity date at 31 December 2021 is as follows:

2022	2023	2024	2025	2026	Thereafter	Total
521,259	14,228	13,516	15,455	17,816	626,632	**1,208,906**

c) Other debt disclosures

At 31 December 2021, the average interest on bank borrowings and other debt assumed in the form of debentures and bonds was 5.87 % (7.59 % at 31 December 2020).

In 2021, the percentage of debt not subject to interest rate volatility was 61.78% (62.59% in 2020).

The composition of financial debt denominated in currencies other than the functional currency at 31 December 2021 and 2020, classified by the main currencies in which the Group operates, is as follows (in thousands of euros):

Currency	Financial debt 2021	Financial debt 2020
US dollar	297,788	296,166
South African rands	183,083	200,298
Australian dollar	52,630	28
Polish zloty	6,738	11,585
Canadian dollar	28,721	28,248
Indian rupee	5,524	46,386
Chilean peso	13,151	12,541

17.- Risk management policy

The Group Corporación Acciona Energías Renovables, due to its line of business and geographical diversification, is exposed to certain financial risks that are effectively managed by a risk management system. This system is designed to identify events that could potentially affect the company, manage risks by establishing internal control systems to keep the probability of those events occurring and their impact within the permitted tolerance levels and provide reasonable assurances that the group's strategic business objectives will be met.

The aim of this policy is to make risk management part of the Group's strategy and establish the framework and principles of the Risk Management System.

This policy considers all the risks associated with the business activities carried out by the Group in all of the geographical markets where it does business.

Interest rate risk

Interest rate fluctuations modify the future flows of the assets and liabilities tied to an adjustable interest rate.

Interest rate risk is particularly significant as far as financing the construction of wind farms and other renewable energy plants is concerned, where the project returns can be affected by fluctuations in interest rates (see note 16). This risk is mitigated through hedging operations by the contracting derivatives (mainly interest rate swaps, IRS).

Based on the estimates of the Group Corporación Acciona Energías Renovables regarding the evolution of interest rate risks and debt structure objectives, hedging instruments to mitigate these risks. The level of hedging of the debt achieved for each project depends on the type of project involved and the country where it is located.

The reference interest rate on the debt contracted by the member companies of Group Corporación Acciona Energías Renovables is mainly Euribor for operations in euros and Libor for operations in US dollars, both in the USA and in other Latin American countries where this is often the currency in which they are financed, as the cash flow generated by the assets are also denominated in this currency.

In order to analyse the effects which a change in interest rates could have on the Group's accounts, we did a simulation assuming a 50 bp increase and decrease in variable interest rates at 31 December 2021.

This analysis of the Group's sensitivity to an upward or downward variation of 0.50% in the floating interest rate tied to the Euribor and Libor showed that the impact on the consolidated income statement of the Group Corporación Acciona Energías Renovables as a result of the increase or decrease in interest payments amounted to €4,578 thousands at 31 December 2021.

Sensitivity test of derivatives and indebtedness

The financial instruments exposed to interest rate risk are basically floating interest rate financing and derivative financial instruments.

The results of the analysis of sensitivity to upward or downward movements in the long-term interest rate curve in relation to the fair value of interest rate derivatives forming part of cash flow hedging relationships recorded in "Equity", contracted by the Group at 31 December 2021, shows a decrease in the value of the consolidated financial derivative debt in the event of a 1% increase in the interest rate curve of €35,510 thousands,

Exchange rate risk

As the Group continues to press forward with its international expansion, it has greater exposure to exchange rate risks from foreign currency transactions in the countries where it invests and does business.

Risk management is the responsibility of the Acciona Group's Corporate Finance Department and adheres to non-speculative criteria.

Exchange rate risk basically arises from the following types of transactions:

- Debt assumed by group companies and associates in foreign currencies.
- Receivables referenced primarily to the evolution of currencies other than the euro.
- Investments in foreign companies.

In order to mitigate exchange rate risk, the non-current assets in currencies other than the euro are financed in the same currency in which the assets are denominated.

Likewise, net assets from investments in companies with operating currencies other than the euro are exposed to the risk of exchange rate fluctuations when the financial statements of those companies are converted to euros during the consolidation process.

The composition of current and non-current assets, liabilities and equity at 31 December 2021 in the main currencies in which the Group operates is as follows, in thousands of euros:

Currency	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sensitivity -10%
US dollar	3,902,983	214,334	1,222,932	337,103	2,557,282	255,728
South African rands	210,711	54,019	222,932	15,109	26,689	2,669
Australian dollar	737,728	86,245	69,339	232,115	522,519	52,252
Canadian dollar	133,376	15,220	62,322	5,991	80,283	8,028

Credit risk

Credit risk refers to the risk that a counterparty to an agreement may breach its obligations, thereby causing the Group to sustain economic losses. The Group has a policy of only doing business with solvent third parties and obtaining sufficient guarantees to mitigate the risk of financial losses caused by defaults. The Group only does business with entities at the same or higher investment level range and obtains information on the counterparties from independent business rating bodies, other public sources of financial information and through its own relations with clients.

The receivables and customer accounts consist of a large number of clients distributed across different sectors and geographical areas. Credit relations with clients and the solvency of those clients are continuously evaluated and credit surety contracts are taken out as needed.

The Group has no significant exposure to credit risk with any of its clients or groups of similar clients. Moreover, the credit risk is not highly concentrated.

The Group's credit and liquidity risk associated with derivative instruments at fair value is limited since both cash investments and derivatives are placed with solvent entities that have high credit ratings and no one counterparty assumes significant percentages of the total credit risk.

On the other hand, the new definition of the fair value of a liability under IFRS 13 based on the concept of transferring the liability to a market participant confirms that the credit risk itself should be considered in the fair value of the liabilities. The Group has included a bilateral credit risk adjustment to reflect its own risk and that of the counterparty in the fair value of the derivatives.

In this regard, it is important to note that since August 2021, the Group Corporación Acciona Energías Renovables has been rated "Investment grade" by two credit agencies (Fitch and DBRS) with BBB and BBB ratings and a long-term stable outlook, which shows the Group's ability to meet its financial obligations.

Liquidity risk

The Group Corporación Acciona Energías Renovables has a prudent risk management system based on maintaining sufficient amounts of cash and cash equivalents.

The ultimate responsibility for liquidity risk management lies with the Group's Economic and Financial Department, where an appropriate framework is drawn up to control the Group's liquidity needs in the short, medium and long term. The Group manages its liquidity by maintaining adequate reserves, appropriate banking services and the availability of loans and credit facilities by constantly supervising the forecasts and the actual flow of funds and pairing these with the maturity profiles of the financial assets and liabilities (see note 16).

As seen on the enclosed consolidated balance sheet at 31 December 2021, the Group has negative working capital in the amount of €31,574 thousands (€1,573,038 thousands at 31 December 2020), since current liabilities are higher than current assets. However, in the opinion of the Parent's directors, no problems are expected to arise in servicing the debts with third parties when they fall due, as the Group's budgets, which reflect management's judgement based on current circumstances, the factors it considers most significant and their most likely evolution, foresee the generation of sufficient funds to meet the Group's payments in the coming year, reinforced by the Group's financing capacity and also considering the undrawn financing facilities existing at the end of 2021.

Economic risk "vs" budget deviations

The Group has a global economic and budget control system for each line of business adapted to each business activity that provides the people responsible for the business with the information they need to control potential risks and take the most appropriate decisions. The economic and financial management information is contrasted periodically with the estimates and indicators, evaluating the deviations in terms of business volume, yields, cash flows and other relevant and reliable indicators, taking the pertinent corrective measures as needed.

Price risk

With regard to price risk in the Spanish electricity market, Legislative Royal Decree 9/2013, which introduced urgent measures to guarantee the financial stability of the electrical system, was published on 12 July 2013. This Royal Decree, which took effect on 13 July 2013, abolished other Royal Decrees including RD 661/2007 of 25 May, discussed above, which regulated the compensation framework for electricity plants such as those owned and operated by Group Corporación Acciona Energías Renovables in Spain as part of the support system for renewable energies. The new compensation scheme was established in Royal Decree 413/2014, which was published on 6 June 2014, regulates electricity production using renewable energy sources, co-generation and waste.

Under this new methodology, in addition to the compensation for the sale of electricity at market rates, certain power plans can receive special compensation composed of a price per unit of installed power to cover the investment in standard facilities that cannot be recovered by selling the electricity on the market and a portion for operations that covers the differences between operating costs and revenues as a result of participating in the standard rate market. The terms of the compensation paid to offset investment and operating costs are reviewed every 3 years, considering the income from energy sales at market prices by standard facilities, so that upward or downward variations that fall outside the range established in the Royal Decree are included in the special compensation calculation. All of the model's parameters with the exception of useful life and the value of the investment in the plant can be adjusted at the end of the regulatory period (six years). The new compensation parameters for the second regulatory period were published in the first quarter of 2020 and apply to the period from 2020 up to and including 2025.

Compensation for investments and operations are established in such a way to guarantee that the plants obtain a reasonable return over their useful lives. As for what is considered a reasonable return, the Decree 9/2013 indicates that for the first regulatory period from 2014 through 2020, a reasonable return is considered the average return on a 10-year treasury note on the secondary market, pre-tax, plus an appropriate differential of 300 basis points (value: 7.398%), with the possibility of an adjustment every six years. A Legislative Royal Decree was published on 22 November 2019 introducing urgent measures to adapt the compensation parameters affecting the electricity system in response to the phasing out process of thermal power plants. This Royal Decree-Law updated the value of the reasonable return applicable for the period 2020-2025 to the specific compensation scheme (7.09%). In addition, to reinforce the stability of the regulatory framework for plants that were receiving primary compensation prior to the entry into force of Royal Decree-Law 9/2013, are allowed to maintain the rate of return set in the first regulatory period (7.398%) until 2031. This is contingent on the waiver of the continuation or initiation of new legal or arbitration proceedings, as well as the waiver of any possible compensation arising from such proceedings.

Therefore, what is clear from the current regulatory framework is that a significant part of the Group's renewable assets, especially wind power technology launched before 2004, as well as many of its mini-hydroelectric plants, will no longer receive additional compensation at market price, which means they are exposed to price fluctuations in the electricity market.

The second half of 2021 was characterised by an extraordinary increase in energy prices, which has not only affected the domestic energy market, essentially marked by the increase in gas prices internationally. A direct consequence of this increase is that domestic facilities will receive a lower return on investment in future years and, more importantly, part of them, essentially wind facilities commissioned between 2004 and 2007, will cease to receive it and will therefore be exposed to fluctuations in market prices starting from the next regulatory semi-period.

Of the Group's total attributable production in the national electricity market, approximately 56.6% is subject to regulated remuneration and the rest is remunerated at market prices.

Overall, with regard to price risk in the electricity markets of the countries in which the Corporación Acciona Energías Renovables Group operates, approximately 54.1% of its production is under a long-term price contract agreement established with a third party (PPA), 17.3% under regulation or feed-in tariff structures and the remainder, approximately 28.6%, through free market sales. Almost all of the PPA contracts signed by the Group are contracts that are settled by physical delivery of energy and were entered into or are maintained for the purpose of receiving or delivering energy in accordance with purchases, sales or utilisation requirements based on the Group's strategy, and are therefore not measured at fair value (see note 3.2.F). PPA contracts that are not settled by physical delivery are measured by the Group at fair value with changes in profit and loss or equity if hedging criteria are applied (see note 18).

Climate change and energy transition risk

Climate-risk management is carried out through a specific procedure, which identifies, values, prioritises and communicates to the Group's executive bodies the risks associated with climate change that could affect its work centres. This process enables policies to be formed for action based on tolerance thresholds appropriate to the achievement of the Group’s goals on different time horizons.

In accordance with the scenario analyses and emissions-reduction targets assumed by the Group, the short term is 1 year, the medium term is 5 years, and the long term is 10 years.

Primarily, the following tools are used to identify climate risks and opportunities:

- Physical risks: A digital climate change scenario model of the Group, by means of which, for all work centres, historical and projected climate variables are monitored under different temperature increase scenarios and with different time horizons, all of which are foreseen in the latest reports of the "Intergovernmental Panel on Climate Change" (IPCC).

- Transition risks: Scorecard that monitors production and financial variable, emissions generation, and energy consumption. It also includes references to climate policies and carbon markets in each region, so it constitutes an essential source for anticipating situations, especially those related to medium and long-term physical events and short-term transition events. Specifically, to anticipate medium and long-term transition environments, activities within the European taxonomy of sustainable activities have been identified. In addition, other tools as yet not integrated into the digital model are used during the identification process, such as those dedicated to the search for legal requirements. On this point, the experience of the members of groups that evaluate the scenarios is equally indispensable.

The risk-management process is conducted annually. Through the use of these tools, a range of risk situations is proposed for all centres, groups of centres and/or activities of the Group (or its value chain), according to their geographical exposure and vulnerability. The most commonly used scenarios for identifying transition-risk cases are those that anticipate a limited temperature increase, from 1.5 °C to 2 °C, whereas for physical risk situations (RCP 6 and RCP 8.5) an increase of at least 3 °C is contemplated.

Once it is defined, each risk scenario is assessed based on its likelihood of occurrence and its economic and reputational consequences. These variables ultimately determine the risk level of each of the proposed environments. For those with a higher risk of occurrence, each assessment group prepares specific sheets that inform the Group's decision-making bodies of the mitigation options and their estimated associated cost.

As a final step, climate-risk scenarios are integrated into the Group’s general risk-management process. As a result of this analysis, we conclude that the Group's strategy has a low impact in terms of risk, and high in terms of opportunities.

The most significant physical risks identified from climate change are a decrease in revenues owing to less hydraulic generation in Spain caused by lower surface runoff (likelihood of occurrence is estimated as high in the medium term) and lower energy generation as a result of a reduction in the wind resource (likelihood of occurrence is estimated as low in the medium term). None of the risks identified has a material impact on the Group’s financial performance.

18.- Derivative financial instruments

The derivative financial instruments in place at 31 December 2021 and 2020 are shown on the enclosed consolidated balance sheet at fair value, as detailed below:

Thousand euro		**31.12.2021**			
Type of derivative	**Hierarchical level**	**Assets (notes 9 & 10)**		**Liabilities (notes 16 & 20)**	
		Current	**Non-current**	**Current**	**Non-current**
Interest rate hedges	Level 2	5,647	--	1,307	14,369
Exchange rate hedges	Level 2	--	--	163	--
Energy hedges	Level 2	--	123,742	--	36,083
Other energy derivatives	Level 2	--	39,729	--	--
Total derivatives		**5,647**	**163,471**	**1,470**	**50,452**

Thousand euro		**31.12.2020**			
Type of derivative	**Hierarchical level**	**Assets (notes 9 & 10**		**Liabilities (notes 16 & 20)**	
		Current	**Non-current**	**Current**	**Non-current**
Interest rate hedges	Level 2	--	--	2,970	28,401
Exchange rate hedges	Level 2	17,691	--	--	--
Energy hedges	Level 2	1,174	4,116	--	--
Other energy derivatives	Level 2	--	62,412	--	29,292
Total derivatives		**18,865**	**66,528**	**2,970**	**57,693**

Interest rate hedges

The Group Corporación Acciona Energías Renovables regularly contracts interest rate derivatives which are designated as accounting hedges. These instruments are intended to reduce the potential risk of fluctuations in cash flows due to the adjustable interest rates on non-current financial liabilities.

The derivative financial instruments used as interest rate hedges that were in place at 31 December 2021 and 2020 are shown on the enclosed consolidated balance sheet at fair value, as detailed below:

Interest rate hedges	**2021**				**2020**			
(thousands of euros)	**Notional amount**	**Financial liabilities**	**Financial assets**	**Investments en associates (*)**	**Notional amount**	**Financial liabilities**	**Financial assets**	**Investments en associates (*)**
Cash flow hedges:					*Cash flow hedges:*			
Interest Rate Swap	344,498	(15,839)	5,647	(9,240)	444,263	(31,371)	--	(14,277)
Total	**344,498**	**(15,839)**	**5,647**	**(9,240)**	**444,263**	**(31,371)**	**--**	**(14,277)**

(*) The investments in associates are net of taxes.
(**) Financial liabilities from interest rate swaps are recognised under "Bank borrowings" in the consolidated balance sheet.

The most commonly used interest rate derivatives are interest rate "swaps" whose purposes is to fix or limit the evolution of the floating interest rates on financing. These financial derivatives are used primarily to hedge the cash flows from the debt taken out to finance the wind farms and the other power plants using renewable energy sources.

In addition, at the 2021 year end and in anticipation of the closing of the bond issue in January 2022 (see note 30), the Group subsidiary, Acciona Energia Financiación Filiales, took out a hedge on the mid-swap rate that was definitively agreed at the time of the transaction. This hedge provided for the transaction to be closed at €450 million, which is the notional amount of the hedging derivative contracted for a 10-year term, with the obligation to settle on the closing date of the associated transaction. The value of the derivative at year end is €5,647 thousands.

At 31 December 2021, the fixed interest rate of the financial derivatives referenced to the Euribor varies between 0.02% and 4.08% (between 0.46% and 4.96% at 31 December 2020).

The amounts recognised by the Group are based on the market value of equivalent instruments on the date of the consolidated balance sheet. Practically all of the interest rate swaps are designed to be effective as cash flows hedges and the fair value is deferred and recorded in equity.

The periods in which these cash flow hedges are expected to have an impact on the income statement, in proportion to the percentage of ownership, are as follows

	Future settlements				
	< 1 month	**1 - 3 months**	**3 months - 1 year**	**1 - 5 years**	**+ 5 years**
Group Companies	--	--	8,450	10,358	(6,576)
Associates (*)	605	--	2,991	6,140	4,730

(*) Investments in associates are stated at the Group's percentage of ownership and are shown without considering the tax effect.

Changes in the fair value of these instruments are carried directly to equity (see note 14.d). The anticipated or deferred tax assets generated by recognising these financial instruments, which at 31 December 2021 totalled €2,786 thousands and €8,158 thousands in anticipated net tax at 31 December 2020, are recorded with a debit or credit to equity (see note 21).

The methods and criteria used by the Group to determine the fair value of financial instruments are described in note 3.2.e) to these consolidated annual accounts.

The notional value of the liabilities hedged by the interest rate swaps came from:

	2021	**2020**
Group companies and associates	188,764	271,267
Associated enterprises	155,734	172,996
Total notional value	**344,498**	**444,263**

(*) Amounts based on percentage of ownership.

The notional contractual amount does not refer to the risk assumed by the Group, since this amount is only used as the basis upon which the settlement calculations are made. The changes in the notional values of the financial instruments contracted in recent years, in proportion to the percentage of ownership, are shown below:

	Evolution of notional value				
	2022	2023	2024	2025	2026
Group Companies	578,116	556,358	535,234	517,388	496,561
Associates (*)	134,574	113,337	97,583	72,364	66,246

(*) Amounts based on percentage of ownership.

Exchange rate hedging

The Group uses currency derivatives to hedge significant future transactions and cash flows. In 2021, the Group hedged part of its purchases and payments to creditors in euros using exchange rate hedges.

As 31 December 2021, market valuations of foreign exchange hedges are recognised under current liabilities as "Fair value of financial derivatives" in the amount of 163 thousands and mainly relate to foreign exchange hedges to hedge short-term foreign currency exposures.

At 31 December 2020, the market values of exchange rate hedges are recognised under current assets as "Fair value of financial derivatives" in the amount of €17,691 thousands and they mainly relate to exchange rate hedges for the construction of two wind farms in Chile and one wind farm in the United States.

The settlements of these instruments led to the recognition of an additional €18,167 thousands in “Translation differences" in 2021.

The amounts recognised by the Group are based on the market values of equivalent instruments at the balance sheet date. Practically all currency purchases are designed to be effective as cash flow hedges and the fair value of these hedges is deferred and recognised in equity or in the income statement for the year, depending on whether or not the open item is recorded.

Details of outstanding transactions as at 31 December 2021, in thousands of euros, are as follows:

	2021	
	Contracted Amount	Financial assets (note 9)
Foreign currency purchases	80,000	163
Total	**80,000**	**163**

Energy derivatives

As part of their operations, Group companies seek to enter into long-term energy sales contracts for part or all of the energy produced at their facilities in order to partially or fully mitigate the risks of fluctuations in market prices. Depending on the regulatory framework in which the facilities operate, these contracts may be concluded with physical delivery of energy (the so-called Power Purchase Agreements or PPAs) or through financial derivatives in which the underlying is the market energy price. They are settled periodically at the difference between this price and the contractually established strike price for production.

In this case, the Group records the market value of the derivative, provided that it cannot be demonstrated that it is consistent with the energy sales strategy established for the facility. Depending on the characteristics of the contract and the way in which it is settled, the Group designates it as a hedge or as a change through profit and loss.

The total value of energy derivatives recorded at fair value at 31 December 2021 and 2020 is as follows in thousands of euros:

2021				2020		
Notional amount	Financial liabilities	Financial assets	Investments en associates (*)	Notional amount	Financial liabilities	Financial assets
570,298	36,083	163,471	(57,635)	438,847	29,292	67,701

(*) The investments in associates are net of taxes.

Energy derivatives designated as accounting hedges

To eliminate the risk of price fluctuations affecting the energy generated by its assets in Spain which are exposed to this risk (see note 17), the Group arranges financial hedges on the various forward markets currently available (OMIP, MEFF, EEX….) for the short-term sale price of energy which are settled by difference, basically forwards and swaps, in accordance with its policies and the expectations of the Group's senior management with respect to the evolution of energy prices at the national level at any given time.

The Group also arranges energy purchase derivatives to hedge the risk of price fluctuations under contracts with energy supply customers at fixed prices.

Three of the Group's Australian subsidiaries and one in Poland have signed agreements that allow them to set the future sale price of electricity for a certain volume of MWh.

These contracts are carried at market value and changes in value are recorded as adjustments due to changes in the value of equity.

Electricity derivatives	2021				2020		
(thousands of €)	Notional amount	Financial liabilities	Financial assets	Investments en associates (*)	Notional amount	Financial liabilities	Financial assets
Accounting hedges	279,835	36,020	123,742	(57,635)	143,742	--	5,290

(*) The investments in associates are net of taxes.

At 31 December 2021, the impact on reserves, profit and minority interests, net of the tax impact, was positive for reserves in the amount of €14,759 thousands (a positive impact of €2,485 thousands at 31 December 2020); positive for profits in the amount of €321 thousands (a positive profit of €769 thousands at 31 December 2020); and negative for minority interests in the amount of €5,220 thousands in (a negative impact of €769 thousands at 31 December 2020); each one with a balancing entry as follows: in accounts receivable for non-financial derivatives in the amount of €123,742 thousands under "Non-current trade receivables" (see note 10); in accounts payable for non-financial derivatives in the amount of €36,020 thousands under "Non-financial derivatives payable" (see note 20) and as a reduction in the value of companies accounted for by equity method in the amount of €57,365 thousands (€5,290 thousands under "Non-current trade receivables" (see note 10).

Energy derivatives classified at fair value with changes in the consolidated income statement

Certain long-term energy sales contracts in Chile and the United States, due to their contractual and settlement conditions, cannot be treated as hedges. Therefore, the Group assesses them at the year-end and any change in value is recorded in the income statement under "Gains/(losses) on changes in value of financial instruments at fair value".

At the time of contracting, if the valuation made by the Group is other than zero, it is recorded against an asset or liability, as appropriate, provided that the assumptions used to calculate their value, mainly the quotation of long-term energy prices, are not fully observable in an active and sufficiently liquid market (see note 10).

Electricity derivatives	**2021**			**2020**		
(thousands of €)	**Notional amount**	**Financial liabilities**	**Financial assets**	**Notional amount**	**Financial liabilities**	**Financial assets**
With changes in the income statement	290,463	63	39,729	295,105	29,292	62,412

The change in value is recognised in the consolidated income statement under "Profit and loss from changes in value of financial instruments at fair value" as a cost of €16,882 thousands in 2021 (€23,586 thousands in profit in 2020).

