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 2022)

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

KPMG Auditores, S.L.
Paseo 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 2022, 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 2022 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, intangible assets and right-of-use assets

See notes 3.2.d), 3.3 and 4 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2022 the Group has recognised property, plant and equipment, intangible assets and right-of-use assets for amounts of Euros 8,711 million, Euros 229 million and Euros 376 million, respectively, mainly comprising renewable energy electricity generation facilities in various geographical locations and under different regulatory scenarios. At 31 December 2022 the Group has significant accumulated impairment losses, recognised mainly in prior years. At the reporting date the Group evaluates whether any indications of impairment or impairment reversal have arisen, to determine whether it is necessary to calculate the recoverable amount of the assets or cash - generating units. As a result of the existence of these indications, the Group has estimated the recoverable amount of certain assets and cash-generating units and has recognised impairment losses, net of reversals, amounting to Euros 20 million. 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 value of property, plant and equipment, intangible assets and right-of-use assets, their measurement has been considered a key audit matter.	Our audit procedures included 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 property, plant and equipment, intangible assets and right-of-use assets. 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 financial reporting framework applicable to the Group.

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

Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 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 2022, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit and Sustainability Committee's Responsibilities for the Consolidated Annual Accounts

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

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

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

From the matters communicated to the Audit and Sustainability 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 2022 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 2022 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

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

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 27 February 2023.

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)

Eduardo González Fernández
On the Spanish Official Register of Auditors (“ROAC”) with No. 20,435

27 February 2023

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

AND

SUBSIDIARIES
(Consolidated Group)

2022 CONSOLIDATED ANNUAL ACCOUNTS
AND
DIRECTORS' REPORT

Prepared according to International Financial Reporting Standards
adopted by the European Union

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

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DIRECTORS' REPORT

CONSOLIDATED BALANCE SHEET FOR FINANCIAL YEARS 2022 AND 2021 (Millions of euros)

ASSETS	NOTE	2022	2021
Property, plant and equipment	4	8,711	7,465
Right of use	5	376	367
Other intangible assets	6	229	136
Non-current financial assets	9	32	42
Investments accounted for using the equity method	7	423	302
Deferred tax assets	20	509	411
Other non-current assets	10	146	188
NON-CURRENT ASSETS		10,426	8,911
Inventories	11	148	125
Trade and other receivables	12	631	536
Other current financial assets	9	200	172
Current tax assets	20	92	47
Other current assets	20	150	238
Cash and cash equivalents	13	612	625
CURRENT ASSETS		1,833	1,743
TOTAL ASSETS		12,259	10,654

EQUITY & LIABILITIES	NOTE	2022	2021
Capital		329	329
Retained earnings		4,690	4,262
Year's profit		759	363
Translation differences		92	21
Interim dividend			
Equity attributed to holders of parent company equity instruments		5,870	4,975
Minority interests		391	379
EQUITY	14	6,261	5,354
Debentures and other marketable securities	16	1,361	680
Bank borrowings	16	403	1,089
Lease obligations	5	388	384
Deferred tax liabilities	20	767	694
Provisions	15	161	176
Other non-current liabilities	19	507	502
NON-CURRENT LIABILITIES		3,587	3,525
Debentures and other marketable securities	16	607	522
Bank borrowings	16	58	88
Lease obligations	5	16	23
Trade and other accounts payable	33	592	420
Provisions	15	4	2
Current income tax liabilities	20	42	14
Other current liabilities	19	1,092	706
CURRENT LIABILITIES		2,411	1,775
TOTAL EQUITY LIABILITIES		12,259	10,654

Notes 1 through 33 of the enclosed report and annexes are an inseparable part of the consolidated annual accounts for the 2022 financial year.

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEARS 2022 AND 2021 (millions of euros)

	NOTE	2022	2021
Net revenue	22	4,351	2,472
Other revenue	22	343	252
Cost of goods sold	23	(2,206)	(1,066)
Personnel expenses	23	(210)	(150)
Depreciation and amortization and change in provisions	4,5,6 and 23	(434)	(381)
Other operating expenses	23	(735)	(484)
Equity method profit (loss) – analogous activity	7	110	63
Results of asset impairment	23	(21)	(2)
Net profit/(loss) on disposal of non-current assets	23	9	1
Other gains or losses		18	(9)
OPERATING PROFIT (LOSS)		1,225	696
Financial income	25	8	16
Financial expenses	25	(132)	(142)
Foreign exchange rate changes		20	10
Changes in investment provisions			(1)
Profit (loss) from changes in value of financial instruments at fair value	18	(64)	(16)
PROFIT BEFORE TAX FROM CONTINUOUS OPERATIONS		1,057	563
Corporate income tax expense	20	(262)	(170)
PROFIT FOR YEAR FROM CONTINUING OPERATIONS		795	393
YEAR'S PROFIT		795	393
Minority interests	14	(36)	(30)
PROFIT ATTRIBUTABLE TO PARENT COMPANY		759	363
BASIC EARNINGS PER SHARE (euro/share)	28	2	1.1
DILUTED EARNINGS PER SHARE (euro/share)	28	2	1.1

Notes 1 through 33 of the enclosed report and annexes are an inseparable part of the consolidated annual accounts for the 2022 financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FINANCIAL YEARS 2022 AND 2021
(Millions of euros)