The impact of derivative instruments on equity at 31 December 2021 is summarised below:

Item	***2021***
Financial liability for interest rate hedge	15,676
Financial asset from interest rate hedges (note 9)	(5,647)
Negative impact of interest rate hedges on equity, net of taxes	9,240
Net tax receivable from interest rate hedges	(2,786)
Other, mainly external holdings in interest rate hedges	(5,296)
Adjustment for change in the value of interest rate hedges	**11,187**
Adjustment for change in the value of energy contracts (net external and tax)	(14,759)
Total receivable balance for adjustments due to value changes at 31 December (note 14)	**(3,572)**

19.- Other non-current financial and current liabilities with related parties

The breakdown of this item on the balance sheet heading is as follows, in thousands of euros:

	2021		2020	
	Non-current	Current	Non-current	Current
Acciona Financiación Filiales, S.A.	--	--	806,319	1,310,665
Acciona Financiación Filiales Chile, SPA	--	--	457,722	15,764
Acciona Financiación Filiales Australia Pty Ltd	--	--	305,193	12,310
Other	--	213	--	--
Balances with Group enterprise and associates	**--**	**213**	**1,569,234**	**1,338,739**
Other financial liabilities with related parties	215,206	312	205,790	602
Total other financial liabilities	**215,206**	**525**	**1,775,024**	**1,339,341**

a) Other financial liabilities, group companies

At 31 December 2020 this item included the main credit lines granted by Acciona Financiación de Filiales, S.A.U., a member company of the Acciona Group. In March 2021, the financial debt held with certain companies of the Group Acciona Financiación de Filiales was capitalised (see note 14 (b)).

b) Other financial liabilities with related parties

At 31 December 2021 this heading includes financial contributions made by other shareholders with minority interests in Group projects and facilities, mainly three wind farms in the United States, through the Tax Equity Investor structure for a total of €211 million (€199 million at 31 December 2020). These loans accrue annual interest at a rate equivalent to the target return established in the contract (see note 2.3.f).

20.- Other non-current and current liabilities

The breakdown of this item on the balance sheet heading is as follows, in thousands of euros:

	Non-current		Current	
	2021	2020 (*)	2021	2020 (*)
Grants	91,374	89,454	--	--
Other deferred revenue	22,390	55,186	--	--
Creditors falling due after more than	137,229	13,309	--	--
Non-financial derivatives	36,083	29,292	--	--
Outstanding salaries	--	--	23,529	10,713
Other creditors	--	--	27,513	91,551
Fixed asset suppliers	3	4	495,505	806,691
Amounts owed to Group companies	--	--	61,465	32,494
Taxes (note 21)	--	--	96,961	64,879
Closing balance	**287,079**	**187,245**	**704,973**	**1,006,328**

(*) Re-stated, see note 3.4

The changes under the heading of "Grants" in 2021 and 2020 were as follows:

	Grants
Balance at 31.12.2019	**101,756**
Added	613
Grants released to income (note 23)	(4,921)
Other	(7,994)
Balance at 31.12.2020	**89,454**
Added	227
Grants released to income (note 23)	(4,984)
Changes in consolidation scope	6,616
Other	61
Balance at 31.12.2021	**91,374**

The most significant change in both 2021 and 2020 was due to the amount carried to the FY profit and loss. The caption "Other" mainly reflects exchange rate differences arising from the appreciation of the US dollar against the euro.

“Other deferred revenue" included an amount for the initial value of a non-financial derivative contracted by a Chilean subsidiary of the Group for the supply of energy to a customer since 2017 at an inflated fixed price for 13 years and a half (see note 9). In 2021 it was presented net of the value of the associated derivative.

At 31 December 2021, the caption “Non-financial derivatives payable" includes an amount of €36 million (€29 million at 31 December 2020) which is the fair value of commodity derivatives contracted by Group subsidiaries for the supply of energy that allow them to fix the forward selling price of electricity for a certain volume of energy generated. These contracts are measured at market value (see note 9).

Under "Other non-current payables" the Group mainly records, as indicated in note 3.2 l), the net accrued liability arising from the adjustment for deviations in market prices established in Spanish regulations for renewable generation assets, which at 31 December 2021 amounts to €128.8 million (€4.2 million at 31 December 2020 after the restatement discussed in note 3.1).

The increase in “Fixed asset suppliers” is mainly due to changes in the investments in progress and pending payment for wind farms under construction in the United States, Mexico, Australia and Chile, as well as photovoltaic plants in Chile.

"Other payables" under current liabilities in the consolidated balance sheet at 31 December 2021 decreased compared to the year before due to the definitive cancellation of the short-term liability recognised under settlement agreement with a supplier affecting various subsidiaries.

The amount recognised under “Payables to group companies and associates" on the liability side of the consolidated balance sheet includes amounts owed to Acciona, S.A. and other Acciona Group companies as a result of the consolidated income tax and VAT regime in Spain.

This heading also includes loans received from associates which are not eliminated in the consolidation process and which accrue annual interest at market rates.

21.- Tax situation

Tax consolidation scheme

Under current law, the consolidated tax groups include the parent company along with certain subsidiaries that meet the legal requirements. The company Corporación Acciona Energías Renovables, S.L. and certain Group companies that meet the legal requirements have been part of the consolidated tax group headed by Acciona, S.A. since 2008.

All other subsidiaries of the Group either file their taxes individually or jointly as part of smaller groups, according to the local tax laws in each country. In addition to the Spanish tax group, the Group files consolidated tax returns in Australia, the USA, Portugal and Italy.

Effective 1 January 2008, certain investee companies of the Group joined the special VAT system for business groups provided for in Chapter IX, Title IX of the Value Added Tax Act 37/1992 of 28 December. The parent company of the group is Acciona, S.A. A number of other Group companies located in Navarra also belong to a VAT tax group.

Years open to tax inspection

At 31 December 2021, the corporate tax returns of the companies that are part of the consolidated tax group and all other major tax returns that are subject to inspection, and for which the statute of limitations had not expired, were open to inspection by the tax authorities. Generally speaking, all other consolidated Spanish companies are subject to inspection by tax authorities in relation to the main taxes for the last four fiscal years. Foreign companies are bound by the statute of limitations which in most counties where the Group operators is 4 or 5 years.

Because tax laws are open to different interpretations, the results of any future tax inspections by the tax authorities could give rise to tax liabilities, the amount of which cannot be objectively quantified at this time. However, the possibility of significant additional liabilities arising is remote and the Group's directors believe that any liabilities that might arise would not have a material impact on the equity of the Group Acciona Energía Global.

Open tax audits

On 22 July 2021, the Group was notified by the tax authorities that they would be auditing the corporate income tax returns of Acciona, S.A. as the parent company of the Group and those of various subsidiaries for the 2013-2017 financial years. In addition to the audit of the tax group's corporate income taxes for those years, the audit was expanded to include value-added tax (VAT group) and other taxes for which returns were filed by the Group companies under review from June 2012 through December 2017.

On 10 January 2013, Guadalaviar Consorcio Eólico, S.A. was notified of the commencement of an audit of its 2008 and 2009 corporate tax and VAT tax returns, during which the value of the wind farm rights transferred in 2009 was reviewed. The audit ended with an assessment which was disputed by the company in which the tax authorities increased the value of the wind power rights over what had been declared by the parties. The company received the settlement agreement from the Central Office for Large Taxpayers on 23 December 2013 and filed the corresponding economic-administrative complaint with the Central Economic-Administrative Court (TEAC) on 13 January 2014. On 16 February 2017, the TEAC issued a resolution partially upholding the claim and ordering the tax inspectors to notify the company of its right to seek an adversarial expert appraisal. On 27 August 2017, the Technical Office of the AEAT's Tax and Customs Control Department notified the TEAC of a new settlement agreement and issued a Resolution Enforcement Agreement.

On 22 September 2017, the company filed an economic-administrative claim with the TEAC against the aforementioned Settlement Agreement and requested the automatic suspension of the debt without bond. Arguments were presented to the TEAC on 5 April 2018 and the case is still pending as of today's date. On 20 October 2020, the Group was informed that the court (TEAC) had determined that part of the tax assessment resulting from the audit was incorrect and unjustified and agreed that the tax office should issue a new assessment. On 11 December 2020, an economic-administrative appeal was lodged with the National High Court.

A request was made to suspend the enforcement of the disputed assessment, with no bonds provided. On 6 October 2014, an appeal was lodged with the Audiencia Nacional (Spanish National Court) against the TEAC's decision, which was dismissed. In its ruling of 19 November 2014, the National Court denied the application for the suspensions. The company filed a cassation appeal with the Supreme Court on 2 February 2015 and on 28 January 2016 was notified that the appeal had been upheld by the court, following which the National Court agreed to suspend the enforcement of the tax debt. As a result of the notice of a new settlement agreement following the TEAC's decision, which contained a tax debt, the company again requested the suspension of the enforceability of the debt and the waiver of all court-ordered guarantees TEAC. On 25 June 2019, the TEAC denied the suspension request and guarantee waiver. A contentious-administrative appeal was filed against this denial with the National Court, which is pending at this time. As part of this appeal, separate suspension proceedings were initiated. The National Court has agreed to the suspension, allowing the wind energy rights of zones 10 and 12 of the Valencian Community's wind energy plan as a guarantee.

On 19 September 2021, the company was notified of the decision to enforce the TEAC ruling, against which an appeal has been lodged, requesting its suspension.

The amount of the adjustment for which the Company would be liable, including late interest through 31 December 2021, is €6,328 thousands.

Supreme Court ruling of April 2021 on the application of the hydroelectric tax under Law 15/20212

On 25 May 2015, Corporación Acciona Hidráulica, S.L. filed a contentious-administrative appeal directly against Royal Decree 198/2015 of 23 March, implementing article 112 bis of the Consolidated Text of the Water Act, introduced by article 29 of Law 15/2012 of 27 December, and regulating the charge for the use of inland waters for the production of electricity in intra-community demarcations (the so-called "hydroelectric tax") and indirectly against the aforementioned article 112 bis.

On 18 March 2019, other companies, domestic subsidiaries that generate renewable energy from hydraulic resources, initiated proceedings to request the correction of the self-assessments of the hydraulic tax for the years from 2013 to 2018 on the grounds that the aforementioned RD was contrary to constitutional regulations and European law.

Finally, on 27 April 2021, the Supreme Court found partially in favour of the complainants when it agreed to declare *"the nullity of the second transitional provision as well as the second paragraph of the first additional provision of RD 198/2015, as both are contrary to the law, rejecting the rest of the various claims made in this appeal".*

The contested Royal Decree took effect on 24 March 2015 and imposed the obligation to self-assess the fees for the years 2013 and 2014, and the second transitional provision that was declared null and void referred to the enforceability of the tax for those years, prior to the effective date of the regulation. For its part, the first additional provision stipulated that the administrative concessions had to be revised to adapt them to article 112 bis of the Consolidated Text of the Water Act.

The result has two effects:

- Since the second transitional provision of RD 198/2015 was declared null and void due to its retroactive nature and regulatory overreach, the hydraulic tax paid in the 2013 and 2014 financial years must be returned.

- Since the first additional provision of RD 198/2015 was declared null and void due to regulatory overreach, it is necessary to (i) refund the amounts paid in 2015 and thereafter, provided that the concessions in question have not been reviewed and modified to include the fee in their concession clauses and (ii) refrain from paying the fee in the future until the concession clauses have been modified accordingly.

In enforcing this decision, in December 2021 and January 2022, the public treasury has refunded the self-assessment paid from 2013 to 2020 in the December 2021, with late interest. The Group received a refund of €77 million in principal and €13 million in late interest, which it has recognised under Taxes and Finance income, respectively (see notes 24 and 26).

Taxes and social security

At 31 December 2012, the debit and credit tax balances are as follows:

	2021		2020 (*)	
	Deferred	Current	Deferred	Current
Debit balances	**410,746**	**284,924**	**361,699**	**157,005**
VAT/IGIC	-	140,471	-	107,735
Tax refund	-	97,648	-	1,868
Deferred taxes receivable	410,746	-	361,699	-
Corporate tax	-	46,805	-	47,402
Total payables	**693,709**	**111,356**	**541,449**	**69,055**
Corporate tax	-	14,395	-	4,176
Personal income tax withholdings	-	7,958	-	5,615
VAT/IGIC	-	70,421	-	34,262
Deferred taxes payable	693,709	-	541,449	-
Social Security	-	1,646	-	1,347
Local tax (primarily Electricity tax)	-	16,936	-	23,655

(*) Re-stated

Reconciliation of carrying results with fiscal results

The reconciliation between carrying profit before tax and corporate tax liability at 31 December 2021 and 2020 is shown below:

	2021	2020 (*)
Consolidated profit before tax	562,353	328,346
Permanent differences	(89,967)	73,645
Adjusted carrying result	472,386	401,991
Adjusted tax expense	118,159	106,501
Deductions	(708)	(1,428)
Unrecognised tax credits	22,700	7,373
Tax expense for the year	140,151	112,446
Change in tax rate	-	-
Adjustment of prior year taxes	29,467	(14,302)
Tax expenses posted to the income statement	**169,618**	**98,144**
Current corporate tax expense	145,043	75,947
Deferred corporate tax expense	24,575	22,197

(*) Re-stated

“Permanent differences” include income and expenses that are not computable under applicable tax laws. They also include results that are eliminated during the consolidation process but are nonetheless fully effective from a tax perspective as far as the individual tax returns of the corresponding Group entities are concerned, especially those which are not part of the tax group.

The most significant permanent differences in 2021 include positive differences of €70,459 thousands due to the effect of inflationary adjustments of companies taxed in Chile and Mexico (positive difference of €32,387 thousands in 2020). Similarly, there were negative differences of €144,301 thousands in relation to certain companies whose financial statements are included with the Group’s because they use the same functional currency in their operations, although their taxes are paid on the basis of the financial statements converted to the local currency (positive differences of €8,857 thousands in 2020). Finally, in 2021 there is a permanent negative difference of €44,567 thousands not subject to taxation from capital gains on the sales or liquidation of shareholdings.

The “Tax expense adjusted to the tax rate” is obtained by applying the pertinent tax rate to the adjusted carrying values in each jurisdiction where the Group operates.

The item titled “Unrecognised tax credits” reflects the impact of not recognising the tax effects of the losses generated by certain subsidiaries.

The item titled “Adjustment of prior year taxes" includes the re-estimation of tax credits and other deductions with respect to the amount recorded in prior years, either due to the existence of projects or operations that allow for such re-estimation, or due to the restatement of deferred assets and liabilities associated with the value of the facilities in dollarised subsidiaries in Mexico, Chile and Costa Rica, or as a result of the restatement of tax credits recognised for inflation in those jurisdictions where the tax credits are recognised.

Taxes recognised in equity

Aside from the taxes on profits recognised in the consolidated income statement, in financial years 2021 and 2020 the Group recorded the following items and amounts in consolidated equity:

	Thousand euro	
	2021	2020
Changes in the fair value of financial instruments	(29,078)	(1,870)
Profit/(loss) for the year	(217)	130
Total	**(29,295)**	**(1,740)**

Deferred tax assets and liabilities

Pursuant to the tax codes in the different countries where the consolidated companies are located, certain timing differences arose in fiscal years 2021 and 2020 which must be considered when calculating the corporate income tax

The origins of the deferred taxes recorded in both years are shown below:

	Thousand euro	
Deferred taxes receivable arising from:	**2021**	**2020**
Tax loss carryforwards	215,897	204,063
Derivative financial instruments	73,685	8,271
Impairment and other provisions	43,351	52,023
Other items	77,813	97,342
Total deferred taxes receivable	**410,746**	**361,699**

	Thousand euro	
Deferred taxes payable arising from:	**2021**	**2020**
Derivative financial instruments	104,969	9,600
Free and accelerated amortisation	428,985	342,624
Finance leases	950	1,597
Assignment of first consolidation differences to assets	110,956	106,272
Other items	47,849	81,356
Total deferred taxes payable	**693,709**	**541,449**

Set out below is an analysis of deferred taxes, which are shown net of accounting effects at the fiscal year end:

Assets	2021	2020	Liabilities	2021	2020
Tax loss carryforwards	31,898	-	Tax loss carryforwards	-	-
Unrestricted amortisation	-	-	Unrestricted amortisation	74,313	85,183
Other items	81,588	92,324	Other items	39,173	7,141
Total	**113,486**	**92,324**	**Total**	**113,486**	**92,324**

At 31 December 2021, the amount of tax loss carryforwards generated by subsidiaries prior to their inclusion in the tax group, whose parent company is Acciona, S.A., is €10,462 thousands. Of this amount, a total of €10,434 thousands represents tax loss carryforwards not capitalised in the consolidated balance sheet because it is not guaranteed that there will be sufficient future taxable profits or because tax legislation sets offsetting limitations and requirements.

In addition, certain subsidiaries in Mexico, the United States, Australia, Chile and South Africa, among others, have recorded tax credits for tax losses pending offset. There are also unrecorded tax loss carryforwards totalling €545 million generated mainly in the United States, Poland and India.

At the 2021 year end, the maturity dates of the tax credits arising from tax loss carryforwards pending application were as follows in thousands of euros:

Expiration	Amount
2022-2026	57,866
2027-2037	55,655
No statute of limitations	102,376
Total	**215,897**

The Corporate Tax Law 27/2014 of 27 November eliminated, effective on 1 January 2015, the 18-year deadline for offsetting tax losses in Spain, making the deadline indefinite. Of this amount, €186,659 thousands pertains to the tax credits recorded in the USA, Mexico, Chile and South Africa, mainly as a result of the application in these countries of accelerated depreciation benefits provided for in the corresponding legislation.

There are also pending tax deductions, mostly generated in Spain, in the amount of €8,088 thousands. At the end of 2021, the maturity dates of the tax credits arising from tax loss carryforwards pending application were as follows in thousands of euros:

Company	Amount	Expiration
Acciona Energía Internacional, S.A.	8,088	No statute of limitations

At the end of the year there were to significant deductions pending application that had not been capitalised.

Regarding the tax loss carryforwards and deductions pending compensation shown on the books, the Group hopes to recover them in the course of the company's ordinary operations without any risk to equity.

Most of the deferred tax receivables under "Other items" refer to the adjustment for the 30% non-deductible accounting depreciation cap for Spanish companies, which was temporarily introduced for the years 2013 and 2014 and started to be reversed in 2015. At the end of 2021 the balance was € 7.5 million. This section also contains the standardisations introduced as part of the consolidation process and the elimination of internal margins that are reversed as the assets are depreciated.

Lastly, this section, as well as "Other items" in the deferred tax creditors breakdown, includes temporary differences arising from adjustments to the tax base due to the application of specific regulations in other countries in which certain expenses and income are not taxable until they are effectively settled in cash through the corresponding payment or collection or do not follow the accounting accrual or degree of progress criteria for their deductibility, as is the case mainly in Mexico and Australia; and also the impact on deferred income of standardisations introduced as part of the consolidation process and the elimination of internal margins.

Reporting obligations

The laws in force on corporate income tax establish different tax incentives designed to foster certain investments. The companies have taken advantage of the tax incentives provided for in those laws.

The Group, through some of its subsidiaries, is obligated to comply with the commitments undertaken in relation to tax incentives, in particular the requirement keep certain assets associated with the investment or reinvestment deduction in their possession.

In 2021there were no operations of the kind discussed in article 86 of LRD 4/2014 (Revised Text of the Corporate Tax Act), which are subject to the special rules governing mergers, absorptions, investments of assets or security swaps.

As established in article 86.3 of Law 27/2014 TRLIS, the information required for the transactions carried out in prior years is contained in the approved individual reports.

In 2008, 2009, 2010, 2011 and 2012, various investee companies took deductions for impairment losses on the capital investment in Group companies, joint ventures and associates as provided for in article 12.3 of LRD 4/2004 (revised text of the Corporate Tax Law), regulated in the Sixteenth Transitory Provision of Law 27/2014.

Law 16/2013 of 29 October repealed article 12.3 TRLIS, effective on 1 January 2013, vis-a-vis the deduction of impairment losses on these holding and established a transitional period of the inclusion of pending losses as of 31/12/2012 into the tax base.

Royal Decree Law 3/2016 of 2 December adopting tax measures aimed at consolidating public finances and other urgent social measures, establishes a minimum mandatory reversal of deductible portfolio impairments, which must be carried out within a maximum of five years, effective from 2016 onward.

The reports on the individual annual accounts of these companies include the information required by tax legislation regarding the difference in the year between the equity of the investees, the amounts included in the tax base and the amounts that are still pending.

22.- Guarantees provided to third parties

The companies have provided third party guarantees to customers, public bodies and financial institutions, amounting to €637 million at 31 December 2021. The amount of the guarantees provided at 31 December 2020 was €732 million.

Most of the bonds are used to guarantee the satisfactory performance of the member companies' business activities. The directors of the parent company have determined that any liabilities arising in connection with these bonds would not be significant.

The Parent Company’s direct and indirect holdings in certain companies are used to guarantee the loans and credit lines extended by the financial institutions to these companies.

23.- Revenue

Net Revenue

The details of the Group's revenue are given below:

	Thousand euro	
	2021	**2020 (*)**
Sales		
Energy (revenue from sales to customers)	1,830,473	1,147,914
Energy (revenue from sales settlement of energy hedges)	(323,667)	46,373
Plant and equipment	981	2,505
Biofuels	2,867	2,060
Retailer	774,952	391,508
Other sales	128,274	126,574
Provision of services	58,576	51,753
Total revenue	**2,472,456**	**1,768,687**

(*) Re-stated, see note 3.4

These sales include an estimate of the energy supplied to retail electricity customers, mostly in Spain and Portugal, which was not yet invoiced at year-end. This estimate is calculated on the basis of the consumption measurements that are definitively confirmed by the system operators during the month following each monthly closing, at which time invoicing takes place.

At 31 December 2021, the Group has €116,103 thousands of retail energy sales pending invoicing (€34,297 thousands at 31 December 2020). The increase during the year is mainly due to the higher price of energy.

A breakdown of the Group companies' total production by geographical area is provided in the segmented reporting (see note 25).

Other operating income

This caption on the consolidated income statement for the year mainly comprises income from work carried out by certain Group companies on the construction of electricity production facilities (see note 3.2.a), primarily projects in Mexico, Chile, the USA and Australia. The amount recorded for this item in 2021 was €213,354 thousands (€520,280 thousands in 2020). Also included under this heading are the capital grants released to the income statement in 2021in the amount of €4,984 thousands (see note 20) and in 2020 in the amount of €4,921 thousands.

24.- **Expenses**

Operating expenses

The breakdown of the Group's operating expenses is as follows:

	2021	2020 (*)
Cost of goods sold	1,066,421	904,677
Purchases	1,275,323	857,496
Hedging contracts	(205,918)	44,989
Changes in inventory	(2,984)	2,192
Personnel expenses	149,946	115,353
Wages and salaries	123,126	93,972
Social Security contributions	17,232	14,834
Other personnel costs	9,588	6,547
External services	437,214	400,690
Taxes	42,936	98,696
Other current operating expenses	3,996	505
Subtotal	**1,700,513**	**1,519,921**
Change in provisions	4,854	61,564
Amortisation funding	376,369	347,621
Total	**2,081,736**	**1,929,106**

(*) Re-stated, see note 3.4

Personnel

The average headcount in the course of 2021and 2020, by professional category and broken down between men and women was as follows:

	2021			2020		
	Men	Women	Total	Men	Women	Total
Directors and managers	338	102	440	257	69	326
Technical staff with degrees	601	320	921	584	289	873
Administrative and support staff	8	61	69	7	59	66
Other personnel	315	17	332	268	10	278
Average total staff	**1,262**	**500**	**1,762**	**1,116**	**427**	**1,543**

Of the average headcount in 2021, there were 1,689 permanent employees (1,498 in 2020) 1,209 of whom were men and 480 were women (1,086 and 412, respectively, in 2020).

At 31 December 2021, the average number of people employed during the year by consolidated companies with a disability of 33% or more was 25 (direct and indirect employment). The level of compliance with Law 13/1982 of 7 April on the Social Integration of the Disabled (LISMI), which establishes that in companies with more than 50 employees at least 2% of the employees must be disabled, was 3.02%.

External services

The breakdown of this balance sheet heading on the consolidated income statement is as follows, in thousands of euros:

	2021	2020 (*)
Repairs and maintenance	141,295	130,365
Leases and royalties	59,289	43,321
Professional services	75,970	89,867
Insurance premiums	25,752	22,394
Cost of goods sold	10,283	8,790
Other expenses	124,624	105,953
Total	**437,213**	**400,690**

(*) Re-stated, see note 3.4

Change in provisions

The breakdown of this balance sheet heading on the consolidated income statement is as follows, in thousands of euros:

	2021	2020
Change in bad debt provision	480	904
Change in inventory provisions	3,695	2,729
Other provisions	679	57,931
Change in provisions	**4,854**	**61,564**

"Other provisions" at 31 December 2020 refer primarily to the cost of the settlement agreement reached in the proceedings with a suppliers that affected a number of the Group's subsidiaries.

As a result of asset impairment

The details of this caption on the 2021 and 2020 income statements are as follows:

	2021	2020
Impairment of other assets (notes 4 and 6)	2,205	(84,501)
Total	**2,205**	**(84,501)**

Income from changes in the value of financial instruments at fair value

The details of this caption on the 2021 and 2020 income statements are as follows:

	2021	2020
Profit/(loss) from changes in the fair value of derivatives with changes in the income statement	-16,888	23,586
Inefficiency of hedging derivatives	912	-
Total	**-15,976**	**23,586**

At 31 December 2021 and 2020, this caption mainly reflects the result of changes in the fair value of energy sales contracts entered into by Group subsidiaries in the United States, Australia and Chile for the long-term supply of a specific quantity of energy at a set price (see note 18).

25.- Segment reporting

As indicated in note 1 to the consolidated annual accounts, the Group's core business is the promotion, construction, operation, maintenance and development of renewable energies; fuel imports and exports, sales and co-generation, including engineering, consulting and auditing of sites and projects and drafting plans. The values that inspire the business model of Group Corporación Acciona Energías Renovables are based on the main geographical areas in which it operates: Spain, the rest of Europe, America and Australia, with a product and service offering that emphasises the supply of solutions to meet the challenges of modern society, always guided by the same underlying principle: the development of energy from renewable resources in a sustainable manner.

Under the heading of "Other Areas", the Group records the activities carried out mainly in South Africa and India. The countries included in the “Rest of Europe” and “America” geographical segments are as follows:

- Rest of Europe: Portugal, Italy, Poland, Ukraine, Croatia, Hungary, France, and the United Kingdom.
- America: Mexico, Chile, the United States, Canada, Costa Rica, Colombia, Peru, and Argentina.

Each geographical area is a separate business with its own operating and reporting structure to assess the degree of achievement of objectives. The information reported to Group management and to the Board of Directors to assess the performance of the various segments and to allocate resources among them is structured according to this segmentation criterion. The costs incurred by the Corporate Units are apportioned using an internal cost distribution system among the different countries in each geographical region. Sales between segments are carried out at market prices.

Segmented information for 2021 and 2020 is presented below:

31.12.21	Segments					Total Group
	Spain	Rest of Europe	America	Australia	Other zones	
Net Revenue	**1,501,840**	**230,839**	**604,847**	**58,737**	**76,193**	**2,472,456**
Other operating income and expenses	(1,023,058)	(135,402)	(241,305)	(29,105)	(19,978)	(1,448,848)
Allowances, impairment and other	(174,493)	(26,219)	(148,786)	(19,997)	(21,591)	(391,086)
Profit of companies consolidated by equity	52,057	15,506	(5,568)	(32)	727	62,690
Operating profit	**356,346**	**84,724**	**209,188**	**9,603**	**35,351**	**695,212**
Financial income and expense	66,667	(12,969)	(143,278)	(15,245)	(28,034)	(132,859)
Pre-tax earnings	**423,013**	**71,755**	**65,910**	**(5,642)**	**7,317**	**562,353**
Corporate Tax	(87,503)	(19,372)	(55,664)	(286)	(6,793)	(169,618)
Results for the year	**335,510**	**52,383**	**10,246**	**(5,928)**	**524**	**392,735**
Minority interests	(5,128)	(14,219)	(4,990)	126	(5,486)	(29,697)
Profit / (loss) attributable to the Parent	**330,382**	**38,164**	**5,256**	**(5,802)**	**(4,962)**	**363,038**

Balances a 31.12.21	Segments					Total Group
	Spain	Rest of Europe	America	Australia	Other zones	
ASSETS						
Intangible assets and PPE	2,564,124	457,222	3,613,544	662,812	303,546	7,601,248
Right of use	101,564	43,471	182,999	37,867	505	366,406
Investments accounted for using the equity method	175,771	69,745	24,178	14,521	17,834	302,049
Non-current and other financial assets.	252,342	20,957	313,755	22,528	31,236	640,818
Non-current assets	**3,093,801**	**591,395**	**4,134,476**	**737,728**	**353,121**	**8,910,521**
Inventories	86,868	6,862	24,994	4,276	2,165	125,165
Trade and other receivables	270,822	87,741	77,443	78,122	21,393	535,521
Other assets and other current financial assets	238,194	14,142	168,748	317	35,698	457,099
Cash and cash equivalents	489,033	42,187	71,623	3,530	18,869	625,242
Current assets	**1,084,917**	**150,932**	**342,808**	**86,245**	**78,125**	**1,743,027**
Total assets	**4,178,718**	**742,327**	**4,477,284**	**823,973**	**431,246**	**10,653,548**
EQUITY & LIABILITIES						
Consolidated equity	**2,671,254**	**497,059**	**1,863,931**	**204,564**	**117,574**	**5,354,382**
Borrowings	125,913	52,473	1,285,425	306,560	213,584	1,983,955
Lease obligations	102,016	44,675	194,511	42,613	413	384,228
Other liabilities	368,222	82,228	606,175	26,726	73,031	1,156,382
Non-current liabilities	**596,151**	**179,376**	**2,086,111**	**375,899**	**287,028**	**3,524,565**
Borrowings	482,004	20,392	80,933	11,314	15,962	610,605
Lease obligations	6,126	1,813	13,157	1,532	157	22,785
Trade and other payable	423,183	43,687	433,152	230,664	10,525	1,141,211
Current liabilities	**911,313**	**65,892**	**527,242**	**243,510**	**26,644**	**1,774,601**
Total liabilities and equity	**4,178,718**	**742,327**	**4,477,284**	**823,973**	**431,246**	**10,653,548**

31.12.20 (*)	Segments					Total Group
	Spain	Rest of Europe	America	Australia	Other zones	
Net Revenue	**1,001,697**	**164,256**	**439,520**	**91,865**	**71,349**	**1,768,687**
Other operating income and expenses	(682,247)	(89,101)	(142,210)	(21,299)	(22,916)	(957,773)
Allowances, impairment and other	(130,529)	(25,378)	(131,449)	(18,913)	(18,837)	(325,106)
Profit of companies consolidated by equity	39,277	14,505	(1,089)	399	4,298	57,390
Operating profit	**228,198**	**64,282**	**164,772**	**52,052**	**33,894**	**543,198**
Financial income and expense	(9,494)	(26,740)	(120,873)	(23,759)	(33,986)	(214,852)
Pre-tax earnings	**218,704**	**37,542**	**43,899**	**28,293**	**(92)**	**328,346**
Corporate Tax	(60,809)	(10,000)	(10,992)	(10,213)	(6,130)	(98,144)
Results for the year	**157,895**	**27,542**	**32,907**	**18,080**	**(6,222)**	**230,202**
Minority interests	(2,378)	(12,358)	(5,889)	(921)	(3,123)	(24,669)
Profit / (loss) attributable to the Parent	**155,517**	**15,184**	**27,018**	**17,159**	**(9,345)**	**205,533**

(*) Restated.

Balances a 31.12.20 (*)	Segments					Total Group
	Spain	Rest of Europe	America	Australia	Other zones	
ASSETS						
Intangible assets and PPE	2,634,747	460,638	3,192,683	565,429	316,261	7,169,758
Right of use	104,952	36,344	172,460	38,058	680	352,494
Investments accounted for using the equity method	215,680	58,699	42,586	14,290	16,406	347,661
Non-current and other financial assets.	74,860	17,316	352,658	33,468	39,372	517,674
Non-current assets	**3,030,239**	**572,997**	**3,760,387**	**651,245**	**372,719**	**8,387,587**
Inventories	70,575	4,793	29,483	3,466	1,075	109,392
Trade and other receivables	232,301	53,561	69,955	51,913	22,332	430,062
Other assets and other current financial assets	122,181	15,080	174,913	12,979	28,113	353,266
Cash and cash equivalents	237,157	25,392	183,799	131	21,279	467,758
Current assets	**662,214**	**98,826**	**458,150**	**68,489**	**72,799**	**1,360,478**
Total assets	**3,692,453**	**671,823**	**4,218,537**	**719,734**	**445,518**	**9,748,065**
EQUITY & LIABILITIES						
Consolidated equity	**908,346**	**464,156**	**1,323,311**	**178,505**	**105,615**	**2,979,933**
Borrowings	677,149	26,751	1,331,147	305,193	235,305	2,575,545
Lease obligations	104,515	36,798	184,271	42,169	547	368,300
Other liabilities	130,543	56,098	585,243	46,454	72,433	890,771
Non-current liabilities	**912,207**	**119,647**	**2,100,661**	**393,816**	**308,285**	**3,834,616**
Borrowings	1,391,854	65,145	59,181	12,337	14,074	1,542,591
Lease obligations	5,586	1,528	11,275	1,290	169	19,848
Trade and other payable	474,460	21,347	724,109	133,786	17,375	1,371,077
Current liabilities	**1,871,900**	**88,020**	**794,565**	**147,413**	**31,618**	**2,933,516**
Total liabilities and equity	**3,692,453**	**671,823**	**4,218,537**	**719,734**	**445,518**	**9,748,065**

(*) Restated.

In addition to the segmented information, certain information on the countries in the Americas segment for the years 2021 and 2020 is presented below:

31.12.21	Country		
	USA	Mexico	Chile
Net revenue	**144,895**	**188,289**	**229,313**
Other operating income and expenses	(28,438)	(48,316)	(152,937)
Allowances, impairment and other	(54,106)	(50,110)	(30,782)
Profit of companies consolidated by equity	77	(5,645)	--
Operating profit	**62,428**	**84,218**	**45,594**
Financial income and expense	(59,197)	(43,182)	(33,179)
Pre-tax earnings	**3,231**	**41,036**	**12,415**

31.12.20	Country		
	USA	Mexico	Chile
Net revenue	**70,668**	**173,176**	**153,683**
Other operating income and expenses	(26,642)	(29,896)	(72,034)
Allowances, impairment and other	(43,051)	(43,296)	(29,516)
Profit of companies consolidated by equity	(104)	(985)	-
Operating profit	**871**	**98,999**	**52,133**
Financial income and expense	(40,350)	(42,531)	(26,785)
Pre-tax earnings	**(39,479)**	**56,468**	**25,348**

Moreover, certain information on technologies related to renewable energies operated by the Group for the financial years 2021 and 2020 is presented below:

31.12.21	Technology					Total
	Wind power	Photovoltaic	Hydraulic	Biomass and thermosolar	Other	
Net revenue	**1,324,230**	**105,445**	**172,457**	**84,173**	**786,151**	**2,472,456**
Other operating income and expenses	(484,206)	(27,719)	(75,997)	(50,583)	(810,343)	(1,448,848)
Allowances, impairment and other	(320,132)	(29,933)	(24,525)	(14,778)	(1,718)	(391,086)
Profit of companies consolidated by equity	51,155	11,535	--	--	--	62,690
Operating profit	**571,047**	**59,328**	**71,935**	**18,812**	**(25,910)**	**695,212**
Financial income and expense	(96,631)	(30,234)	613	(3,639)	(2,968)	(132,859)
Pre-tax earnings	**474,416**	**29,094**	**72,548**	**15,173**	**(28,878)**	**562,353**
Corporate Tax	(139,498)	(9,405)	(18,110)	(4,499)	1,894	(169,618)
Results for the year	**334,918**	**19,689**	**54,438**	**10,674**	**(26,984)**	**392,735**
Minority interests	(22,278)	(7,565)	--	27	119	(29,697)
Profit / (loss) attributable to the Parent	**312,640**	**12,124**	**54,438**	**10,701**	**(26,865)**	**363,038**

31.12.20 (*)	Technology					Total
	Wind power	Photovoltaic	Hydraulic	Biomass and thermosolar	Other	
Net revenue	**1,092,102**	**118,337**	**89,446**	**74,362**	**394,440**	**1,768,687**
Other operating income and expenses	(432,700)	(51,405)	(39,645)	(42,647)	(391,376)	(957,773)
Allowances, impairment and other	(199,749)	(24,792)	(25,219)	(74,248)	(1,098)	(325,106)
Profit of companies consolidated by equity	39,326	18,064	--	--	--	57,390
Operating profit	**498,979**	**60,204**	**24,582**	**(42,533)**	**1,966**	**543,198**
Financial income and expense	(144,202)	(26,515)	(34,213)	(5,798)	(4,124)	(214,852)
Pre-tax earnings	**354,777**	**33,689**	**(9,631)**	**(48,331)**	**(2,158)**	**328,346**
Corporate Tax	(108,006)	(8,256)	6,186	11,767	165	(98,144)
Profit for the year	**246,771**	**25,433**	**(3,445)**	**(36,564)**	**(1,993)**	**230,202**
Minority interests	(18,281)	(6,289)	--	(99)	--	(24,669)
Profit / (loss) attributable to the Parent	**228,490**	**19,144**	**(3,445)**	**(36,663)**	**(1,993)**	**205,533**

(*) Restated.

The Group has other lines of business that use other types of technologies also associated with renewable energies, which are grouped under "Other". These are mainly biofuels, cogeneration and other less significant technologies.

Information on the products and services provided by the Group is detailed in note 23.

26.- Financial income and expense

The breakdown of these items on the consolidated income statement for financial years 2021 and 2020, by origin of the items, is a follows:

	2021	2020
Income and other securities and loans	592	1,318
Other financial income	15,354	2,776
Total financial income	**15,946**	**4,094**
Payable to third parties	(105,582)	(101,358)
Inefficiency of derivatives	--	(723)
Financial costs capitalised (note 4)	5,844	12,142
Other finance costs	(42,226)	(148,234)
Total financial expenses	**(141,964)**	**(238,173)**

The amount deducted from equity in 2021 and 2020 and included under financial expenses on debts to third parties for periodic settlements of hedging derivatives of fully consolidated companies is recognised as an increase in financing costs of €13,214 thousands in 2021 and €12,746 thousands in 2020.

27.- Proposed appropriation of profit (loss)

The appropriation of 2021 profits that the Board of Directors of Corporación Acciona Energías Renovables, S.A. will propose to the shareholders at the General Meeting for approval is as follows (in thousands of euros):

	2021
Available for appropriation:	
Profit and loss of Corporación Acciona Energías Renovables, S.A.	230,485,739.22
Appropriation:	
Legal reserve	19,387,185.60
To voluntary reserves	118,908,388.70
Dividend	92,190,164.92
Total	**230,485,739.22**

The appropriation of 2020 profits approved on 28 June 2020 is as follows:

	2020
Available for appropriation:	**--**
Profit and loss of Corporación Acciona Energías Renovables, S.L.U.	185,608,147.79
Appropriation:	
Legal reserve	18,560,814.78
To prior-year losses	67,047,333.01
Interim dividend	100,000,000.00
Total	**185,608,147.79**

28.- Environmental aspects

The Group, in keeping with the strategy of the Acciona Group and its environmental policies, participates in actions and projects related to environmental management. In addition to the costs initially incurred by the Group when installing its wind farms and other production facilities, in terms of environmental actions in 2021 and 2020 the Group incurred expenses of €7,686 thousands and €6,052 thousands, respectively, in relation to environmental aspects, primarily studies and the cost of monitoring and tracking environmental programmes.

In 2021 and 2020, Group companies did not take any measures vis-a-vis their property, plant and equipment specifically aimed at protecting and improving the environment.

At 31 December 2021 and 2020, the Group was not involved in any significant litigation or disputes with regard to environmental protection for which the proper provisions had not be set up. The Directors of the parent company do not believe that additional environmental contingencies of any consequence are possible. The Directors do not believe there are any liabilities that are not duly covered in the Parent Company's liability insurance policies which could have a significant impact on the consolidated annual accounts.

29.- Earnings per share

Diluted earnings per share is same as basic earnings per share, as detailed below:

	2021	2020 (*)
Net result for the year (thousand euros)	363,038	205,533
Weighted average number of shares in circulation	329,196,652	329,250,589
Basic earnings per share (euro/share)	**1.10**	**0.62**

(*) Re-stated, see note 3.1

30.- Events after the balance sheet date

There were no events subsequent to the closing date which could have a significant effect on the Group's consolidated financial statements at 31 December 2021 or its present or future activities.

31.- Related-party transactions

The transactions between the Parent Company and its related party subsidiaries which are part of the normal course of their operations in terms of their aims and conditions were eliminated in the consolidation process, as indicated previously in this report, and are therefore not disclosed in this note Transactions with associates, with the Sole Shareholder and with other consolidated companies of the Acciona Group are disclosed below.

Law 5/2021 of 12 April introduced into the Capital Companies Act a specific regime for related-party transactions, provided for in Chapter VII-bis of Title XIV on transactions carried out by listed companies or their subsidiaries with directors, shareholders holding 10% or more of the voting rights or represented on the board of directors of the Company or with any other person who are considered related parties in accordance with International Accounting Standards (IAS 24).

On 14 July 2021, the Group's Board of Directors approved the Internal Protocol for the Approval, Disclosure and Periodic Control of Related-Party Transactions, in which the Audit and Sustainability Committee is involved, and which establishes an internal procedure for these transactions to be handled within the Group's legal, statutory and regulatory framework, notwithstanding the framework agreement signed by the Group and Acciona, S. A., which is referred to below, and in accordance with the provisions of the Consolidated Text of the Spanish Companies Act.

Transactions with associates

At 31 December 2021 and 2020, the debit and credit balances with associates are as follows:

	Receivables / income		Payables/expense	
	2021	2020	2021	2020
Trade receivables (see note 12)	19,671	21,372	--	--
Payables to associates (see note 9)	23,225	9,685	15,113	15,003
Trade and other payable	--	--	431,452	625,206
Income and expense	44,680	44,230	141,045	209,855

These transactions are carried out at market prices and refer primarily to construction services rendered and to the maintenance and management of wind farms.

Transactions with Acciona Group companies

At 31 December 2021 and 2020, the debit and credit balances with subsidiaries of the Acciona Group that are consolidated at a higher level are as follows (not counting those carried out with the Sole Shareholder, which are disclosed in the next note):

	Receivables / income		Payables/expense	
	2021	2020	2021	2020
Trade receivables	13,394	5,594	--	--
Trade and other payable	--	--	32,237	45,025
Credit facilities and loans	5	84,767	213	2,907,973
Tax consolidation balances	8,626	14,791	272	741
Operating and expenses	28,550	14,518	82,138	91,704
Financial income and expense	98	607	26,419	128,766

At 31 December 2021 and 2020, the receivable balance refers mainly to balances held with Acciona Agua Group companies under electricity supply contracts and with other Acciona Group companies for the sale of spare parts for the maintenance of various renewable power production plants.

Trade payables refer to transactions with Acciona Group companies in relation to the construction and acquisition of assets for the development, start-up and performance of maintenance contracts for the various renewable power production plants.

These transactions were carried out at arm's length.

At 31 December 2021, credit balances for financial loans mainly include loans extended by member companies of the Acciona Group, particularly Acciona Financiación Filiales, S.A.U. (see note 19).

Transactions with the majority shareholder

At 31 December 2021 and 2020, the balances and transactions with Acciona, S.A., majority shareholder of the Group's parent company, are as follows:

	Receivables / income		Payables/expense	
	2021	2020	2021	2020
Trade receivables	606	279	--	--
Trade payables	--	--	16,074	117,465
Credit facilities/loans with the sole shareholder	--	47	--	--
Tax consolidation balances	70,875	124,368	46,080	16,753
Operating and expenses	161	1,378	35,084	22,450
Financial income and expense	--	279	--	--

At 31 December 2020, Corporación Acciona Energías Renovables had recognised an interim dividend against FY 2020 profits in the amount of €100,000 thousands payable to the sole shareholder at the time, Acciona S.A., which was paid in April 2021.

Credit balances also include balances of outstanding invoices for management support services provided to the Group by Acciona, S.A. These transactions were carried out at arm’s length under the terms of the Framework Agreement signed by the Group and Acciona, S.A. on 26 May 2021, the purpose of which is to regulate relations between the two companies and their respective groups (the "Framework Agreement").

The Framework Agreement includes a list of the main works, goods and services that Acciona and the Group and their respective groups have been performing, selling or providing to each other, as well as, but not limited to, other services other than those mentioned above that may be provided by agreement between the parties. As part of the development and performance of the Framework Agreement, the Group has entered into a series of framework agreements with Acciona, S.A. and subsidiaries for the provision of services under market conditions and within the scope of ordinary management: Framework agreement with Acciona Forwarding, S.A.; Framework agreement with Acciona Tecnología y Servicios, S.L.; and Cost Sharing Agreement with Acciona, S.A.

The tax consolidation balances are the balances payable and receivable for belonging to the same tax group, of which Acciona S.A. is the parent company.

Transactions with other related parties

	Receivables / income		Payables/expense	
	2021	2020	2021	2020
Credit facilities and loans	--	--	215,218	206,392
Financial income and expense	--	--	15,692	18,333

The outstanding balance payable to other related parties at 31 December 2021 and 2020 includes financial contributions made by other partners with a minority interest in Group projects and facilities (see note 19).

Transactions with directors and officers

In addition to subsidiaries, associates and jointly-controlled companies, certain “key personnel” (members of the Board of Directors and other directors and officers and their immediate families) are also considered related parties, as are the companies controlled by key management personnel or over which they have significant influence.

Related-party transactions are carried out under the same market conditions as any other ordinary commercial transactions that take place as part of the Group's ordinary business operations.

Acciona, S.A., in its capacity as majority shareholder of the Parent, and based on the 2014 Plan for the delivery of shares and performance shares referred to in note 32, has proceeded in July 2021 to deliver to the Parent's management team, including the CEO, a total of 47,076 shares of the Parent linked to the completion of the Initial Public Offering of Corporación Acciona Energías Renovables, S.A.

In addition, as mentioned in note 32, there are two five-year share plans for the Board and Senior Management.

There were no additional transactions between the Group and related parties (significant shareholders, members of the Board of Directors and other related parties) in 2021 or 2020.

32.- Salaries and employee benefits

A. Board of Directors

In the 2021 financial year, the compensation paid to the members of the Company's Board of Directors, and considering that such compensation remuneration is taken from the perspective of the parent company and subsidiaries, was as shown in this note, in euros.

Pursuant to article 29 of the Company's Articles of Association, the compensation of the Board of Directors for acting in their capacity as such consists of a fixed annual allowance determined for sitting on the Board and Board committees. The compensation which the Company may pay to all Board Members for sitting on the Board of Directors and Board committees is determined at the General Shareholders' Meeting.

Unless otherwise stipulated by the General Meeting or the Remuneration Policy, the exact amount to be paid within this limit and its distribution among the different Board Members is determined by the Board of Directors under this framework on the recommendation of the Appointments and Remuneration Committee, considering the functions and responsibilities of each Board Member, their board committees and other objective circumstances it deems relevant.

The provisions of the preceding paragraph notwithstanding the compensation of Board members is compatible with any other remuneration (salaries, bonuses for the achievement of business and/or corporate objectives and/or personal performance objectives; severance pay when a director is terminated for reasons other than breach of their duties; social welfare systems; deferred remuneration items, etc.) which, on the recommendation of the Appointments and Remuneration Committee and by resolution of the Board of Directors may be paid to the Director for the performance of other functions in the Company, including executive functions of senior management or others, but excluding the supervisory and collegiate decision-making functions they perform as members of the Board.

Subject to a resolution of the General Shareholders' Meeting and to the extent allowed by law, executive directors' compensation may also take the form of shares or stock options or any other remuneration system linked to the value of the shares.

Article 43 of the Board Regulations stipulates that it is up to the Board of Directors to decide on the compensation system for Board Members within the framework established in the Articles of Association.

The Board of Directors will make every effort to ensure that the compensation paid to the Directors is commensurate with the compensation being offered on the market by companies of a similar size for the same type of work, favouring the modalities that link a significant part of the remuneration to their dedication to Acciona Energía.

The remuneration system for independent directors must be sufficient to compensate them for their efforts without compromising their independence. The remuneration of proprietary directors must be proportionate to that of the other directors and must not entail favourable treatment in the remuneration of the shareholder that appointed them. The remuneration system must be based on comparable compensation for comparable functions.

With regard to the remuneration of executive directors, article 44 of the Regulations provides that the Board of Directors must also ensure that the remuneration policies in force from time to time include, for variable remuneration, technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other circumstances of this kind. Director remuneration must be transparent.

The General Shareholders' Meeting approved the Remuneration Policy for Directors which shall apply as of the effective date of admission to trading of the shares on 1 July 2021 and remain in force until 2024, notwithstanding the fact that the amendments introduced by the Policy will apply to the remuneration accrued from the approval date of the Policy and pursuant to the provisions of article 529 novodecies of the Capital Companies Act and article 29 of the Articles of Association of Corporación Acciona Energías Renovables, S.A., which establish the obligation to approve the directors' remuneration policy at least every three years, as a separate agenda item. All remuneration paid to Directors shall be in accordance with the Directors' Remuneration Policy in force at any given time, except as otherwise expressly agreed at the General Shareholders' Meeting.

The current Remuneration Policy establishes that the maximum annual remuneration to be paid to all directors in their capacity as such is €1,750 thousands and, unless otherwise determined by the General Shareholders' Meeting, the remuneration will be distributed among the directors by resolution of the Board of Directors, which shall take into consideration the functions and responsibilities of each director, the Board committees they sit on and any other circumstances it deems relevant. On the recommendation of the Appointments and Remuneration Committee, the Board of Directors established the following annual amounts:

Assignment	Amount (in thousand euro)
Members of the Board of Directors (*)	100
Additional amount for Chairman of the Board of Directors	--
Member of Audit and Sustainability Committee	70
Additional amount for Chairman if Audit and Sustainability Committee	18
Member of Appointments and Remuneration Committee	55
Additional amount for Chairman of Appointments and Remuneration Committee	14
Additional amount for members of Executive Committee (if there is one)	55
Additional amount for Independent Director Coordinator	30

(*) Except Executive Directors

The Appointments and Remuneration Committee considered that the proposed remuneration is in line with what is paid in the market by companies of a comparable size and scope, that the remuneration is similar for comparable functions and dedication, and that without compromising their independence it adequately incentivises the directors on the different committees.

The total remuneration of the Board of Directors for the performance of its duties as the Company's governing body during in 2021 financial year was €671.3 thousands, broken down as follows:

	Amounts in thousands of euros		
	Fixed compensation	**Allowance for sitting on Board committees**	**2021 (*)**
José Manuel Entrecanales Domecq	--	--	--
Juan Ignacio Entrecanales Franco	--	--	--
Rafaél Mateo Alcalá (Executive Director)	--	--	--
Ms. María Cordón Sonia Dulá	50.4	35.3	85.7
Juan Luis López Cardenete	50.4	27.7	78.1
Ms. María Cordón Karen Christiana Figueres Olsen	50.4	27.7	78.1
Alejandro Mariano Werner Wainfeld	50.4	27.7	78.1
Ms. María Cordón Inés Elvira Andrade Moreno	50.4	34.8	85.2
Ms. María Cordón Maria Salgado Madriñán	50.4	44.3	94.7
Rosauro Varo Rodríguez	50.4	35.3	85.7
Ms. María Cordón María Fanjul Suárez	50.4	35.3	85.7
Total	**403.2**	**268.1**	**671.3**

(*) Remuneration accrued by the members of the Board of Directors of Corporación Acciona Energías Renovables, S.A. since it was admitted to trading on 1 July 2021 in their capacity as directors.

In 2021, proprietary directors who perform executive functions for the parent company did not receive any remuneration for acting in their capacity as such.

The monetary remuneration of the Executive Director for the performance of executive senior management functions and for sitting on the Board totalled to €610 thousands in 2021. In addition, he received in kind compensation in the amount of €15 thousands in 2021 and €440 thousands in consolidated earnings per share as a bonus at the time of the IPO. The executive director’s remuneration is the amount actually paid since his appointment as such to compensate him for his services as the executive director of the Company.

The total remuneration of the members of the Board of Directors of Corporación Acciona Energías Renovables, S.A., including remuneration for executive functions performed, totalled €1,736 thousands in 2021.

The Group has no obligations to the members of the Board of Directors in respect of pension plans, life insurance premiums or equity instrument based payments. The premiums on directors' and offices' liability insurance are paid by Acciona Tecnología y Servicios, S.L., a member company of the Acciona Group. The Group has not granted any advances, loans or guarantees to any members of the Board of Directors.

B. Senior management

Persons who held senior management positions in the Group (including the parent company and subsidiaries) in 2021 were as follows:

Name	Title (s)
Alonso Rubio, Miguel Ángel	Country Director for Mexico and Central America
Ancin Viguiristi, Joaquin	Director, Engineering and Construction
Castillo García, Joaquín	Country Director for North America
Del Rosemary Montes, Ignacio	Internal Audit
Ecay Marchite, Maite	Director of Organisation, Talent y Health
Entrecanales Carrión, José	Director of Strategy and Corporate Development
Escobar Troncoso, Jose Ignacio	Country Director for South America
Esteban Fernández de Cordoba, Rafael	Director of Business Development
Ezpeleta Puras, Arantza	Director of Finance and Sustainability
Falgiani, Klaus	Country Director for Europe
Fernández-Cuesta Laborde, Raimundo	Director of Finance and Investor Relations
Ferreiro Viña, Antonio	Director of Procurement and Logistics
Gómez Ramos, Santiago	Director of Energy Management
Herrán Azanza, Yolanda	Director of Legal Affairs
Linares Corell, Belén	Director of Innovation
López Prados, Elvira	Office of the CEO
Mateo Alcalá, Rafael	CEO - Energy
Montes Jiménez, Javier	Director of Sales
Ortiz de Latierro Imaz, Miguel	Director of Prevention, Social Responsibility, the Environment and Quality
Otazu Aguerri, Juan	Director of Operations
Paso Cañabate, Jorge	Director of Economic Affairs and Control
Wickham, Brett	Country Director of Australia

Persons who held senior management positions in the Group (including the parent company and subsidiaries) in 2020 were as follows:

Name	Title
Rafael Mateo Alcalá	Managing Director, Acciona Energía Division
Joaquín Javier Ancín Viguiristi	Managing Director, Engineering and Construction Area, Acciona Energía
Joaquín Castillo García	Managing Director of Development, Acciona Energía
Juan Otazu Aguerri	Managing Director of Production, Acciona Energía

The compensation paid to the members of senior management of the Group in 2021 and 2020 is summarised below:

	2021	2020
Number of people	22	4
Compensation (thousands of euros)	11,738	2,076

The Executive Director of Corporación Acciona Energías Renovables, S.A. received a total of 16,462 shares of common stock of the corporation in 2021 in recognition of his contribution in relation to the exchange listing of Corporación Acciona Energías Renovables, S.A.

In addition, with respect to certain managers of the Group, Acciona's board of directors agreed, at the proposal of its appointments and remunerations committee, to deliver an incentive plan consisting of shares in Corporación Acciona Energías Renovables, S.A. for its initial public offering, which went into effect in July 2021.

The Group is recording the accrued cost of this, under the heading 'Personnel costs' in the consolidated income statement of the period, estimated based on the progress of the variables that make them eligible for the relevant variable compensations, which are paid once the shares are distributed to each employee. For cases in which the distribution plan is for shares in the Group's majority member, the cost is recorded as a charge to an account payable with Acciona, S.A.

Below is a breakdown of the various share distribution plans approved by Group Corporación Acciona Energías Renovables as of the filing date of these consolidated annual financial statements of the Group, and their characteristics and scope within the various levels of the personnel structure.

<u>Plan 2021 for 'performance shares' and distribution of shares aimed at the executive directors of Corporación Acciona Energías Renovables, S.A., as a long-term incentive related to value creation</u>

The Company currently has a long-term incentive plan related to growth and sustainability goals established in the 2021–2025 Business Plan, known as the 'Directors Plan 2021', approved at the Extraordinary General Meeting of Shareholders of Group Corporación Acciona Energía Renovable at its meeting of 26 May 2021, in the context of its initial public offering. The main features of this plan are as follows:

Plan beneficiaries: Persons who, during the effective period of the 'Directors Plan 2021', are directors with executive roles in Group Corporación Acciona Energía Renovable.

Plan duration: from 1 January 2021 to 31 December 2025.

Metrics used to measure the level of goal attainment:

Financial metrics:

(i) Total installed power, measured in gigawatts (GW).
(ii) EBITDA, defined as the cumulative value of the figure of earnings before interest, taxes, depreciation and amortisation in the period.
(iii) BAI, defined as the cumulative value of pre-tax earnings in the period.

Sustainability metrics:

(i) Reduction of carbon dioxide (CO2) emissions.
(ii) Increase in the number of women in managerial and directorship positions.
(iii) Implementation of local regeneration plans for new GWs.

Other metrics:

(i) Total shareholder return (TSR), in absolute and relative terms, defined as the difference between the final value of an investment in common shares and the initial value of that same investment, accounting for the fact that the final value will consider dividends or other similar items received by the shareholder during the plan's effective period.
(ii) Internal rate of return (IRR) of the projects invested in divided by the weighted average cost of capital (WACC) prevailing at the time of approval of the investment.
(iii) Project pipeline
(iv) Compliance with internal rules and procedures, and policies of control and risk management.

Calculation of the incentive: The data obtained in each of the metrics will be quantified in 2026, with the aggregate data from the five-year period of 2021–2025, and compared with the goals of the Business Plan for each of those metrics. The coefficient of the real datum of each value and its corresponding goal will provide, as a percentage, the real measurement of the degree by which the goal established for each metric has been achieved.

This measurement of the degree of fulfilment of the goal of each metric will be referred to as the goal's 'Attainment Level'.

To calculate the Individual Achievement Coefficient of the goal of each metric, and therefore the Beneficiary Incentive, the sum of the products resulting from multiplying (i) the Attainment Level of the objective of each of the Financial and Sustainability metrics by (ii) the weighting that the corresponding Financial and Sustainability metric has attributed to it as a relative weight must be equal to or greater than 65%. If such sum is less than 65%, the Beneficiary will not be eligible for an incentive under the 'Directors Plan 2021'.

Payment of incentive and deferral: The Achievement Coefficient will be the multiplier to be applied to the Initial Beneficiary Assignation, and the result thus obtained will be the number of Performance Shares due to the Beneficiary as 'Final Assignation'. With certain conditions met, 80% of the shares will be distributed in 2026 after the ordinary General Meeting of that year is held; the remaining 20% distribution of the shares will be deferred to 2027, after the ordinary General Meeting of that year is held, at least one year after the date on which the initial 80% of the shares were distributed.

Malus and clawback: Corporación Acciona Energías Renovables, S.A. can claim from an executive director within the three years following each date on which an incentive payment has been made (including the deferred payment of part of the incentive) the return (clawback) of all or part of the incentive paid to executive director if, during that period, the board of directors determines, at the proposal of the appointments and remunerations committee, that any of the following scenarios (malus) has occurred:

(i) the executive director commits a serious breach of the duties of diligence or loyalty by which they are required to act while in office, or for any other serious and culpable breach of the obligations assumed by the executive director under their contracts with Group Corporación Acciona Energías Renovables for the performance of their executive duties, or
(ii) it is verified that the executive director has received the incentive after having executed the plan based on data that later proves to be manifestly inaccurate.

Early settlement: In line with corporate needs, and if circumstances arise that make it advisable for the Group in the opinion of the board of directors, after considering a recommendation by the appointments and remunerations committee, the final assignation and payment of the incentive may be brought forward by distributing the shares to the beneficiaries based on progress towards the fulfilment of the objectives and indicators prescribed in this Regulation up to that point, as well as their projected future achievement.

<u>Plan 2021 for 'performance shares' and distribution of shares aimed at the management of Corporación Acciona Energías Renovables, S.A., as a long-term incentive related to value creation</u>:

The Group currently has a long-term incentive plan related to the growth and sustainability goals established in the 2021–2025 Business Plan, known as the 'Managers Plan 2021', approved by the board of directors at its meeting of 31 May 2021. The main features of this plan are as follows:

Plan beneficiaries: The managers of Group Corporación Acciona Energía Renovable and other employees to which the board of directors extends the share benefit, subject to a report by the appointments and remunerations committee.

Plan duration: from 1 January 2021 to 31 December 2025.

Metrics used to measure the level of goal attainment:

Financial metrics:

(iv) Total installed power, measured in gigawatts (GW).
(v) EBITDA, defined as the cumulative value of the figure of earnings before interest, taxes, depreciation and amortisation in the period.
(vi) BAI, defined as the cumulative value of the figure of pre-tax earnings in the period.

Sustainability metrics:

(iv) Reduction of carbon dioxide (CO_2) emissions.
(v) Increase in the number of women in managerial and directorship positions.
(vi) Implementation of local regeneration plans for new GWs.

Other metrics:

(v) Total shareholder return (TSR), in absolute and relative terms, defined as the difference between the final value of an investment in common shares and the initial value of that same investment, accounting for the fact that the final value will consider dividends or other similar items received by the shareholder during the plan's effective period.
(vi) Internal rate of return (IRR) of the projects invested in divided by the weighted average cost of capital (WACC) prevailing at the time of approval of the investment.
(vii) Project pipeline
(viii) Compliance with internal rules and procedures, and policies of control and risk management.

Calculation of the incentive: The data obtained in each of the metrics will be quantified in 2026, with the aggregate data from the five-year period of 2021–2025, and compared with the goals of the Business Plan for each of those metrics. The coefficient of the real datum of each value and its corresponding goal will provide, as a percentage, the real measurement of the degree by which the goal established for each metric has been achieved.

This measurement of the degree of fulfilment of the goal of each metric will be referred to as the goal's 'Attainment Level'.

To calculate the Individual Achievement Coefficient of the goal of each metric, and therefore the Beneficiary Incentive, the sum of the products resulting from multiplying (i) the Attainment Level of the objective of each of the Financial and Sustainability metrics by (ii) the weighting that the corresponding Financial and Sustainability metric has attributed to it as a relative weight must be equal to or greater than 65%. If such sum is less than 65%, the Beneficiary will not be eligible for an incentive under the 'Managers Plan 2021'.

Payment of incentive and deferral: The Achievement Coefficient will be the multiplier to be applied to the Initial Beneficiary Assignation, and the result thus obtained will be the number of Performance Shares due to the Beneficiary as 'Final Assignation'. The distribution of shares will take place in 2026, after the ordinary General Meeting of that year is held.

Multi-year distribution of shares: During the effective period of the 'Managers Plan 2021', the board of directors, at the proposal of the appointments and remunerations committee, may, unilaterally and with full discretionality, decide the assignation and distribution of shares on an extraordinary basis (entirely independent from the distributions prescribed in other applicable share distribution plans approved both by the Group and by its reference shareholder) in respect of a multi-annual period of at least three years, without exceeding the duration of the 'Managers Plan 2021', as a result of the attainment of extraordinary results by the business unit or functional with respect to which the beneficiary has management responsibilities.

The beneficiary of the multi-year stock distribution may not sell, encumber, or dispose of them under any title (except mortis causa), or establish on them any option right or any other restriction of ownership or guarantee with respect to 50% of the shares distributed to them, for a period of one year from their distribution date, and with respect to the remaining 50% for a period of two years from their distribution date.

Call provision: The 'Managers Plan 2021' includes a call provision in favour of Corporación Acciona Energías Renovables, S.A. for 100% of the shares distributed during the first year from their distribution date and for 50% of the shares distributed during the second year from their distribution date, should certain circumstances arise.

Below is a breakdown of the various share distribution plans approved by Acciona, S.A. as of the filing date of these consolidated annual financial statements of the Group, and their characteristics and scope within the various levels of the personnel structure of Group Corporación Acciona Energías Renovables.

Share distribution plan

The General Shareholders' Meeting of Acciona, S.A. held on 24 June 2014 approved extending the effective period of the Shares and Options Distribution Plan for the management of Acciona Group, including the executive directors, approved at the Acciona, S.A. General Shareholders' Meeting of 4 June 2009, to be applied in financial years 2014 to 2020, increasing the maximum number of available shares by 200,000 shares.

Beneficiaries of the Plan: Group Directors. For other beneficiaries who are not Executive Directors, the Board of Directors, upon the recommendation of the Appointments and Remunerations Committee, will approve the individual bonuses to be paid in the form of Acciona shares, for each year and to each one of the beneficiaries of the 2014 Plan, other than executive directors.

The bonus may be calculated as a number of shares or a particular cash value. In the latter case, it will be specified in terms of the number of shares based on the closing price on the last trading day in March of the year in which the Board of Directors decides on the bonus. Under no circumstances may the number of shares assigned in this way, together with the other shares assigned under the 2014 Plan, exceed the maximum number approved at the General Shareholders Meeting.

Treasury shares delivered to these beneficiaries are subject to a buy-back right in favour of Acciona which may be exercised if the beneficiary who acquired the shares in this way ceases to work for Acciona or the Group before 31 March of the third year after the shares were received by the beneficiary for a reason ascribable to him or her. The Board of Directors may include a small group of executives in the system for assigning performance shares and /or shares reserved for Executive Directors with certain modifications regarding provisions allocation, taxation, targets, interim milestones and delivery dates on the recommendation of the Appointments and Remunerations Committee, in order to strengthen their motivation to build greater long-term value and stability for the Group and the reinforce their loyalty and continuation in the Group. The 2014 Plan does not include the possibility of selling the delivered shares to pay the taxes owed by the beneficiary as a result of receiving the shares. The cost of the income prepayment under the Plan 2014 will not be passed on to the beneficiaries. The Company assumes the tax cost of this prepayment in the personal taxation of the beneficiaries, up to the established limits.

Finally, under Share Delivery Plan, the number of Acciona, S.A. shares delivered to the Beneficiaries who are not executive directors, in consideration of the payment of part of their 2020 variable remuneration and the maturity of the 2017-2020 long-term incentive plan in financial year 2021, amounts to €16,581 shares delivered to 17 Acciona Energía executives with a fair market value of €2,093 thousands.

Plan to substitute cash bonuses for shares

On 18 March 2021, the Board of Directors of Acciona, S.A., on the recommendation of the Appointments and Remuneration Committee, given the limited number of beneficiaries under the previous Plan, approved the “Bonus Compensation Replacement Plan for Acciona shares for the management of Acciona and its group" (the Replacement Plan) on 18 February 2021, the characteristics of which are as follows:

Purpose: To effectively retain and incentivise the management team members and achieve greater alignment of their interests with those of the Company and its Group.

Initial term: Six years, from 1 December 2021 to 31 January 2026

Object: To offer certain executives of Acciona and its Group, at their discretion, the option of replacing or exchanging some or all of their cash bonus compensation for Acciona, S.A. shares, in accordance with an exchange ratio to be determined each year. The approved swap ratio includes a 25% incentive on the replaced bonus

Beneficiaries: Executives proposed by the Board of Directors Executive directors are excluded from this Plan.

Restrictions on the delivered shares: Generally speaking, the delivered shares may not be sold, encumbered or disposed of for any reason (except causa mortis), and may not be the object of options or other ownership-limiting rights or guarantees, until after the 31st of March of the third year after the year in which the shared were received by the beneficiary.

The shares awarded to these beneficiaries as an incentive, but not the shares that replace the cash bonus will come with a right of repurchase in favour of Acciona, exercisable if the beneficiary of the shares ceases to be a professional employee of Acciona or its Group before 31 March of the third year following that in which the shares are awarded, for a cause attributable to the beneficiary.

The price of the Acciona shares that will be taken as a reference to determine the exchange equation will be the closing price on the last stock exchange day in March of the year in which the Board of Directors decides on the assignment of the substitution option.

In application of the Plan to Substitute Cash Bonuses with Shares, 838 shares with a fair market value of €120 thousands were delivered to 8 Group executives in 2021.

Shareholders' Plan

On 28 February 2017, the Board of Directors of Acciona, S.A., on the recommendation of the Appointments and Remuneration Committee, with the aim of encouraging participation in the company's shareholding structure, approved a new Plan that allows the redistribution of part of the fixed and/or variable compensation, up to a limit of €12,000 per year, to be replaced with Company shares, in accordance with the current regulatory framework, which favours this type of plan from a tax perspective.

This is a completely voluntary plan that offers all employees of the Acciona Group with their tax residence in Spain the possibility of participating in the company's profits by becoming a shareholder. This plan does not apply to Executive Directors.

The Company has determined the fair market value of the goods and services received by reference to the fair value of the equity instruments granted on the basis of the share plans described above. There are no exercisable options at the end of the period.

A. Auditors

In 2021 and 2020, fees for auditing and other services provided by the auditor of the Group's consolidated annual accounts, KPMG Auditores, S.L., and by companies belonging to the KPMG network, as well as fees for services invoiced by the auditors of the consolidated annual accounts of consolidated companies and entities controlled, jointly owned or managed by them, were as follows:

	Services rendered by the main auditor		Services rendered by other auditing firms	
	2021	2020	2021	2020
Internal audit	1,949	1,634	44	7
Other verification services	806	82	703	1
Total auditing and related services	**2,755**	**1,716**	**747**	**8**
Tax advisory services	98	52	2,923	1,157
Other services	66	370	1,657	740
Total other professional services	**164**	**422**	**4,580**	**1,897**

33.- Other disclosures on Directors

According to the terms of article 229 of Legislative Royal Decree 1/2010 of 2 July which approved the Revised Text of the Capital Companies Act, at 31 December 2018, the information available to the Company and reported by the Directors and persons related to them shows that there are no direct or indirect conflicts of interest of the Company.

34.- Weighted average days to pay suppliers

The information required under the third additional provision of Law 31/2014 of 3 December is detailed below, prepared in accordance with the terms of the Resolution of the Accounting and Audit Institute dated 29 January 2016. This information refers to Spain only, which is the geographical scope of application of the law:

Payments made and payments outstanding at the end of the fiscal year	**2021**	**2020**
	Days	**Days**
Average period of payment to suppliers	17.60	27.96
Proportion of operations paid	17.29	26.00
Proportion of outstanding payments	22.21	47.63
	Amount (thousands of euros)	**Amount (thousands of euros)**
Total payments made	2,218,272	955,647
Total outstanding payments	151,166	94,904

The “weighted average days to pay suppliers” is understood as the amount of time that elapses between the delivery of the goods or services and the payment date.

The “weighted average days to pay suppliers” is calculated as a quotient in which the numerator is the ratio of paid transactions to the total amount of the payments made plus the ratio of transactions pending payment to the total amount of pending payments and the denominator is the sum of the total payments made and the total payments pending.

The ratio of paid transactions is calculated as a quotient where the numerator is the sum of the products corresponding to the amounts paid times the number of days to pay (calendar days elapsed from the initial date to the actual payment date) and the denominator is the total amount of the payments made.

The ratio of pending transactions is calculated as a quotient where the numerator is the sum of the products corresponding to the amounts paid times the number of days during which the payment is pending (calendar days elapsed from the initial date to the closing date of the annual accounts) and the denominator is the total amount of pending payments.

ANNEX I

SUBSIDIARIES

The subsidiaries of Corporación Acciona Energías Renovables, S.L.U. considered as a Group are configured as such according to IFRS-EU. The fully consolidated companies at 31 December 2021 and related information for the year ended 31 December 2021 are as follows (in thousands of euros):

Group company	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Aberdeen Wind Facility 1 Pty. Ltd.	--	South Africa	Wind power	100	Acciona Energy South Africa Global Pty. Ltd.	41
Acciona Administración Energía Dos, S.L.	--	Madrid	Other	100	Corporación Acciona Energías Renovables, S.L.	3
Acciona Administración Energía Tres, S.L.	--	Madrid	Other	100	Corporación Acciona Energías Renovables, S.L.	3
Acciona Administración Energía, S.L.	--	Madrid	Other	100	Corporación Acciona Energías Renovables, S.L.	3
Acciona Biocombustibles, S.A.U.	--	Navarra	Holding company	100	Acciona Generación Renovable, S.A.U.	--
Acciona Biomasa, S.L.U.	--	Navarra	Holding company	100	Acciona Generación Renovable, S.A.U.	8,003
Acciona Desarrollo Corporativo Energía, S.L.	--	Madrid	Other	100	Corporación Acciona Energías Renovables, S.L.	3
Acciona Distributed Generation Chile SPA	--	Chile	Wind power	100	Acciona Energía Global, S.L.U.	-
Acciona Distributed Generation, S.L.	--	Navarra	Biofuels	100	Acciona Biocombustibles, S.A.U.	1,056
Acciona Energía Atlanta I, S.L.	--	Madrid	Wind power	100	Acciona Energía Internacional, S.A.	3
Acciona Energía Atlanta II, S.L.	--	Madrid	Wind power	100	Acciona Energía Internacional, S.A.	3
Acciona Energía Atlanta III, S.L.	--	Madrid	Wind power	100	Acciona Energía Internacional, S.A.	3
Acciona Energía Chile Holdings, S.A.	(A)	Chile	Commercialisation	100	Acciona Energía Chile, S.A.	105
Acciona Energía Chile, S.A.	(A)	Chile	Holding company	100	Acciona Energía Global, S.L.U.	37
Acciona Energía Colombia SAS	--	Colombia	Solar power	100	Acciona Energía Global, S.L.U.	1
Acciona Energía Costa Rica, S.A.	--	Costa Rica	Wind power	100	Acciona Energía Global, S.L.U.	479
Acciona Energía Dominicana, S.r.L.	--	Dominican Republic	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energia Financiacion Filiales Australia Pty Ltd	--	Australia	Financial Reporting	100	Acciona Energía Financiación Filiales, S.A.	-
Acciona Energía Financiación Filiales, S.A.	(A)	Madrid	Financial Reporting	100	Corporación Acciona Energías Renovables, S.L.	274,221
Acciona Energía Global Egypt, LLC	(A)	Egypt	Holding company	100	Acciona Energía Global, S.L.U.	11
Acciona Energia Global Italia, S.R.L.	(A)	Italy	Wind power	100	Acciona Energía Global, S.L.U.	3,347
Acciona Energía Global Ukraine	(A)	Ukraine	Holding company	100	Dymerka Solar Poland Sp. Z.o.o.	50
Acciona Energía Global, S.L.U.	(A)	Madrid	Holding company	100	Acciona Generación Renovable, S.A.U.	92,307
Acciona Energía Internacional, S.A.	(A)	Madrid	Holding company	75	Acciona Generación Renovable, S.A.U.	854,027
Acciona Energía Inversiones Corea, S.L.U.	--	Navarra	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energía México, S.R.L.	(A)	Mexico	Holding company	100	Acciona Energía Internacional, S.A.	4,950

Group company	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Acciona Energía Perú S.A.c.	--	Peru	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energía Servicios de México, S. de RL de C.V.	(A)	Mexico	Construction	100	Acciona Energía México Global, LLC	3,980
Acciona Energija, D.o.o.	--	Croatia	Wind power	100	Acciona Energía Global, S.L.	-
Acciona Energy Australia Global, Pty. Ltd	(A)	Australia	Wind power	100	Acciona Energía Global, S.L.U.	-
Acciona Energy Canada Global Corp.	--	Canada	Holding company	100	Acciona Energía Global, S.L.U.	2,267
Acciona Energy Global Poland, Sp. Z.o.o.	(A)	Poland	Holding company	100	Acciona Energía Global, S.L.U.	716
Acciona Energy India Private, Ltd	(C)	India	Wind power	100	Acciona Energía Global, S.L.U.	1
Acciona Energy North America Corp.	--	USA	Holding company	100	Acciona Energía Internacional, S.A.	-
Acciona Energy Oceania Construction, Pty. Ltd	(A)	Australia	Construction	100	Acciona Energy Australia Global, Pty. Ltd	1,069
Acciona Energy Oceania Financial Services, PYL, Ltd.	(A)	Australia	Financial Reporting	100	Acciona Energy Australia Global, Pty. Ltd	33
Acciona Energy Oceania Pty. Ltd	(A)	Australia	Wind power	100	Acciona Energía Internacional, S.A.	148,438
Acciona Energy Poland Maintenance Services, Sp. Z.o.o.	(A)	Poland	Maintenance	100	Acciona Energy Global Poland Sp. Z.o.o.	23
Acciona Energy Poland, Sp. Z.o.o.	(A)	Poland	Wind power	100	Acciona Energía Internacional, S.A.	52,448
Acciona Energy Singapore PTE LTD	--	Singapore	Solar power	100	Acciona Energía Global, S.L.U.	-
Acciona Energy South Africa Pty. Ltd.	(A)	South Africa	Holding company	100	Acciona Energía Internacional, S.A.	52,275
Acciona Energy South Africa Global Pty. Ltd.	(A)	South Africa	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energy USA Global, LLC	--	USA	Holding company	100	Acciona Energía Global, S.L.U.	361,170
Acciona Eólica Calabria, S.R.L.	--	Italy	Wind power	100	Acciona Energia Global Italia, S.R.L.	1,267
Acciona Eólica Cesa Italia, S.R.L.	(A)	Italy	Holding company	100	Acciona Energía Internacional, S.A.	30,857
Acciona Eólica Cesa, S.L.	--	Madrid	Holding company	100	Ceatesalas, S.L.U. Energías Renovables de Barazar, S.L.U.	93,938
Acciona Eólica de Castilla La Mancha, S.L.U.	(A)	Madrid	Wind power	100	Alabe Sociedad de Cogeneración, S.A.U.	100
Acciona Eólica de Galicia, S.A.U.	(A)	Lugo	Wind power	100	Corporación Acciona Energías Renovables, S.L.	17,389
Acciona Eólica Levante, S.L.U.	(A)	Valencia	Wind power	100	Alabe Sociedad de Cogeneración, S.A.U.	19,314
Acciona Eólica Portugal Unipessonal, Lda.	(A)	Portugal	Holding company	100	Acciona Energía Internacional, S.A.	19,484
Acciona Eólica Santa Cruz, S. de R.L. de C.V.	(A)	Mexico	Wind power	100	Acciona Energía México Global, LLC	2,190
Acciona Esco, S.L.	--	Madrid	Energy Efficiency	100	Acciona Generación Renovable, S.A.U.	2,930
Acciona Facility Services Poland Sp. Z.o.o.	--	Poland	Energy Efficiency	100	Acciona Esco, S.L.	45
Acciona Generación Renovable, S.A.U.	(A)	Navarra	Energy (various)	100	Corporación Acciona Energías Renovables, S.L.	1,146,380
Acciona Global Renewables, S.A.	--	Madrid	Holding company	67	Acciona Generación Renovable, S.A.U.	40
Acciona Green Energy Developments, S.L.U.	(A)	Madrid	Commercialisation	100	Acciona Generación Renovable, S.A.U.	51,000
Acciona Portugal II – Energia Global, LDA	--	Portugal	Holding company	100	Acciona Energía Global, S.L.U.	1
Acciona Power Marketing USA, LLC	--	USA	Wind power	100	Acciona Energy USA Global, LLC	-
Acciona Saltos de Agua, S.L.U.	(A)	Madrid	Hydraulic power	100	Corporación Acciona Energías Renovables, S.L.	-

Group company	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Acciona Servicios Energéticos, S.L.R. de C.V.	--	Mexico	Energy Efficiency	100	Acciona Esco, S.L.	953
Acciona Solar Energy, LLC	--	USA	Thermosolar	100	Acciona Energy North America Corp.	43,937
Acciona Solar Holdings Pty. Ltd.	--	Australia	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Solar Power, Inc.	--	USA	Thermosolar	100	Acciona Energy USA Global, LLC	5,909
Acciona Solar Pty. Ltd.	--	Australia	Solar power	100	Acciona Solar Holdings Pty. Ltd.	-
Acciona Solar, S.A.	--	Navarra	Solar power	100	Acciona Generación Renovable, S.A.U.	860
Acciona Suministradora México, S. de R.L. de C.V.	(A)	Mexico	Commercialisation	100	Acciona Green Energy Development, S.L.	-
Acciona Wind Energy Canada Inc.	--	Canada	Holding company	100	Acciona Energía Internacional, S.A.	28,912
Acciona Wind Energy Private, Ltd	(A)	India	Wind power	100	Acciona Energía Internacional, S.A.	7,528
Acciona Wind Energy USA, LLC	--	USA	Holding company	100	Acciona Energy North America Corp.	436,824
AE Mex Global S. de R.L. de C.V.	(A)	Mexico	Holding company	100	Acciona Energía Global, S.L.U.	16,659
Aerosite Energy Private Ltd.	(A)	India	Wind power	100	Acciona Energía Global, S.L.U.	-
AEUG Asset Holdco Canada Inc	--	Canada	Wind power	100	Acciona Renewable Energy Canada Hold. LLC	43
AEUG Asset Holdco US, LLC	--	USA	Wind power	100	Acciona Energy USA Global, LLC	1,172
AEUG Fleming Solar, LLC	--	USA	Solar power	100	Acciona Energy USA Global, LLC	-
AEUG Madison Solar, LLC	--	USA	Solar power	100	Acciona Energy USA Global, LLC	-
AEUG Real Estate, LLC	--	USA	Wind power	100	Acciona Energy USA Global LLC	417
AEUG Union Solar, LLC	--	USA	Solar power	100	Acciona Energy USA Global, LLC	-
AFS Efficient Energy UK Limited	--	United Kingdom	Energy Efficiency	100	Acciona Esco, S.L.	533
Alabe Proyectos Eólicos, S.A.	--	Madrid	Holding company	100	Corporación Acciona Energías Renovables, S.L.	301
Almeyda Spa	(A)	Chile	Solar power	100	Acciona Energía Global, S.L.U.	-
Alsubh Solar Energy Holdings, S.A.	(A)	Madrid	Holding company	100	Acciona Energía Global, S.L.U.	5,611
Anchor Wind, LLC	--	USA	Wind power	100	Acciona Energy USA Global, LLC	3,859
Apoderada Corporativa General, S.A.	--	Madrid	Other	100	Corporación Acciona Energías Renovables, S.L.	2
Arcyz, SPA	(A)	Ukraine	Solar power	94.36	Dymerka Solar Poland Sp. Z.o.o.	4,459
Baltyk Energia Sp. Z.o.o.	--	Poland	Wind power	100	Acciona Energy Global Poland, Sp. Z.o.o.	2
Biodiesel Caparroso, S.L.U.	--	Navarra	Biofuels	100	Acciona Generación Renovable, S.A.U.	11,243
Biomasa Briviesca, S.A.	(A)	Burgos	Biomass	85	Acciona Biomasa, S.A.U.	4,191
Biomasa Miajadas, S.L.	(A)	Madrid	Biomass	100	Acciona Biomasa, S.A.U.	20,000
Biomasa Sangüesa, S.L.U.	--	Navarra	Biomass	100	Acciona Generación Renovable, S.A.U.	100
Blue Falcon 140 Trading Pty. Ltd.	(A)	South Africa	Wind power	55	Acciona Energy South Africa Pty. Ltd.	7,839
Cargacoches Cantabria, S.L.	--	Santander	Energy point top-offs	100	Cargacoches, S.L.	40
Cargacoches, S.L.	--	Madrid	Energy point top-offs	86.7	Cargacoches, S.L.	10,912

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CE Oaxaca II, S. de R.L. de C.V.	(A)	Mexico	Wind power	100	Acciona Energía México, S.R.L.	531
CE Oaxaca III, S. de R.L. de C.V.	(A)	Mexico	Wind power	100	Acciona Energía México, S.R.L.	-
CE Oaxaca IV, S. de R.L. de C.V.	(A)	Mexico	Wind power	100	Acciona Energía México, S.R.L.	442
Ceatesalas, S.L.U.	--	Madrid	Holding company	100	Corporación Acciona Energías Renovables, S.L.	384,956
Ceólica Hispania, S.L.	--	Madrid	Wind power	100	Acciona Eólica Cesa, S.L. Corporación Eólica La Cañada, S.L.U. Ternua Holdings, B.V.	49,404
Cesa Eolo Sicilia, S.R.L.	(A)	Italy	Wind power	100	Energía Solare Italia, S.r.l.	3,924
Charge and Parking, S.L.	--	Valencia	Energy point top-offs	100	Cargacoches, S.L.	300
Civerzba, S.L.	(A)	Madrid	Holding company	100	Acciona Energía Global, S.L.U.	4,307
Compañía Eólica Granadina, S.L.	(A)	Granada	Wind power	50	Ceólica Hispania, S.L.	2,990
Consorcio Eólico Chiripa, S.A.	(A)	Costa Rica	Wind power	65	Acciona Generación Renovable, S.A.U.	-
Corporación Acciona Eólica, S.A.U.	(A)	Madrid	Wind power	100	Corporación Acciona Energías Renovables, S.L.	234,929
Corporación Acciona Hidráulica, S.A.U.	(A)	Madrid	Hydraulic power	100	Corporación Acciona Energías Renovables, S.L.	65,003
Corporación Eólica Catalana, S.L.U.	--	Madrid	Wind power	100	Ceólica Hispania, S.L.	4
Corporación Eólica de Valdivia, S.L.U.	--	Madrid	Wind power	100	Ceólica Hispania, S.L.	1,936
Corporación Eólica La Cañada, S.L.U.	--	Madrid	Holding company	100	Ceatesalas, S.L.U.	1,368
Csf Almodovar, Unipessoal, Lda	--	Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	500
Dempsey Ridge Wind Farm, LLC	(A)	USA	Wind power	100	Acciona Wind Energy USA, LLC	140,636
Desarrollos Renovables Eólicos y Solares, S.L.	--	Badajoz	Solar power	100	Acciona Generación Renovable, S.A.U.	6,190
Desarrollos Renovables del Norte, S.L.	--	Madrid	Solar power	100	Acciona Biomasa, S.A.U.	1,268
Dymerka Solar MMC	(A)	Ukraine	Solar power	100	Dymerska Solar Poland Sp. Z.o.o.	2,218
Dymerka Solar Poland Sp. Z.o.o.	--	Poland	Holding company	100	Acciona Energy Global Poland Sp. Z.o.o.	7,746
Dymerska Photovoltaic Power Plant-2 LLC	(A)	Ukraine	Solar power	100	Dymerska Solar Poland Sp. Z.o.o.	808
Dymerska Photovoltaic Power Plant-3 LLC	(A)	Ukraine	Solar power	100	Dymerska Solar Poland Sp. Z.o.o.	775
Ecogrove Wind, LLC	(A)	USA	Wind power	100	Acciona Wind Energy USA, LLC	97,374
Efrato ITG, S.A.	(A)	Madrid	Holding company	100	Acciona Energía Global, S.L.U.	4,307
El Romero, SPA	(A)	Chile	Solar power	100	Acciona Energía Global, S.L.U.	98,172
Empordavent, S.L.	(A)	Barcelona	Wind power	100	Acciona Generación Renovable, S.A.U.	14,206
Empreendimientos Eólicos de Ribadelide, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	5,493
Empreendimientos Eólicos do Verde Horizonte, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	7,871
Energea Servicios y Mantenimiento. S.L.U.	(A)	Coruña	Maintenance	100	Terranova Energy Corporation, S.A.U.	3
Energia de Vila Pouca, Unipessoal, Lda	--	Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	1
Energia do Alqueva, Unipessoal, Lda	--	Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	1
Energía Renovable del Istmo II SA de CV	(A)	Mexico	Wind power	100	Acciona Energía México Global, LLC	14,388

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Energía Renovable del Sur, S.A.	--	Peru	Wind power	100	Acciona Energía Global, S.L.U.	12,504
Energías Alternativas de Teruel, S.A.	--	Teruel	Wind power	100	Acciona Generación Renovable, S.A.U.	3,667
Energías Eólicas de Catalunya, S.A.U.	(A)	Barcelona	Wind power	100	Acciona Generación Renovable, S.A.U.	6,000
Energías Renovables de Barazar, S.L.U.	--	Madrid	Holding company	100	Ceatesalas, S.L.U.	29,597
Energías Renovables de Ricobayo, S.A.	--	Madrid	Wind power	50	Ceólica Hispania, S.L.	152
Energías Renovables El Abra, S.L.U.	--	Vizcaya	Wind power	100	Ceólica Hispania, S.L.	2,228
Energías Renovables Peñanebina, S.L.U.	(A)	Madrid	Wind power	100	Ceólica Hispania, S.L.	2,679
Eólica de Rubio, S.A.U.	(A)	Barcelona	Wind power	100	Acciona Generación Renovable, S.A.U.	6,000
Eólica de Zorraquin, S.L.	(A)	Madrid	Wind power	66	Acciona Generación Renovable, S.A.U.	603
Eólica Villanueva, S.L.	(A)	Navarra	Wind power	66.66	Acciona Generación Renovable, S.A.U.	1,300
Eólicas do Marao, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	2,379
Eólico Alijar, S.A.	--	Seville	Wind power	100	Acciona Generación Renovable, S.A.U.	5,491
Eólicos Breogan, S.L.U.	--	Madrid	Wind power	100	Ceólica Hispania, S.L.	7
Esco France S.A.S.U.	--	France	Energy Efficiency	100	Acciona Esco, S.L.	25
Estación de Servicio Legarda, S.L.U.	--	Navarra	Biofuels	100	Acciona Biocombustibles, S.A.U.	1,135
Eurus, S,A.P.I de C.V.	(A)	Mexico	Wind power	94	Acciona Energía México, S.R.L.	3
Ferral Energia Real, Unipessoal, Lda	--	Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	1
Fort Bend Solar LLC	--	USA	Solar power	100	Acciona Energy USA Global, LLC	2,026
Fujin Power Private Ltd.	(A)	India	Wind power	100	Acciona Energía Global, S.L.U.	-
Generación de Energía Renovable. S.A.U.	--	Alava	Wind power	100	Ceólica Hispania, S.L.	4,528
Gestion de Recursos Corporativos, S.L.	--	Madrid	Other	100	Corporación Acciona Energías Renovables, S.L.	-
Golice Wind Farm Sp. Z.o.o.	(A)	Poland	Wind power	100	Acciona Energy Poland, Sp Z.o.o.	8,678
Guadalaviar Consorcio Eólico, S.A.U.	--	Madrid	Wind power	100	Alabe Sociedad de Cogeneración, S.A.U.	25
Gunning Wind Energy Developments Pty Ltd	(A)	Australia	Wind power	100	Gunning Wind Energy Holdings Pty Ltd	2,562
Gunning Wind Energy Holdings Pty Ltd	--	Australia	Wind power	100	Acciona Energy Oceanía, Pty. Ltd	2,562
Hidroeléctrica del Serradó, S.L.U.	--	Barcelona	Hydraulic power	100	Acciona Saltos de Agua, S.A.U.	1,844
High Point Solar, LLC	--	USA	Solar power	100	Acciona Energy USA Global, LLC	377
Hudzovka Solar 1 LLC	(A)	Ukraine	Solar power	92.15	Dymerka solar poland Sp. Z.o.o.	2,825
Hudzovka Solar 2 LLC	(A)	Ukraine	Solar power	88.61	Dymerka solar poland Sp. Z.o.o.	2,169
Ineuropa Proyectos Renovables, S.A.	--	Madrid	Holding company	100	Corporación Acciona Energías Renovables, S.L.	1,800
Infraestructuras Ayora, S.L.	--	Madrid	Wind power	84.72	Guadalaviar Consorcio Eólico Alabe Enerfin, S.A.U.	3
Proyectos Renovables Innovadores, S.A.	--	Seville	Wind power	100	Acciona Generación Renovable, S.A.U.	-
Irrigation Solar Farm, S.L.U.	--	Madrid	Solar power	100	Acciona Distributed Generation, S.L.	3

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KW Tarifa, S.A.U.	--	Madrid	Wind power	100	Corporación Acciona Energías Renovables, S.L.	3,700
La Chalupa Finance, LLC	--	USA	Holding company	100	Acciona Energy USA Global LLC	93,873
La Chalupa Holding, LLC	--	USA	Holding company	100	Acciona Energy USA Global LLC	93,873
La Chalupa LLC	(A)	USA	Wind power	100	Acciona Energy USA Global LLC	199,879
Lameque Wind Power Lp	(A)	Canada	Wind power	100	Acciona Wind Energy Canada Inc.	6,891
Loxton Wind Facility 1 Pty. Ltd.	--	South Africa	Wind power	100	Acciona Energy South Africa Global Pty. Ltd.	37
Macintyre UJV Operator Pty ltd	--	Australia	Wind power	100	Acciona Solar Holdings Pty. Ltd.	-
Macintyre Wind Farm Holding PTY LTD	--	Australia	Holding company	100	Acciona Energía Global, S.L.U.	-
Macintyre Wind Farm PTY LTD	--	Australia	Wind power	100	Macintyre wind farm holding pty ltd	-
Malgarida I SPA	(A)	Chile	Solar power	100	Acciona Energía Global, S.L.U.	-
Malgarida II SPA	(A)	Chile	Solar power	100	Acciona Energía Global, S.L.U.	-
Meltemi, Sp. Z.o.o.	(A)	Poland	Wind power	100	Acciona Energy Poland, Sp Z.o.o.	27,973
Mortlake South Wind Farm Holdings Pty. Ltd.	--	Australia	Holding company	100	Acciona Energía Global, S.L.U.	-
Mortlake South Wind Farm Pty. Ltd.	--	Australia	Wind power	100	Mortlake Soyuth Wind Farm Holdings Pty. Ltd.	-
Moura Fabrica Solar, Lda.		Portugal	Solar power	100	Acciona Generación Renovable, S.A.U.	1,854
Mt. Gellibrand Wind Farm Holding Pty, Ltd.	--	Australia	Holding company	100	Acciona Energía Global, S.L.U.	9,211
Mt. Gellibrand Wind Farm Pty, Ltd.	(A)	Australia	Wind power	100	Mt. Gellibrand Wind Farm holding Pty, Ltd.	9,666
Mysliborz Wind Farm Sp. Z.o.o.	--	Poland	Wind power	100	Acciona Energy Global Poland Sp. Z.o.o.	3
Nevada Solar One, LLC	(A)	USA	Thermosolar	100	NVS1 Investment Group, LLC	18,358
Notos Produçao de Energía, Lda	(A)	Portugal	Wind power	70	Sistemas Energéticos Sayago, S.L.U.	300
NVS1 Investment Group, LLC	--	USA	Thermosolar	100	Acciona Solar Energy, LLC	18,358
Palmas Wind Finance LLC	--	USA	Holding company	100	Acciona Energy USA Global LLC	98,889
Palmas Wind Holding LLC	--	USA	Holding company	100	Acciona Energy USA Global LLC	98,889
Palmas Wind, LLC	(A)	USA	Wind power	100	Acciona Energy USA Global, LLC	179,561
Parco Eólico Cocullo S.p.A.	(A)	Italy	Wind power	100	Energía Solare Italia, S.r.l.	1,994
Parque Eólico da Costa Vicentina, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	5,424
Parque Eolico da Raia, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	2,089
Parque Eólico de Manrique, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	1,971
Parque Eólico de Pracana, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	844
Parque Eolico do Outeiro, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	21,724
Parque Eolico dos Fiéis, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	498
Parque Eólico el Chaparro, S.L.U.	--	Madrid	Wind power	100	Alabe Sociedad de Cogeneración, S.A.U.	5
Parque Eólico Escepar, S.A.U.		Madrid	Wind power	100	Ceólica Hispania, S.L.	188

Group company	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Parque Eólico La Esperanza, S.L.U.	(A)	Madrid	Wind power	100	Ceólica Hispania, S.L.	2,698
Parque Eólico Peralejo, S.A.U.		Madrid	Wind power	100	Ceólica Hispania, S.L.	1,041
Parque Eólico San Gabriel SPA	(A)	Chile	Wind power	100	Acciona Energía Global, S.L.U.	9,330
Parque Eólico Villamayor, S.L.U.	(A)	Madrid	Wind power	100	Ceólica Hispania, S.L.	6,252
Parques Eólicos Celadas, S.L.U.	(A)	Madrid	Wind power	100	Ceólica Hispania, S.L.	4,693
Parques Eólicos de Ciudad Real, S.L.U.	(A)	Madrid	Wind power	100	Ceólica Hispania, S.L.	8,004
Parques Eólicos de San Lázaro, S.A. de C.V.	(A)	Mexico	Wind power	100	Acciona Energía México Global, LLC	11,714
Parques Eólicos del Cerrato, S.L.U.	(A)	Madrid	Wind power	100	Ceólica Hispania, S.L.	1,403
Pililin S.P.A.	--	Chile	Wind power	100	Acciona Energía Global, S.L.U.	-
Pitagora, S.R.L.	(A)	Italy	Wind power	100	Energía Solare Italia, S.r.l.	8,780
Pofadder Wind Facility 1 Pty. Ltd.	--	South Africa	Wind power	100	Acciona Energy South Africa Global Pty. Ltd.	51
Punta Palmeras, S.A.	(A)	Chile	Wind power	100	Acciona Energía Internacional, S.A.	37,297
Pyrenees Wind Energy Developments Pty. Ltd	(A)	Australia	Wind power	100	Pyrenees Wind Energy Holdings Pty. Ltd	7,957
Pyrenees Wind Energy Holdings Pty. Ltd	--	Australia	Holding company	100	Acciona Energy Oceanía, Pty. Ltd	11,905
Rec Energy Solutions, S.L.	--	Barcelona	Energy point top-offs	100	Cargacoches, S.L.	180
Red Hills Finance, LLC	(A)	USA	Holding company	100	Acciona Wind Energy USA, LLC	-
Red Hills Holding, LLC	--	USA	Holding company	95	Red Hills Finance, LLC	-
Red Hills Wind Project, LLC	(A)	USA	Wind power	100	Red Hills Holding LLC	18,909
Renovables del Penedés, S.A.U.	--	Badajoz	Wind power	100	Acciona Generación Renovable, S.A.U.	3,590
Ripley Windfarm JV	(A)	Canada	Wind power	100	Acciona Wind Energy Canada Inc	-
Saltos del Nansa I, S.A.U.	(A)	Santander	Hydraulic power	100	Acciona Saltos de Agua, S.A.U.	73,038
Saltos y Centrales de Catalunya, S.A.U.	(A)	Barcelona	Hydraulic power	100	Acciona Saltos de Agua, S.A.U.	12,279
San Roman Finance, LLC	--	USA	Holding company	100	Acciona Energy USA Global, LLC	47,185
San Roman Holding, LLC	--	USA	Holding company	100	Acciona Energy USA Global, LLC	44,552
San Roman Wind I, LLC	(A)	USA	Wind power	100	Acciona Energy USA Global, LLC	115,430
San Solar Energy Facility Pty. Ltd.	--	South Africa	Solar power	100	Acciona Energy South Africa Global Pty. Ltd.	334
Sociedad Explotadora de Recursos Eólicos, S.A.	(A)	Portugal	Wind power	100	Acciona Eólica Portugal Unipessoal, Lda.	7,227
Sierra de Selva, S.L.U.	(A)	Navarra	Wind power	100	Acciona Generación Renovable, S.A.U.	17,126
Sistemas Energéticos Sayago, S.L.U.	--	Madrid	Holding company	100	Acciona Energía Internacional, S.A.	319
Sistemas Energéticos Valle de Sedano, S.A.U.	(A)	Madrid	Wind power	100	Ceólica Hispania, S.L.	21,263
Sociedad Istmeña Desarrollo Eólico, S. de R.L. de C.V.		Mexico	Wind power	100	Acciona Energía México Global, LLC	2,182
Solar Bolarque, S.L.	--	Madrid	Solar power	100	Acciona Generación Renovable, S.A.U.	370
Solar PDV, Spa	--	Chile	Solar power	100	Acciona Energía Global, S.L.U.	297

Group company	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Solbioext 2, S.L.	--	Madrid	Solar power	75	Acciona Generación Renovable, S.A.U.	565
Solvboext 1, S.L.	--	Madrid	Solar power	75	Acciona Generación Renovable, S.A.U.	2
Sun Photo Voltaic Energy India Pvt, Ltd	(C)	India	Wind power	100	Acciona Energía Global, S.L.U.	26,043
Surya Energy Photo Voltaic India Pvt, Ltd	(A)	India	Wind power	100	Acciona Energía Global, S.L.U.	12,152
Tatanka Finance, LLC	--	USA	Holding company	100	Acciona Wind Energy USA, LLC	1,083
Tatanka Wind Holding, LLC	--	USA	Holding company	100	Tatanka Finance, LLC	1,842
Tatanka Wind Power, LLC	(A)	USA	Wind power	100	Tatanka Wind Holding, LLC	186,434
Ternua Holdings, B.V.	--	Holland	Holding company	100	Terranova Energy Corporation	48,146
Terranova Energy Corporation, S.A.	--	Barcelona	Wind power	100	Ceólica Hispania, S.L.	758
Tolpán sur S.P.A.	(A)	Chile	Wind power	100	Acciona Energía Global, S.L.U.	1,482
Tuppadahali Energy India Pvt, Ltd	(C)	India	Wind power	100	Acciona Energía Internacional, S.A.	14,804
Usya S.P.A	(A)	Chile	Solar power	100	Acciona Energía Global, S.L.U.	-
Valdivia Energía Eólica, S.A.	--	Seville	Wind power	100	Acciona Generación Renovable, S.A.U.	10,445
Velva Windfarm, LLC	--	USA	Wind power	100	Acciona Wind Energy USA, LLC	2,908
Vientos Bajo Hondo I, S.A.	--	Argentina	Wind power	100	Acciona Energía Global, S.L.U.	-
Vientos Bajo Hondo, S.A.	--	Argentina	Wind power	100	Acciona Energía Global, S.L.U.	-
Vjetroelektrana Cemernica, D.o.o.	--	Croatia	Wind power	100	Acciona Energía Internacional, S.A.	48
Vjetroelektrana Jelinak, D.o.o.	(A)	Croatia	Wind power	100	Acciona Energía Internacional, S.A.	12,003
Vjetroelektrana Opor, D.o.o.	--	Croatia	Wind power	100	Acciona Energía Internacional, S.A.	1,444
Voltser, Serviços de Operaçao e Manutençao de Centraos Fotovoltaicas Unipessoal, Lda.	--	Portugal	Maintenance	100	Acciona Portugal II – Energia Global, LDA	79
Windfall 59 Properties Pty. Ltd.	(A)	South Africa	Solar power	55	Acciona Energy South Africa Pty. Ltd.	1,947
Wolseley Wind Farm Pty. Ltd.	--	South Africa	Wind power	100	Acciona Energy South Africa Global (Propietary) Ltd	-

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PriceWaterhouseCoopers; (C) Deloitte; (D) Others

ANNEX II

<u>JOINTLY-CONTROLLED OPERATIONS</u>

The joint ventures consolidated by the equity method in fiscal year 2012, according to IFRS-EU, and the information relative to those companies are as follows (amounts in thousands of euros):

Group company	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Chin Chute Windfarm JV	(B)	Canada	Wind power	33	Acciona Wind Energy Canada Inc.	4,705
Iniciativas Energéticas Renovables, S.L.	--	Pamplona	Wind power	50	Acciona Energía, S.A.U.	15
Magrath Windfarm JV	(B)	Canada	Wind power	33	Acciona Wind Energy Canada Inc.	652

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PriceWaterhouseCoopers; (C) Deloitte; (D) Other

ANNEX III

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

The associated consolidated by the equity method in fiscal year 2012, according to IFRS-EU, and the information relative to those companies are as follows (amounts in thousands of euros):

Companies accounted for using the equity method	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Acciona Plug, S.L.	--	Majorca	Hydrogen power	50	Acciona Generación Renovable, S.A.U.	-
Alsubh Solar Power, S.A.E.	(A)	Egypt	Solar power	50	Alsubh Solar Energy Holdings, S.A.	4,759
Amper Central Solar, S.A.	(A)	Portugal	Solar power	65.6	Acciona Energía Internacional, S.A.	19,109
Aprofitament d'Energías Renovables de l'Ebre, S.L.	--	Barcelona	Wind power	9.76	Empordavent, S.L.	1,405
AT Operadora Puerto Libertad, SAPI de CV	--	Mexico	Solar power	50	Acciona Energía México Global, S.de R.L. de C.V.	539
AT Solar I, SAPI de CV	--	Mexico	Solar power	50	Acciona Energía México Global, S.de R.L. de C.V.	888
AT Solar II, SAPI de CV	--	Mexico	Solar power	50	Acciona Energía México Global, S.de R.L. de C.V.	538
AT Solar III, SAPI de CV	--	Mexico	Solar power	50	Acciona Energía México Global, S.de R.L. de C.V.	539
AT Solar V, SAPI de CV	(A)	Mexico	Solar power	50	Acciona Energía México Global, S.de R.L. de C.V.	16,209
Blue Canyon Windpower, LLC	--	USA	Wind power	14.8	Acciona Wind Energy USA, LLC	1,791
Carnotavento, S.A.	--	Coruña	Inactive	49	Eurovento, S.L.U.	-
Cathedral Rocks Construction and Management, Pty Ltd	--	Australia	Wind power	50	Acciona Energy Oceania Pty, Ltd	-
Cathedral Rocks Holdings 2, Pty. Ltd	--	Australia	Wind power	100	Cathedral Rocks Holdings, Pty. Ltd	24,336
Cathedral Rocks Holdings, Pty. Ltd	--	Australia	Wind power	50	Acciona Energy Oceania Pty, Ltd	13,449
Rocks Wind Farm, Pty. Ltd	(A)	Australia	Wind power	100	Cathedral Rocks Holdings 2, Pty. Ltd	24,336
Desarrollo de Energías Renovables de Navarra, S.A.	(D)	Pamplona	Wind power	50	Acciona Generación Renovables S.A.	2,830
Energías Renovables Mediterráneas, S.A.	(C)	Valencia	Wind power	50	Acciona Generación Renovables S.A.	79,500
Energy Corp Hungary KFT	(D)	Hungary	Wind power	50	Acciona Eólica Cesa, S.L.	1,475
Eólicas Mare Nostrum, S.L.	--	Valencia	Wind power	50	Acciona Generación Renovables S.A.	5,068
Eurovento. S.L.U.	--	Coruña	Wind power	50	Ceólica Hispania, S.L.	2,006
Explotaciones Eólicas Sierra de Utrera. S.L.	(D)	Madrid	Wind power	25	Ceólica Hispania, S.L.	833
Firefly Investments 238 (Proprietary) Limited	(C)	South Africa	Maintenance	45	Acciona Energy South Africa Global (Propietary) Ltd	-
Infraestructuras San Serván 220, S.L.	--	Madrid	Solar power	25.6	Desarrollos Renovables Eólicos y Solares, S.L.	915
Infraestructuras Villanueva, S.L.	--	Madrid	Wind power	40.53	Guadalaviar Consorcio Eólico Alabe Enerfín, S.A.U.	1
Líneas Eléctricas Asturianas. S.L.	--	Asturias	Holding company	100	Eurovento, S.L.U.	3

Companies accounted for using the equity method	Auditor	Address	Business activity	% ownership Interest	Owner of the interest	Book value (thousands of euros)
Líneas Eléctricas Gallegas II. S.L.	--	Coruña	Holding company	100	Eurovento, S.L.U. P.E. Virxe Monte, S.L. P.E. A Ruña, S.L. P.E. Currás, S.L.	3
Líneas Eléctricas Gallegas III. S.L.	--	Coruña	Holding company	100	Eurovento, S.L.U. P.E. Tea, S.L. P.E. Deva, S.L. P.E. Ameixenda, S.L.	4
Líneas Eléctricas Gallegas. S.L.	--	Coruña	Holding company	70	Eurovento, S.L.U. P.E.de Adraño, S.L.	3
Mov-R H1 Szeleromu Megujulo Energia Hasznosito KFT	(D)	Hungary	Wind power	98.5	Energy Corp Hungary KFT	1,491
Oakleaf Investment Holdings 86 (Proprietary) Limited	(C)	South Africa	Maintenance	50	Acciona Energy South Africa Global Pty Ltd	-
Operador del Mercado Ibérico – Polo Español. S.A.	(B)	Madrid	Other	5	Acciona Generación Renovables S.A.	1,583
Páramo de Los Angostillos, S.L.	(A)	León	Wind power	50	Acciona Generación Renovables S.A.	1,920
Parque Eólico A Ruña, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	4,988
Parque Eólico Adraño, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	3,557
Parque Eólico Ameixenda Filgueira, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	6,084
Parque Eólico Cinseiro, S.L.	--	Zamora	Wind power	50	Ceólica Hispania, S.L.	515
Parque Eólico Currás, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	1,924
Parque Eólico de Abara, S.L.	(C)	Asturias	Wind power	50	Ceólica Hispania, S.L.	676
Parque Eólico de Barbanza, S.L.	(D)	Coruña	Wind power	25	Eurovento, S.L.U.	919
Parque Eólico de Bobia y San Isidro, S.L.	(C)	Asturias	Wind power	50	Ceólica Hispania, S.L.	559
Parque Eólico de Deva, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	2,976
Parque Eólico de Tea, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	6,523
Parque Eólico Vicedo, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	564
Parque Eólico Virxe Do Monte, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	3,601
PARQUES EÓLICOS DE Buio, S.L.	(C)	Coruña	Wind power	50	Ceólica Hispania, S.L.	4,060
Renen Services LLC	(A)	Egypt	Solar power	50	Acciona Energía Global, S.L.U.	1
Rising Sun Energy, S.A.E.	(A)	Egypt	Solar power	38	Civerzba, S.L.	3,541
Sistemes Electrics Espluga, S.A.	--	Barcelona	Wind power	50	Energías Eólicas de Catalunya, S.A.U.	1,531
Sunrise Energy, S.A.E.	(A)	Egypt	Solar power	38	Efrato ITG, S.A.	3,541
Tuto Energy 1, S.A.P.I. de C.V.	--	Mexico	Solar power	50	Acciona Energía México Global, S.de R.L. de C.V.	749
Tuto Energy 2, S.A.P.I. de C.V.	(A)	Mexico	Solar power	50	Acciona Energía México Global, S.de R.L. de C.V.	15,285
Vento Mareiro, S.L.	--	Coruña	Inactive	49	Eurovento, S.L.U.	-
Ventos e Terras Galegas II, S.L.U.	--	Coruña	Holding company	50	Ceólica Hispania, S.L.	92
Ventos e Terras Galegas, S.L.U.	--	Coruña	Holding company	50	Ceólica Hispania, S.L.	2

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PriceWaterhouseCoopers; (C) Deloitte; (D) Others

ANNEX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

The changes in the scope of consolidation in 2021 were as follows:

Company	Address	Core business	Amendment	Consolidation method
Acciona Energia Financiacion Filiales Australia Pty Ltd	Australia	Financial Reporting	High	Global
Macintyre UJV Operator Pty Ltd	Australia	Wind power	High	Global
Rec Energy Solutions, S.L.	Barcelona	Energy point top-offs	Purchase	Global
Solar PDV, Spa	Chile	Solar power	Purchase	Global
Esco France S.A.S.U.	France	Energy Efficiency	Purchase	Global
Acciona Administración Energía Dos, S.L.	Madrid	Other	High	Global
Acciona Administración Energía Tres, S.L.	Madrid	Other	High	Global
Acciona Administración Energía, S.L.	Madrid	Other	High	Global
Acciona Desarrollo Corporativo Energía, S.L.	Madrid	Other	High	Global
Acciona Energía Financiación Filiales, S.A.	Madrid	Financial Reporting	High	Global
Acciona Esco, S.L.	Madrid	Energy Efficiency	Purchase	Global
Apoderada Corporativa General, S.A.	Madrid	Other	Purchase	Global
Cargacoches, S.L.	Madrid	Energy point top-offs	Purchase	Global
Gestion de Recursos Corporativos, S.L.	Madrid	Other	Purchase	Global
Infraestructuras San Serván 220, S.L.	Madrid	Solar power	High	Shareholding
Irrigation Solar Farm, S.L.U.	Madrid	Solar power	Purchase	Global
Acciona Plug, S.L.	Majorca	Hydrogen power	Purchase	Shareholding
Acciona Servicios Energéticos, S.L.R. de CV	Mexico	Energy Efficiency	Purchase	Global
Acciona Energía Perú S.A.C.	Peru	Holding company	High	Global
Energía Renovable del Sur S.A.	Peru	Wind power	Purchase	Global
Acciona Facility Services Poland Sp. Z.o.o.	Poland	Energy Efficiency	Purchase	Global
Baltyk Energia Sp. Z.o.o.	Poland	Wind power	Purchase	Global
CSF Almodovar, Unipessoal, Lda	Portugal	Solar power	Purchase	Global
Energia de Vila Pouca, Unipessoal, Lda	Portugal	Solar power	High	Global
Energia do Alqueva, Unipessoal, Lda	Portugal	Solar power	High	Global
Ferral Energia Real, Unipessoal, Lda	Portugal	Solar power	High	Global

Company	Address	Core business	Amendment	Consolidation method
AFS Efficient Energy UK Ltd.	United Kingdom	Energy Efficiency	Purchase	Global
Acciona Energía Dominicana, S.R.L.	Dominican Republic	Holding company	High	Global
Cargacoches Cantabria, S.L.	Santander	Energy point top-offs	Purchase	Global
Aberdeen Wind Facility 1 Pty. Ltd.	South Africa	Wind power	Purchase	Global
Loxton Wind Facility 1 Pty. Ltd.	South Africa	Wind power	Purchase	Global
Pofadder Wind Facility 1 Pty. Ltd.	South Africa	Wind power	Purchase	Global
Wolseley Wind Farm Pty. Ltd.	South Africa	Wind power	Purchase	Global
Charge and Parking, S.L.	Valencia	Energy point top-offs	Purchase	Global
Tolchén Transmisión, Spa	Chile	Wind power	Sales	Global
3240934 Nova Scotia Company	Canada	Wind power	Removed	Global
Acciona Amherst GP, Inc	Canada	Wind power	Removed	Global
Acciona Aulac GP Inc.	Canada	Wind power	Removed	Global
Acciona Energy Development Canada Inc	Canada	Wind power	Removed	Global
Amherst Wind Construction LP	Canada	Wind power	Removed	Global
Aulac Wind Power Lp	Canada	Wind power	Removed	Global
Zurich Wind Power GP Inc	Canada	Wind power	Removed	Global
Zurich Wind Power LP	Canada	Wind power	Removed	Global
Acciona EPC North America LLC	USA	Wind power	Removed	Global
Ecoavalon Wind, LLC	USA	Wind power	Removed	Global
Ecoleeds Wind, LLC	USA	Wind power	Removed	Global
Ecomagnolia, LLC	USA	Wind power	Removed	Global
Ecomont Wind, LLC	USA	Wind power	Removed	Global
Ecoridge Wind, LLC	USA	Wind power	Removed	Global
Ecovista Wind, LLC	USA	Wind power	Removed	Global
Heartland Windpower, LLC	USA	Wind power	Removed	Global
Pacific Renewable Energy Generation, LLC	USA	Wind power	Removed	Global
Table Mountain Wind, LLC	USA	Wind power	Removed	Global
Terranova Energy Corp.	USA	Holding company	Removed	Global
Wind Farm 66, LLC	USA	Wind power	Removed	Global
Wind Farm Bear Creek, LLC	USA	Wind power	Removed	Global

The changes in the scope of consolidation in 2020 were as follows:

Company	Address	Core business	Amendment	Consolidation method
Acciona Energy Singapore PTE LTD	Singapore	Solar power	High	Global
Acciona Power Marketing USA, LLC	USA	Wind power	High	Global
AEUG Fleming Solar, LLC	USA	Solar power	High	Global
AEUG Madison Solar, LLC	USA	Solar power	High	Global
AEUG Union Solar, LLC	USA	Solar power	High	Global
Bosques Solares de Bolívar 500 SAS	Colombia	Solar power	Sales	Global
Bosques Solares de Bolívar 501 SAS	Colombia	Solar power	Sales	Global
Bosques Solares de Bolívar 502 SAS	Colombia	Solar power	Sales	Global
Bosques Solares de Bolívar 503 SAS	Colombia	Solar power	Sales	Global
Bosques Solares de Bolívar 504 SAS	Colombia	Solar power	Sales	Global
Fort Bend Solar LLC	USA	Solar power	High	Global
High Point Solar, LLC	USA	Solar power	High	Global
La Chalupa Holding, LLC	USA	Holding company	High	Global
La Chalupa Finance, LLC	USA	Holding company	High	Global
La Chalupa LLC	USA	Wind power	High	Global
Mysliborz Wind Farm SP ZOO	Poland	Wind power	High	Global
Renen Services LLC	Egypt	Solar power	High	Shareholding
Solvioext 1, S.L.	Madrid	Solar power	High	Global
Solvioext 2, S.L.	Madrid	Solar power	High	Global

ANNEX V

UPDATED LIST OF NET PRESENT VALUE BY FACILITY TYPE

The net present value (NPV) by facility type (IT) is shown below, along with other parameters of the consolidated MW operated by the Group for the current regulatory half-period (2020-2022), according to the latest parameters approved by the regulator and published in Order TED/171/2020:

Facility Type	Consolidated MW operated by the Group	Net present value (NPV) (millions of euros)	Return on investment (thousands of €/MW/year)	Annual variable remuneration (millions of euros)	Regulatory end of life
IT-00079	1.2	8.32	730.3	0.88	2032
IT-00635	4	4.17	138.3	0.55	2028
IT-00636	3	3.48	144.6	0.43	2029
IT-00654	268.22	48.5	2.1	0.57	2024
IT-00655	426.85	117.32	14.5	6.17	2025
IT-00656	219.65	92.89	37.2	8.18	2026
IT-00657	636.09	402.2	71	45.16	2027
IT-00658	128	113.43	104.4	13.37	2028
IT-00659	412.39	415.57	113.1	46.65	2029
IT-00660	70.55	80.26	122.6	8.65	2030
IT-00661	127.5	138.92	107.2	13.66	2031
IT-00662	63	71.2	103.2	6.5	2032
IT-00663	39	44.2	99.7	3.89	2033
IT-00675	0.3	0.28	191.6	0.06	2025
IT-00697	14.8	1.85	27.6	0.41	2021
IT-00698	5.04	1.41	72.9	0.37	2022
IT-00699	1.2	0.51	95.1	0.11	2023
IT-00700	4.2	2.29	106.7	0.45	2024
IT-00702	7.3	5.5	117.1	0.85	2026
IT-00706	4.9	5.63	135.7	0.67	2030
IT-00760	5.9	3.5	44.2	0.26	2032
IT-00812	24.8	9.35	7	0.17	2032
IT-00834	30.2	43.89	197.7	5.97	2030
IT-00839	16	33.47	227.3	3.64	2035
IT-00840	15	34.03	238.8	3.58	2036
Other smaller plants (Solar PV)	1.06	--	622.6	0.66	--
Total		**1,682.14**		**171.86**	

The net present value (NPV) by facility type (IT) is shown below, along with other parameters of the consolidated MW operated by the Group for the previous regulatory half-period (2017-2019), according to the latest parameters approved by at that time:

Facility Type	Total MW operated by the Group	Return on investment (thousands of €/MW/year)	Annual variable remuneration (millions of euros)
IT-00079	1.2	730.3	0.88
IT-00635	4	138.1	0.62
IT-00636	3	144.6	0.48
IT-00654	268.22	2.1	6.07
IT-00655	426.85	14.5	14.34
IT-00656	219.65	37.2	12.04
IT-00657	636.09	71	55.06
IT-00658	128	104.4	15.24
IT-00659	412.39	113.1	52.39
IT-00660	70.55	122.6	9.6
IT-00661	127.5	107.1	15.3
IT-00662	63	103.2	7.29
IT-00663	39	99.7	4.36
IT-00675	0.3	191.1	0.06
IT-00697	14.8	27.6	1.08
IT-00698	5.04	72.9	0.52
IT-00699	1.2	94.8	0.14
IT-00700	4.2	106.3	0.52
IT-00702	7.3	116.5	0.94
IT-00706	4.9	135	0.7
IT-00760	5.9	44.2	0.3
IT-00812	24.8	7	0.3
IT-00834	30.2	197.7	6.57
IT-00839	16	227.3	3.89
IT-00840	15	238.8	3.81
Other smaller plants (Solar PV)	1.06	735.8	0.78
			213.28

Part I - Analysis of the financial year

The Group presents its results in compliance with International Financing Reporting Standards (IFRS) under a corporate structure composed of the following geographical areas and businesses (technologies):

- Geographical areas. The main geographical areas where the Group operates are Spain and the rest of Europe, America, Australia and other regions. The Americas region includes: Mexico, Chile, The United States, Canada, Costa Rica, Colombia, Peru, and Argentina; Rest of Europe includes: Portugal, Italy, Croatia, Poland, Ukraine, Hungary, France, and the United Kingdom; and Other regions includes: South Africa, India, and Egypt, primarily.

- Technologies. Wind, photovoltaic, hydraulic, biomass, thermosolar and others. The caption titled Others includes the biofuel and retail businesses, primarily, in addition to the new businesses acquired this year (energy efficiency and top-off points).

The Alternative Performance Measures, or APMs, consistently used by the Group in this directors' report are defined below:

EBITDA or gross operating profit: defined as earnings before interest, taxes, depreciation and amortisation, i.e., it shows the Group's operating result. It is calculated by taking the following items from the consolidated income statement: "net revenue", "other revenue", "changes in stocks of finished products and work in progress", "cost of goods sold", "personnel expenses" and "other operating expenses" and "equity-accounted profit (loss) from similar activities".

Net financial debt: shows the debt incurred by the Group, but in net terms after discounting cash and similar financial assets. There is a detailed reconciliation in the section of the Directors' Report on net financial debt. It is calculated by taking the following consolidated balance sheet items: non-current and current "Debentures and other marketable securities", non-current and current "Bank borrowings", non-current and current "Lease obligations" and non-current and current "Payable to Group companies, associates and related parties" (the latter two headings excluding payables to related parties as shown in note 18 - Related party transactions), less "Cash and cash equivalents" and "Other current financial assets".

Net debt excluding IFRS 16: defined as net financial debt less non-current and current "Lease obligations" on the balance sheet.

Gearing ratio: reflects the ratio between the Group's net debt and its equity. It is calculated by dividing the following items: "net financial debt" (calculated as explained above) by "equity".

Gross ordinary investment: this is defined as the net change for the period in the balance of tangible and intangible assets, financial assets and real estate, corrected for the following items:

- Depreciation and amortisation and impairment for the period
- Proceeds from the disposal of fixed assets
- Changes due to fluctuations in the exchange rate

Net ordinary investment: defined as ordinary gross investment plus/minus the change in "other payables" associated with suppliers of fixed assets and related movements other than cash flows.

Disinvestments: proceeds from the disposal of businesses or significant cash-generating units as part of a divestment strategy.

Net cash flow from investments: Net ordinary investments less disinvestments.

Operating cash flow: represents the ability of assets to generate funds in terms of net financial debt. It is obtained as follows: EBITDA less the result of companies accounted for using the equity method whose corporate purpose is similar to the Group's ("equity-accounted result - analogous activity"), plus/minus the change in operating working capital, less net finance cost, plus/minus income tax receipts/payments, plus/minus other receipts/payments other than those included in Net Investment Cash Flow and those constituting shareholder remuneration.

Management uses these APMs for financial, operational and planning decisions, as well as to evaluate the Group's performance and that of its subsidiaries.

Management considers that these APMs provide additional financial information that is useful and suitable for assessing the performance of the Group and its subsidiaries, as well as for decision-making by users of financial information.

1. Executive Summary

Main milestones of the period

- Corporación Acciona Energías Renovables, S.A. has completed its initial public offering. Its stock was listed on the securities exchanges of Madrid, Barcelona, Bilbao and Valencia for the first time on 1 July with the symbol 'ANE'.

- The results of the financial year up to December 2021 show strong growth in all lines of earnings, driven by the generating business both in Spain and internationally, despite the overall weakness of production. In Spain, results also grew because of the rebate of the hydroelectric concession fee and the swift recovery of the regulatory value, whereas the wholesale side of the business was heavily hedged. The international business obtained high prices in the new capacity that began operating in the United States (in Texas). The reduction in financial costs in the context of the Group's new financial structure has contributed significantly to the strong growth in income.

- The Group has received the maximum ESG rating of the world energy sector from S&P Global Ratings. In terms of sustainable financing, in May 2021 the Group signed a syndicated credit facility for €2,500 million to prepare its financial independence in the context of the initial public offering, with an innovative ESG-linked 'dual impact' structure. In addition, the company obtained a public rating of "Investment Grade" from Fitch and DBRS on 26 August 2021. The ratings are BBB- and BBB (high) respectively, and have enabled the company to issue its first two highly successful €500M green bonds, reducing the financing cost and extending the average term of its debt. The company has also launched its commercial paper programme, which up until now has benefited from negative yields.

- Total revenues in 2021 rose to €2,472 million, representing a 39.7% increase over 2020. EBITDA increased by 25.2% to €1,087 million, and the attributable net earnings grew to €363 million (+76.2%).

- With regard to main indicators, the average price of generation rose by 19.3% to €75.5/MWh; 27.2% higher in Spain, and 12.1% higher internationally.

- Total installed capacity was 11.2 GW at the year end, compared with 10.7 GW in December 2020. At the consolidated level, capacity grew from 8.6 GW to 9.2 GW, a 6.2% increase. During the period a total of 557 MW (gross) were installed, represented primarily by 140 MW of wind in Australia (Mortlake South), 145 MW of wind in Mexico (San Carlos), 209 MW of photovoltaic in Chile (Malgarida) and 48 MW of wind in Spain (Celada Fusión). In December 2021, total capacity under construction rose to 691 MW, mainly in the United States and Spain. The company expects to install up to 0.8 GW in 2022.

- Production during the period grew less than projected owing to meteorological incidents in the USA, the generalised reduction in resources throughout the portfolio, and curtailments. Consolidated productions exceeded 20 TWh for the first time, with a production of 20,093 GWh, a 3.3% increase over the previous year. In the national market, production fell by -2.6%, to 9,561 GWh, with a 5.3% increase in wind production and a drop of -26.9% in hydraulic production. Consolidated production of international assets rose by 9.4% to 10,532 GWh, including the new operative capacity. Excluding the new assets, consolidated production of the business fell by 7.2%.

- The Group's total EBITDA reached €1,087 million, some 25.1% higher than in 2020.

- In Spain, EBITDA rose by 47.9% to €531 million. Average wholesale prices in 2021 have more than tripled to €111.9/MWh compared with €34.0/MWh in 2020. The average price recorded by the Group in the Spanish market, including regulated income, grew by 27.2% to €83.6/MWh, with the interannual increase in the price reached in the market contained by hedges in the wholesale market, and by the stability of regulatory incentives and the banding mechanism (applicable to certain regulated assets).

- The positive court judgment with respect to the Spanish hydroelectric concession fee increases EBITDA by another €77 million, more than offsetting the absence of €19 million from the positive effect in 2020 of the reversal of losses of value in the contribution of the assets using the equity method.

- The EBITDA of the international business grew by 9.23% to €556 million, driven by new assets that came online (chiefly in the United States market, with good commercial and operative management in the extraordinary meteorological conditions that occurred in Texas), despite less production.

- The net cash flow from investments in 2021 grew to €819 million, including €113 million paid early in the year for the purchase to KKR of an additional 8.33% share in the sub-group Acciona Energía Internacional at the end of 2020, increasing the Group's equity in the subsidiary to 75%.

- The net financial debt was €1,989 million (including IFRS 16), compared to €3,636 million in December 2020, driven by the capitalisation of the intra-group debt carried out in the context of the IPO for a sum of €1,859 million. The operating cash flow covered most of the net cash flow from investments.

- Following the communication from the National Securities Market Commission ('CNMV') of 21 October 2021, establishing the accounting criterion of the banding mechanism for regulated Spanish renewable assets, the Group has adopted the new directives. The new criterion provides that, as a general rule, deviations arising from the regulatory banding mechanism—positive or negative—must be recorded in the financial statements. This has led to a restatement of the Group's financial statements in 2020 and the recognition of impacts on the Spanish regulated business consistent with the banding mechanism (for example, equity of 2020 drops by €58.5 million and EBITDA of 2020 increases by €8.9 million as a consequence of the restatement). Nevertheless, for those assets (IT) for which the company estimates that their respective net asset value (NAV) will be zero at the end of the present regulatory semi-period (January 2020–December 2022) or no regulatory investment revenues (Rinv) will be allotted in the following regulatory semi-period (January 2023–December 2025), the liability associated with the banding mechanism is estimated as zero. The revenues of these assets are recognised at market value, not under the banding mechanism.

Consolidated income statement aggregates

(Millions of euros)	2,021	2020 (*)	% Change
Sales	2,472	1,769	39.7%
EBITDA	1,087	868	25.2%
Pre-tax profits	563	329	71.1%
Net profit of parent	363	206	76.2%

(*) Restated

Balance sheet aggregates

(Millions of euros)	2021	2020 (*)	% Change
Equity	5,354	2,980	79.7%
Net debt	1,582	3,248	-51.3%
Net debt including IFRS 16	1,989	3,636	-45.3%

(*) Restated

Operating aggregates

	2021	2020	% Change
Total installed capacity (MW)	11,245	10,694	5.2%
Consolidated installed capacity (MW)	9,169	8,631	6.2%
Total production (GWh)	24,541	24,075	1.9%
Consolidated production (GWh)	20,093	19,451	3.3%
Average number of employees	1,762	1,543	14.2%

Breakdown of consolidated production (GWh)

	2021	2020	Change	Change (%)
Spain	**9,561**	**9,821**	**(260)**	**-2.6%**
Wind	7,376	7,007	369	5.3%
Hydraulic	1,735	2,374	(639)	-26.9%
Solar photovoltaic	5	3	2	66.7%
Biomass	445	437	8	1.8%
USA	1,862	2,097	(235)	-11.2%
Mexico	3,137	2,610	527	20.2%
Chile	2,085	1,462	623	42.6%
Australia	1,030	1,106	(76)	-6.9%
Rest of Europe	918	862	56	6.5%
Other	1,500	1,493	7	0.5%
Total	**20,093**	**19,451**	**642**	**3.3%**

2. Consolidated Income Statement

(Millions of euros)	2021	2020 (*)	Change	Change (%)
Net revenue	2,472	1,769	703	39.74%
Other revenue	252	562	-310	-55.16%
Cost of goods sold	-1,066	-905	-161	17.79%
Personnel expenses	-150	-115	-35	30.43%
Other external expenses	-484	-500	16	-3.20%
Results of companies accounted for using the equity method	63	57	6	10.53%
EBITDA	**1,087**	**868**	**219**	**25.23%**
EBITDA margin according to revenue (%)	*43.97%*	*49.07%*	*-5.09%*	*-10.38%*
Depreciation and amortisation and change in provisions	-381	-409	28	-6.85%
Results of asset impairment	-2	85	-87	-102.35%
Net profit/(loss) on disposal of non-current assets	1	0	1	N.A.
Others profit and loss	-9	0	-9	N.A.
OPERATING PROFITS (EBIT)	**696**	**544**	**152**	**27.94%**
Financial income	16	4	12	300.00%
Financial expenses	-142	-238	96	-40.34%
Translation differences	10	-4	14	-350.00%
Changes in provisions for investment	-1	-1	0	0
Income from changes in the value of financial instruments at fair value	-16	24	-40	-166.67%
PROFIT BEFORE TAX	**563**	**329**	**234**	**71.12%**
PBT margin according to revenue (%)	*22.78%*	*18.60%*	*4.18%*	*22.46%*
Corporate tax expense	-170	-98	-72	73.47%
PROFIT /(LOSS) FOR THE PERIOD	**393**	**231**	**162**	**70.13%**
Minority interests	-30	-25	-5	20.00%
PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	**363**	**206**	**157**	**76.21%**

(*) Restated

Revenue

(Millions of euros)	2021	2020 (*)	Change	Change (%)
Spain	1,502	1,002	500	49.9%
Rest of Europe	231	164	67	40.9%
America	605	440	165	37.5%
Australia	59	92	(33)	-35.9%
Other zones	75	71	4	5.6%
Total revenue	**2,472**	**1,769**	**703**	**39.7%**

(Millions of euros)	2021	2020	Change	Change (%)
Wind power	1,324	1,092	232	21.2%
Photovoltaic power	105	118	(13)	-11.0%
Hydraulic	172	89	83	93.3%
Biomass and thermosolar	84	74	10	13.5%
Other	787	396	391	98.7%
Total revenue	**2,472**	**1,769**	**703**	**39.7%**

(*) Restated

Revenue increased by 40% standing at €2,472 million, due to the combined effect of the following factors:

- Higher domestic sales due to a significant increase in sale prices and higher wind production, partially offset by the decline in hydraulic production.

- Higher sales in the US as a result of the price increase in early 2021 affecting several of the Group's wind farms, offset by lower production at certain wind farms.

- Higher sales in other countries (Chile and Italy, primarily) due to an increase in market prices.

- Higher retail sales, mainly in the domestic market, due to higher prices and consumption by customers.

- New facilities commissioning in 2021 and/or second semester of 2020, primarily in Chile, Mexico and the US.

Gross Operating Revenue (EBITDA)

(Millions of euros)	2021	2020 (*)	Change	Change (%)
Spain	531	359	172	47.9%
Rest of Europe	111	90	21	23.3%
America	358	296	62	20.9%
Australia	30	71	(41)	-57.7%
Other zones	57	52	5	9.6%
Total EBITDA	**1,087**	**868**	**219**	**25.2%**

(Millions of euros)	2021	2020 (*)	Change	Change (%)
Wind power	891	699	192	27.5%
Photovoltaic power	89	85	4	4.7%
Hydraulic	96	50	46	92.0%
Biomass and thermosolar	34	32	2	6.3%
Other	(23)	2	(25)	-1250.0%
Total EBITDA	**1,087**	**868**	**219**	**25.2%**

(*) Restated

EBITDA in fiscal year 2021 increased by 25.23% to €1,087 million, mainly due to higher energy prices, as well as the contribution of the newly commissioned plants and the positive effect of the ruling on the hydraulic tax in Spain also had a positive effect, contributing €77 million and compensating by €19 million the positive impact in 2020 of reversing the impairment of assets accounted for using the equity method.

Net operating profit (EBIT)

Pre-tax operating profit stood at €696 million compared to €544 million the year before, representing an increase of 28%. The year 2020 saw positive results from the reversal of €87 million of impaired assets by extending their useful lives from 25 to 30 years, partially mitigated by higher provisions, and by an increase in amortisation costs this year due to the newly commissioned wind farms.

Profit before tax

(Millions of euros)	2021	2020 (*)	Change	Change (%)
Spain	423	219	204	93.2%
Rest of Europe	72	38	34	89.5%
America	66	44	22	50.0%
Australia	(6)	28	(34)	-121.4%
Other zones	8	--	8	N.A.
Total profit before tax	**563**	**329**	**234**	**71.1%**

(Millions of euros)	2021	2020 (*)	Change	Change (%)
Wind power	474	355	119	33.5%
Photovoltaic power	29	34	(5)	-14.7%
Hydraulic	73	(10)	83	-830.0%
Biomass and thermosolar	15	(48)	63	-131.3%
Other	(28)	(2)	(26)	1300.0%
Total profit before tax	**563**	**329**	**234**	**71.1%**

(*) Restated

Profit before tax was €563 million, compared to €329 million the year before, representing an increase of 71% driven mainly by the change in EBITDA discussed above, as well as by lower financial costs incurred by Group companies under the new financial reporting structure implemented at the time of the IPO, mainly due to the capitalisation of €1,859 million intra-group securities; offset by the change in the fair value of certain energy hedges as a result of the rise in market prices.

Profit attributable to parent company

Net profit attributable to the parent company was €363 million, which is 76.21% more than the year before.

3. Consolidated balance sheet, cash flow and investment:

(Millions of euros)	2021	2020 (*)	Change €M	Change (%)
Intangible assets and PPE	7,601	7,170	431	6.0%
Right of use	366	352	14	4.0%
Financial investments	42	27	15	55.6%
Investments accounted for using the equity method	302	348	(46)	-13.2%
Other non-current assets	599	491	108	22.0%
NON-CURRENT ASSETS	**8,910**	**8,388**	**522**	**6.2%**
Inventories	125	109	16	14.7%
Receivables	536	430	106	24.7%
Other current assets	285	157	128	81.5%
Other current financial assets	172	196	(24)	-12.2%
Cash and other cash equivalents	625	468	157	33.5%
CURRENT ASSETS	**1,743**	**1,360**	**383**	**28.2%**
TOTAL ASSETS	**10,653**	**9,748**	**905**	**9.3%**
Share capital	329	329	--	0.0%
Reservations	4,262	2,174	2,088	96.0%
Conversion differences	21	(96)	117	-121.9%
Profit/loss attributable to parent	363	206	157	76.2%
ATTRIBUTABLE EQUITY	4,975	2,613	2,362	90.4%
MINORITY INTERESTS	379	367	12	3.3%
EQUITY	**5,354**	**2,980**	**2,374**	**79.7%**
Bank borrowings and obligations	1,984	2,576	(592)	-23.0%
Long-term lease obligations	384	368	16	4.3%
Other non-current liabilities	1,156	891	265	29.7%
NON-CURRENT LIABILITIES	**3,524**	**3,835**	**(311)**	**-8.1%**
Bank borrowings and obligations	611	1,543	(932)	-60.4%
Short-term obligations	23	20	3	15.0%
Trade payables	420	358	62	17.3%
Other current liabilities	721	1,012	(291)	-28.8%
CURRENT LIABILITIES	**1,775**	**2,933**	**(1,158)**	**-39.5%**
TOTAL LIABILITIES AND EQUITY	**10,653**	**9,748**	**905**	**9.3%**

(*) Restated

Attributable equity

The equity attributable to ACCIONA at 31 December 2021 es €5,354 million, or 79.66% higher than at 31 December 2020 due to the capitalisation de €1,859 million of debt with Acciona Financiación Filiales companies.

Net financial debt

(Millions of euros)	2021	2020	Change €M	Change (%)
Borrowings	2,379	3,912	(1,533)	-39.2%
Cash + Current financial assets	(797)	(664)	(133)	20.0%
Net financial debt	**1,582**	**3,248**	**(1,666)**	**-51.3%**
Net financial debt incl. IFRS 16	**1,989**	**3,636**	**(1,647)**	**-45.3%**

The change in the gearing ratio is as follows:

	2021	2020
Gearing ratio (Incl. IFRS 16/Equity) (%)	37%	122%

Cash flows

(Millions of euros)	2021	2020 (*)	Change €M	Change (%)
EBITDA	1,087	868	219	25.2%
Financial	(116)	(210)	94	-44.8%
Change in working capital	44	(86)	130	-151.2%
Other operating	(221)	(114)	(107)	93.9%
Cash flows from operations	**794**	**458**	**336**	**73.4%**
Net ordinary investment	(614)	(724)	110	-15.2%
Other cash flows from investments	(205)	148	(353)	-238.5%
Net cash flows from investments	**(819)**	**(576)**	**(243)**	**42.2%**
Derivative debt	21	17	4	23.5%
Exchange rate debt	(15)	45	(60)	-133.3%
Dividend	(100)	(75)	(25)	33.3%
Capitalisation intragroup debt	1,859	14	1,845	N.A.
Change in consolidation scope and other	(74)	115	(189)	-164.3%
Cash flows from financing and other	**1,691**	**116**	**1,575**	N.A.
Change in net debt + reduction/increase	**1,666**	**(2)**	**1,668**	N.A.

(*) Restated

Net financial debt at 31 December 2021 was €1,989 million (including €407 million of IFRS16 lease obligations), down €1,647 million compared to December 2020. The change in net financial debt is due to a combination of the following factors:

- Operating Cashflow, in the amount of 794 million euros, including a €44 million change in positive working capital and a one-time payment related to the final settlement of a trade dispute with a former trading partner.

- Net cash flows from investments, in the amount of -€819 million, -€614 million of which is net ordinary investment. The net investment cash flow also reflects €258 million of deferred payments in connection with debt management in the middle of the COVID-19 pandemic in 2020, as well as €113 million paid at the beginning of the year for the purchase, at the end of 2020, of an additional 8.33% in Acciona Energía Internacional from KKR Internacional, bringing the group's stake in the subsidiary to 75%.

- Cash flows from financing and other, which totalled €1,691 million. This figure includes the capitalisation of intra-group debt totalling €1,859 million as well as €100 million in dividends paid to Acciona S.A. on 1 April 2021.

Net investment

(Millions of euros)	2021	2020	Change €M	Change (%)
Spain	75	39	36	92.3%
America	311	549	(238)	-43.4%
Australia	104	121	(17)	-14.0%
Rest of Europe	10	32	(22)	-68.8%
Other zones	1	(17)	18	-105.9%
Purchase 8.33% shareholding AEI	113	--	113	N.A.
Net ordinary investment	**614**	**724**	**(110)**	**-15.2%**

Net ordinary investment totalled €614 million, €426 million of which is related to the construction of new generation assets concentrated in the five growth poles or hubs of Australia, Chile, Mexico, USA and Spain. A higher stake in the subsidiary, Acciona Energía Internacional, entailed an additional investment of €113 million.

4. <u>Relevant facts of the period</u>

- **29 June 2021:** Announcement of Pre-Stabilisation Period. The stabilisation period is expected to begin on 1 July 2021 and end by no later than 30 July 2021.

  Citigroup Global Markets Europe AG, as stabilising agent of the initial offering of shares of common stock in Corporación Acciona Energías Renovables, S.A., reports that stabilisation transactions may be performed on the securities exchanges of Madrid, Barcelona, Bilbao and Valencia (the 'Spanish Security Exchanges') and in other trading locations.

  Acciona, S.A., sole shareholder of Corporación Acciona Energías Renovables, S.A., has lent securities to Citigroup Global Markets Europe AG to buy a maximum of 7,408,138 shares of common stock in Corporación Acciona Energías Renovables, S.A. to pay for over-allocations of shares in the offering.

  The stabilising agent may make transactions in order to support the market price of the securities during the stabilisation period at a price that does not exceed the offering price.

- **29 June 2021:** The process for gauging demand for the initial public offering of common stock in Corporación Acciona Energías Renovables, S.A. aimed at rated investors has now concluded. The terms of the offering were set as follows:

  Offering Price: 26.73 euro per share.

  Offering Size: the number of shares covered by the offering is 49,387,588 shares of common stock in Corporación Acciona Energías Renovables, S.A., representing 15% of its share capital.

Greenshoe Option: the number of shares covered by the offering may be increased by a maximum of 7,408,138 additional shares (equivalent to 15% of the number of shares of common stock constituting the initial size of the offering and representing 2.25% of the share capital of Corporación Acciona Energías Renovables, S.A.) if Citigroup Global Markets Europe AG or any of its agents, as stabilisation agent, exercise the call option granted by Acciona regarding all or part of those extra shares.

- **15 July 2021:** Citigroup Global Markets Europe AG, in its capacity as stabilisation agent, reports that it has not carried out stabilisation transactions with respect to the shares of Corporación Acciona Energías Renovables, S.A. on the securities exchanges of Madrid, Barcelona, Bilbao and Valencia or on other trading centres.

  Citigroup Global Markets Europe AG has exercised in full the greenshoe option to buy a maximum of 7,408,138 existing shares of ordinary stock in Corporación Acciona Energías Renovables, S.A. at the offer price (26.73 euro per share) granted by Acciona, S.A., majority shareholder of Corporación Acciona Energías Renovables, S.A.

  After exercising this greenshoe option, the stabilisation period (which was initially planned to conclude on 30 July 2021) is considered to be concluded as of the present date.

- **26 August 2021:** The Group has obtained, as of today's date, a corporate credit rating of 'BBB (high)' with 'Stable Trend' from the DBRS Morningstar rating agency. As of today's date, the agency has firstly published a provisional rating in order to subsequently confirm the final 'BBB (high)' rating. This rating falls within the Investment Grade category.

- **26 August 2021:** The Group has obtained, as of today's date, a long-term corporate credit rating of 'BBB-' with a 'Stable' outlook, from rating agency Fitch Ratings. Fitch Ratings has also assigned the Company a short-term credit rating of 'F3'. These ratings fall within the Investment Grade category

- **30 September 2021:** The Group reports on the first issue of public green bonds under the international programme Euro Medium Term note (EMTN) for the issue of fixed-income bonds. The amount of the issue is €500,000,000.

- **18 October 2021:** The Group reports entering into a liquidity agreement with Bestinver Sociedad de Valores, S.A. The agreement will enter into effect on 19 October 2021.
  The trading in treasury stocks of the Group performed by Bestinver Sociedad de Valores, S.A. will be carried out on the Spanish securities exchanges with the aim of: (i) improving transaction liquidity; and (ii) providing regularity in the quotation.
  The agreement will have a duration of 12 months, which can be extended tacitly for the same period. The total number of shares assigned to the securities account associated with the agreement is 45,000 shares and the amount assigned to the cash account is €1,295,100.

- **19 January 2022:** The Group presents a breakdown of the transactions of the liquidity agreement between 19/10/2021 and 18/01/2022, both inclusive. It details the transactions relating to the fifteenth quarter of that agreement (from 19 October 2021 to 18 January 2022, both inclusive).

5. Share capital

At 31 December 2021, the share capital of Group Corporación Acciona Energías Renovables is €329,250,589 divided into 329,250,589 registered shares with a par value of 1 euro each.

At 31 December 2021, the Group holds 53,937 shares of treasury stock, which accounts of 0.02% of the total.

The changes in treasury stock in 2021 are as follows:

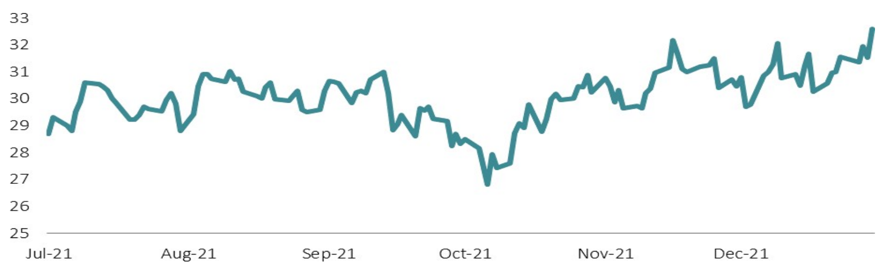
	2021	
	Number of shares	**Cost (thousands of euros)**
Opening balance	-	-
Added	498,191	15,282
Disposals	-444,254	-13,586
Closing balance	**53,937**	**1,696**

6. Dividend

On 23 February 2021, the Board of Directors of Corporación Acciona Energías Renovables proposed the payment of a dividend of €92 million against 2021 earnings.

7. Stock price and performance

Stock market capitalisation



Key stock market data

Price at 31 December 2021 (€/share)	32.58
Price at 1 July 2021 (€/share)	26.73
2021 low price (06/10/2021)	26.80
2021 high price (30/12/2021)	32.58
Average daily volume (shares)	181.40
Average daily volume (€)	5,314,972
Number of shares	329,250,589
Market capitalisation 31/12/21 (millions of €)	10,727.0

Part II - Business risks and uncertainties.

The Group Corporación Acciona Energías Renovables, due to its line of business and geographical diversification, is exposed to certain financial risks that are effectively managed by a risk management system. This system is designed to identify events that could potentially affect the company, manage risks by

establishing internal control systems to keep the probability of those events occurring and their impact within the permitted tolerance levels and provide reasonable assurances that the group's strategic business objectives will be met.
The aim of this policy is to make risk management part of the Group's strategy and establish the framework and principles of the Risk Management System.

This policy considers all the risks associated with the business activities carried out by the Group in all of the geographical markets where it does business.

The main business risks that can have an impact on the Group achieving its objectives are as follows:

Regulatory risks

Much of the Group's business is subject to a broad array of regulations which, when changes are introduced, can affect the company's operations and economic results.

With regard to price risk in the Spanish electricity market, Legislative Royal Decree 9/2013, which introduced urgent measures to guarantee the financial stability of the electrical system, was published on 12 July 2013. This Royal Decree, which took effect on 13 July 2013, abolished other Royal Decrees including RD 661/2007 of 25 May, discussed above, which regulated the compensation framework for electricity plants such as those owned and operated by Group Corporación Acciona Energías Renovables in Spain as part of the support system for renewable energies. The new compensation scheme was established in Royal Decree 413/2014, which was published on 6 June 2014, regulates electricity production using renewable energy sources, co-generation and waste.

Under this new methodology, in addition to the compensation for the sale of electricity at market rates, certain power plans can receive special compensation composed of a price per unit of installed power to cover the investment in standard facilities that cannot be recovered by selling the electricity on the market and a portion for operations that covers the differences between operating costs and revenues as a result of participating in the standard rate market. The terms of the compensation paid to offset investment and operating costs are reviewed every 3 years, considering the income from energy sales at market prices by standard facilities, so that upward or downward variations that fall outside the range established in the Royal Decree are included in the special compensation calculation. All of the model's parameters with the exception of useful life and the value of the investment in the plant can be adjusted at the end of the regulatory period (six years). The new compensation parameters for the second regulatory period were published in the first quarter of 2020 and apply to the period from 2020 up to and including 2025.

Compensation for investments and operations are established in such a way to guarantee that the plants obtain a reasonable return over their useful lives. As for what is considered a reasonable return, the Decree 9/2013 indicates that for the first regulatory period from 2014 through 2020, a reasonable return is considered the average return on a 10-year treasury note on the secondary market, pre-tax, plus an appropriate differential of 300 basis points (value: 7.398%), with the possibility of an adjustment every six years. A Legislative Royal Decree was published on 22 November 2019 introducing urgent measures to adapt the compensation parameters affecting the electricity system in response to the phasing out process of thermal power plants. This Royal Decree-Law updated the value of the reasonable return applicable for the period 2020-2025 to the specific compensation scheme (7.09%). In addition, to reinforce the stability of the regulatory framework for plants that were receiving primary compensation prior to the entry into force of Royal Decree-Law 9/2013, are allowed to maintain the rate of return set in the first regulatory period (7.398%) until 2031. This is contingent on the waiver of the continuation or initiation of new legal or arbitration proceedings, as well as the waiver of any possible compensation arising from such proceedings.

Therefore, what is clear from the current regulatory framework is that a significant part of the Group's renewable assets, especially wind power technology launched before 2004, as well as many of its mini-hydroelectric plants, will no longer receive additional compensation at market price, which means they are exposed to price fluctuations in the electricity market.

The second half of 2021 was characterised by an extraordinary increase in energy prices, which has not only affected the domestic energy market, essentially marked by the increase in gas prices internationally. A direct consequence of this increase is that domestic facilities will receive a lower return on investment in future years and, more importantly, part of them, essentially wind facilities commissioned between 2004 and 2007, will cease to receive it and will therefore be exposed to fluctuations in market prices starting from the next regulatory semi-period.

In the international area, the Group is trying to reduce that market-risk exposure through private energy purchase agreements (PPAs) to establish the future sale price with third parties for an agreed period, and thereby lessen that exposure to potential rate changes in the market.

In addition to hedging by energy sales agreements, Acciona Green Energy is also managing the energy that is exposed to market variations through derivatives by ensuring each month that the risk margin is within the limits established by the Financial and Economic Office.

Financial risks

To manage the financial risk related to the Group's operations, the exposure, degree and magnitude of market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk are analysed.

The Group seeks to minimise the effects of these risks by using derivative financial instruments, in keeping with the Group's risk management policies approved by the Board of Directors. The risk management policies encompass the principles of the exchange rate, interest rate and credit risk management policies as well as the use of financial derivatives and non-derivatives and surplus investment policies.

<u>Interest rate risk</u> Interest rate fluctuations modify the future flows of the assets and liabilities tied to an adjustable interest rate. Interest rate risk is particularly significant as far as financing the construction of wind farms and other renewable energy plants is concerned, where the project returns can be affected by fluctuations in interest rates. This risk is mitigated through hedging operations by the contracting derivatives (mainly interest rate swaps, IRS). Based on the estimates of Group Corporación Acciona Energías Renovables regarding the evolution of interest rate risks and debt structure objectives, hedging instruments to mitigate these risks. The level of hedging of the debt achieved for each project depends on the type of project involved and the country where it is located. The reference interest rate on the debt contracted by the member companies of Group Corporación Acciona Energías Renovables is mainly Euribor for operations in euros and Libor for operations in US dollars, both in the USA and in other Latin American countries where this is often the currency in which they are financed, as the cash flow generated by the assets are also denominated in this currency. The effect of interest rate fluctuations on floating-rate debt is monitored on a monthly basis. Sensitivity analyses are performed for different scenarios of both rising and falling interest rates.

Foreign currency risk - As the Group continues to press forward with its international expansion, it has greater exposure to exchange rate risks from foreign currency transactions in the countries where it invests and does business. Risk management is the responsibility of the Acciona Group's Corporate Finance Department and adheres to non-speculative criteria. Exchange rate risk basically arises from the following types of transactions:

- Debt assumed by group companies and associates in foreign currencies.
- Receivables referenced primarily to the evolution of currencies other than the euro.
- Investments in foreign companies.

In order to mitigate exchange rate risk, the non-current assets in currencies other than the euro are financed in the same currency in which the assets are denominated. Likewise, net assets from investments in companies with operating currencies other than the euro are exposed to the risk of exchange rate fluctuations when the financial statements of those companies are converted to euros during the consolidation process.

Credit risk - Refers to the risk that a counterparty to an agreement may breach its obligations, thereby causing the Group to sustain economic losses. The Group has a policy of only doing business with solvent third parties and obtaining sufficient guarantees to mitigate the risk of financial losses caused by defaults. The Group only does business with entities at the same or higher investment level range and obtains information on the counterparties from independent business rating bodies, other public sources of financial information and through its own relations with clients. The receivables and customer accounts consist of a large number of clients distributed across different sectors and geographical areas. Credit relations with clients and the solvency of those clients are continuously evaluated and credit surety contracts are taken out as needed. The Group has no significant exposure to credit risk with any of its clients or groups of similar clients. Moreover, the credit risk is not highly concentrated. The Group's credit and liquidity risk associated with derivative instruments at fair value is limited since both cash investments and derivatives are placed with solvent entities that have high credit ratings and no one counterparty assumes significant percentages of the total credit risk. In this regard, it is important to note that since August 2021, Group Corporación Acciona Energías Renovables has been rated "Investment grade" by two credit agencies (Fitch and DBRS) with BBB and BBB- ratings, with a long-term and stable outlook, which shows the Group's ability to meet its financial obligations.

Liquidity risk - Group Corporación Acciona Energías Renovables has a prudent risk management system based on maintaining sufficient amounts of cash and cash equivalents. The ultimate responsibility for liquidity risk management lies with the Group's Economic and Financial Department, where an appropriate framework is drawn up to control the Group's liquidity needs in the short, medium and long term. The Group manages its liquidity by maintaining adequate reserves, appropriate banking services and the availability of loans and credit facilities by constantly supervising the forecasts and the actual flow of funds and pairing these with the maturity profiles of the financial assets and liabilities.

Climate change and energy transition risk

Climate-risk management is carried out through a specific procedure, which identifies, values, prioritises and communicates to the Group's executive bodies the risks associated with climate change that could affect its work centres. This process enables policies to be formed for action based on tolerance thresholds appropriate to the achievement of the Group’s goals on different time horizons.

In accordance with the scenario analyses and emissions-reduction targets assumed by the Group, the short term is 1 year, the medium term is 5 years, and the long term is 10 years.

Primarily, the following tools are used to identify climate risks and opportunities:

- Physical risks: A digital climate change scenario model of the Group, by means of which, for all work centres, historical and projected climate variables are monitored under different temperature increase scenarios and with different time horizons, all of which are foreseen in the latest reports of the "Intergovernmental Panel on Climate Change" (IPCC).

- Transition risks: Scorecard that monitors production and financial variable, emissions generation, and energy consumption. It also includes references to climate policies and carbon markets in each region, so it constitutes an essential source for anticipating situations, especially those related to medium and long-term physical events and short-term transition events. Specifically, to anticipate medium and long-term transition environments, activities within the European taxonomy of sustainable activities have been identified. In addition, other tools as yet not integrated into the digital model are used during the identification process, such as those dedicated to the search for legal requirements. On this point, the experience of the members of groups that evaluate the scenarios is equally indispensable.

The risk-management process is conducted annually. Through the use of these tools, a range of risk situations is proposed for all centres, groups of centres and/or activities of the Group (or its value chain), according to their geographical exposure and vulnerability. The most commonly used scenarios for identifying transition-risk cases are those that anticipate a limited temperature increase, from 1.5 °C to 2 °C, whereas for physical risk situations (RCP 6 and RCP 8.5) an increase of at least 3 °C is contemplated.

Once it is defined, each risk scenario is assessed based on its likelihood of occurrence and its economic and reputational consequences. These variables ultimately determine the risk level of each of the proposed environments. For those with a higher risk of occurrence, each assessment group prepares specific sheets that inform the Group's decision-making bodies of the mitigation options and their estimated associated cost.

As a final step, climate-risk scenarios are integrated into the Group’s general risk-management process. As a result of this analysis, we conclude that the Group's strategy has a low impact in terms of risk, and high in terms of opportunities.

The most significant physical risks identified from climate change are a decrease in revenues owing to less hydraulic generation in Spain caused by lower surface runoff (likelihood of occurrence is estimated as high in the medium term) and lower energy generation as a result of a reduction in the wind resource (likelihood of occurrence is estimated as low in the medium term). None of the risks identified has a material impact on the Group’s financial performance.

Supply-chain risk

The Group is exposed to a fluctuation risk in the price of supplies. This is mainly in the international activities of construction, where there is a risk of delays in the supply of materials such as concrete, steel, etc., due to supply-chain vulnerability in some countries where the activity is carried out.

From the outset of the health crisis there have been events of blockages in commercial traffic and customs restrictions that, coinciding at these times with the implementation of major recovery investing plans by the world’s economies, are causing significant increases in the prices of raw materials and freight charges that lead to delays in supplies and deliveries. These significant increases, given current mechanisms for reviewing prices in public works contracts, could represent a risk to the various projects that needs to be anticipated with planning and foresight of the purchasing needs on a Group-wide basis. To mitigate this risk, the Group has maintained fluid communication with suppliers; monitored price volatility of raw materials; revised the delivery periods according to origin and destination, assessed the risks of the different means of transportation, and attempted to anticipate possible customs restrictions.

The supply chain is managed by the chief purchasing office through risk mapping of the supplier portfolio of all the Group's divisions, making it possible to monitor suppliers in detail and to understand the level of dependence of the supply chain. In addition, there are plans to optimise even further the monitoring of the logistics chain during the second six-month period, by setting up a system where suppliers and logistics agents are integrated with Acciona on a common management platform that will allow for risk anticipation and enhanced traceability of the flow of goods.

Compliance Risks

The group has implemented proper control systems for regulatory compliance and crime prevention, to reduce and mitigate the risks of penalties for regulatory breaches, with regard to criminality, money laundering, personal data protection, the environment, health and safety, competition and tax matters.

The criminal-risk map identifies and assesses risk events based on their likelihood of occurrence and their potential impact in order to take appropriate management measures to mitigate or reduce them. For these purposes, the crime prevention model and the evaluation of criminal risks is regularly reviewed, both by the compliance area and by a third party, given that the model is certified by the ISO 37,001 on Anti-bribery Management Systems and UNE 19,601 on Criminal Compliance Management Systems.

Other external factors affecting the activities:

To carry out the Group's own activities sometimes requires it to obtain permits, licences and government authorisations, sign public and private contracts, as well as execute works and construct facilities.

Delays in obtaining government approvals and adverse changes in the political and regulatory environment in countries where the Group operates, together with periods of political transition, may cause setbacks in the start of operations, changes in activity priorities, or deficiencies in the execution of works or the provision of services, and along with it, sanctions and penalties that have a negative impact on the financial position and the results.

The Group has various insurance programmes to mitigate the impact on the balance sheet caused by the materialisation of a large number of risks. In particular, there is coverage for 'cyber risks' causing a loss of income, extra costs or expenses for recovery of digital assets, coverage in case of claims for damages by clients and third parties for privacy and data protection or for security failures, etc.

Part III - Events after the balance sheet date

There were no events subsequent to the closing date which could have a significant effect on the Group's consolidated financial statements at 31 December 2021 or its present or future activities.

Part IV - Future Outlook

For the global economy, 2022 is beginning under conditions that are weaker than expected. As the new Omicron variant of the virus that causes COVID-19 spreads, countries have re-instituted restrictions on mobility. Because of higher energy prices and supply disruptions, inflation is higher and more generalised than expected, particularly in the United States and in numerous emerging and developing economies. Additionally, the contraction happening in China's property sector and the unexpectedly sluggish recovery of private consumption have restricted growth outlooks. Significantly, the uncertainty caused by the crisis in Ukraine may have negative implications on global growth with respect to the estimates presented below.

World growth is forecast to slow from 5.9% in 2021 to 4.4% in 2022. A revised hypothesis that eliminates the fiscal policy programme known as Build Back Better from the base projection, the anticipated pull back from an accommodating monetary policy, and continuous disruptions in supply have led to a revised lower projection of 1.2 percentage points in the case of the United States. In China's case, disruptions attributable to the pandemic in the context of a zero-tolerance COVID-19 policy and prolonged financial tensions among urban developers meant a cut of 0.8 percentage points in the forecasts. World growth is expected to slow down to 3.8% in 2023. The forecast depends on whether indicators of a poor health situation fall to low levels in most countries by the end of 2022, assuming immunisation rates improve internationally and more effective therapies appear.

High inflation is expected to continue, and supply-chain interruptions and high energy prices will persist in 2022. The appearance of new variants of the virus that causes COVID-19 could lengthen the pandemic and lead to renewed economic problems. In addition, disturbances in supply chains, energy price volatility and specific wage pressures generate high uncertainty around the trajectory of inflation and policy.

Given that the pandemic continues to hit hard, the emphasis on a global health strategy is more noticeable than ever. World access to vaccines, detection tests and treatment is essential to avert the risk of new and dangerous variants of the virus. That requires greater production of supplies, as well as better delivery systems within countries and more equitable international distribution. The monetary policy in many countries will have to continue to be toughened to contain inflationary pressures. In this context, international cooperation will be essential to maintain access to liquidity and facilitate orderly debt restructuring when necessary. It is still imperative to invest in climate policies to ward off the risk of catastrophic climate change.

For advanced economies, projected growth for 2022 is 3.9%, and 2.6% in 2023. Production in advanced economies is expected to return to pre-pandemic projected levels in 2022. For the United States, growth of 4.0% is projected for 2022 (1.6 percentage points below the 2021 figure) and 2.6% for 2023, while in Japan a variation of 3.3% is expected for 2022 and 1.8% for 2023.

In the Eurozone, a combined growth figure of 3.9% is expected for 2022 and 2.5% for 2023. Spain is expected to be the Eurozone country with the highest growth rate in 2022 (+5.8%). In 2023, Spain's economy is expected to continue growing above the European average (+3.8%, compared to an estimated +2.5% for the Eurozone). As for the United Kingdom, after an expected growth of 7.2% in 2021, the expected growth for 2022 is 4.7% and for 2023 it is 2.3%.

With regard to the emerging markets, around 96% of the population has not been vaccinated. This has significant implications for the global recovery rate. Production in developing economies is expected to remain at 5.5% below pre-pandemic forecasts in 2024, representing a greater reverse in standard-of-living improvements. Growth for these economies as a whole is therefore forecast at 4.8% for 2022 and 4.7% for 2023, with considerable divergence between some countries and others. In the case of China, growth of +4.8% is expected in 2022 and +5.2% in 2023. In India too, a strong rally is anticipated in 2022 (+9.0%) and 2023 (+7.1%). Within this context, Latin America and the Caribbean as a whole is projected to grow by 2.4% in 2022 and 2.6% in 2023. Brazil's economy is expected to grow by 0.3% in 2022 and 1.6% in 2023, while the Mexican economy will grow by 2.8% and 2.7%, respectively.

Part V - Sustainability highlights

The Group uses two financing mechanisms: one is aimed at projects or activities with sustainable goals, designed to promote specific positive impacts; the other is corporate financing mechanism that entails commitments to improving ESG performance throughout the Group.

Green Finance

The Group has a green finance framework whose eligible activities are those aligned with a low-carbon economy. The framework has been reviewed by Sustainalytics, which issued a *second party opinion (SPO)* confirming alignment with green bond principles and green loan principles. In October 2021, Sustainalytics reviewed the renewable energy of the green finance framework for its alignment with the *EU Taxonomy Delegated Act*, published in June 2021. This assessment refers only to the Group's assets and projects.

During financial year 2021, the Group successfully completed the pricing of its green bond, with an issue of €500 million at six years. The Group's debut in the debt market, with demand outstripping supply five-fold and a competitive financing cost, confirms the Group's attractiveness to investors because of its independent 100% renewable business profile and its sustainability credentials.

Sustainability-linked finance

In addition, the Group has a sustainability-linked finance framework, verified by DNV GL, which issued a second party opinion (SPO) confirming its alignment with sustainability-linked bond principles and sustainability-linked loan principles.

In 2021, the Group signed a finance contract related to sustainability criteria amounting to €2,500 million, allowing the Group to acquire financial autonomy as a listed company.

The instrument has been structured based on an innovative 'dual impact' ESG scheme that links cost reductions to the achievement of the company's sustainability goals and—for the first time in this type of instrument—to commitments to generate a positive local impact, goals which have been met to date.

In both types of financing, the Group's investment is linked to its vocation to develop a sustainable agenda and decarbonisation through renewable energies.

The Group has reasserted itself as the 'greenest' electricity generation company in the world for the sixth year running, according to Energy Intelligence.

<u>Annual Corporate Governance Report</u>

The Annual Corporate Governance Report is available in full on the website of the National Securities Market Commission (CNMV) (www.cnmv.es) and on the Group's website (www.acciona-energia.com).

In addition, the Annual Corporate Governance Report will be communicated as Other Relevant Information (ORI) to CNMV.

Annual Board Remunerations Report

The Annual Board Remunerations Report is available in full on the website of the National Securities Market Commission (www.cnmv.es) and on the Group's website (www.acciona-energia.com).

In addition, the Annual Board Remunerations Report will be communicated as Other Relevant to CNMV.

Non-Financial Statement

The Non-Financial Statement, drafted pursuant to Act 11/2018 of 28 December, on Transposition to the Spanish Legal System of Directive 2014/95/EU of the European Parliament, forms part of this Consolidated Management Report, and is available in full on the website of National Securities Market Commission (www.cnmv.es) and on the Group's website (www.acciona-energia.com).

In addition, the Non-Financial Statement will be communicated as Other Relevant Information (ORI) to CNMV.