	Note	2022	2021
A) CONSOLIDATED PROFIT(LOSS) FOR THE YEAR		795	393
1. Profit (loss) attributable to parent company		759	363
2. Minority interests		36	30
B) ITEMS NOT RESTATED ON THE INCOME STATEMENT:		1	1
1. Actuarial gains and losses and other adjustments		1	1
2. Tax effect	20		
B) ITEMS THAT MAY BE RESTATED ON THE INCOME STATEMENT		234	166
Income and expense recognised directly in equity		289	159
1. Due to valuation of financial instruments			
a) Financial assets available for sale			
2. From cash flow hedges	14	251	47
3. Translation differences	14	84	139
4. Other income and expense recognised directly in equity			
5. Tax effect	20	(46)	(27)
Transfers to the income statement	14	(55)	7
1. Due to valuation of financial instruments			
a) Financial assets available for sale			
2. From cash flow hedges		(73)	9
3. Translation differences			
4. Other revenue and expense recognised directly in equity			
5. Tax effect	20	18	(2)
TOTAL COMPREHESIVE INCOME / (EXPENSE) (A+B+C)	20	1,030	560
a) Attributed to the parent company	20	989	510
b) Attributed to minority shareholders	20	41	50

Notes 1 through 33 of the enclosed report and annexes are an inseparable part of the consolidated annual accounts for the 2022 financial year.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2022 AND 2021 (Millions of euros)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2022

	Share capital	Other reserves	Treasury tock	Interim dividend	Translation differences	Year's profit	Cash flow hedges	Minority interests	Total
Opening balance at 01.01.2022	329	4,260	(2)	-	21	363	4	379	5,354
Adjustments due to changes in accounting criteria									-
Adjustments due to errors									-
Adjusted opening balance	329	4,260	(2)	-	21	363	4	379	5,354
Total comprehensive income for the period		1			71	759	158	41	1,030
Adjustments owing to cash flow hedges							158	(8)	150
Translation differences					71			13	84
Actuarial changes in pensions		1							1
Year's profit						759		36	795
Other changes in equity		272	(2)			(363)	(1)	(29)	(123)
Capital increases/(reductions)									-
Appropiation of profit		363				(363)			-
Dividend payments		(92)						(34)	(126)
Trading in treasury shares (net)			(2)						(2)
Other transactions with shareholders or owners		1					(1)	5	5
Balance at 31.12.2022	329	4,533	(4)	-	92	759	161	391	6,261

Notes 1 through 33 of the enclosed report and annexes are an inseparable part of the consolidated annual accounts for the 2022 financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2021
(Millions of euros)

	Share capital	Other reserves	Treasury stock	Interim dividend	Translation differences	Year's profit	Cash flow hedges	Minority interests	Total
Starting balance on 01.01.2021	329	2,299	-	(100)	(96)	206	(25)	367	2,980
Adjustments due to changes in accounting criteria									-
Adjustments due to errors									-
Adjusted opening balance	329	2,299	-	(100)	(96)	206	(25)	367	2,980
Total comprehensive income for the period	-	1	-	-	117	363	29	50	560
Adjustments owing to cash flow hedges							29	(2)	27
Translation differences					117			22	139
Actuarial changes in pensions		1							1
Year's profit						363		30	393
Other changes in equity	-	1,960	(2)	100	-	(206)	-	(38)	1,814
Capital increases (decreases) (Note 13.a)		1,859							1,859
Appropiation of profit		106		100		(206)			-
Dividend payments								(38)	(38)
Trading in treasury shares (net)			(2)						(2)
Other transactions with shareholders or owners		(5)							(5)
Other changes									-
Balance at 31.12.2021	329	4,260	(2)	-	21	363	4	379	5,354

Notes 1 through 33 of the enclosed report and annexes are an inseparable part of the consolidated annual accounts for the 2022 financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL YEARS 2022 AND 2021 (Millions of euros)

	2022	2021
Profit before tax from continuing operations	1,057	563
Adjustments to profit		
Amortisation and impairment	454	383
Profit before tax of companies accounted for using the equity method	(110)	(63)
Net profit on disposal of non-current assets	(26)	(1)
Financial income and expense	125	127
Other profit not involving the movement of funds	(20)	(9)
Corrected and adjusted profit before tax from continuing operations	1,480	1,000
Changes in working capital		
Changes in inventory	(13)	(16)
Changes in current assets/liabilities	283	79
Other cash flows from operations		
Current financial income and expense	(87)	(117)
Dividends received from associates and other non-current financial investments	83	35
Income tax received(paid)	(312)	(13)
Changes in non-current assets/liabilities	(97)	(103)
Cash flows from operations	1,337	865
Acquisitions of PPE, intangible assets and non-current financial assets	(1,125)	(721)
Disposals of tangible and intangible assets and non-current financial assets	1	2
Investments in group companies and associates	(148)	(17)
Disposals of group companies and associates	31	29
Cash flows from investments	(1,241)	(707)
Dividend paid	(92)	(100)
Dividends paid to external shareholders	(35)	(161)
From equity instrument issues		
From financial liability instrument issues	2,383	1,652
Payments on financial liability instruments issued	(2,365)	(300)
Net cash flows with Group from financial instrument issues	2	(1,020)
Net cash flows from other current financial assets	20	(56)
Lease payments	(24)	(23)
Other financial cash flows	(3)	
Cash flows from financing	(114)	(8)
Effect of exchange rate fluctuations	5	7
Variation in cash and cash equivalents	(13)	157
Opening balance of cash and cash equivalents	625	468
Closing balance of cash and cash equivalents	**612**	**625**

Notes 1 through 33 of the enclosed report and annexes are an inseparable part of the consolidated annual accounts for the 2022 financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR-ENDED 31 DECEMBER 2022 CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES S.A. AND SUBSIDIARIES (Consolidated Group)

1. About the Group

Corporación Acciona Energías Renovables, S.A. (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, 10.

According to Chapter III.1 TRLSC, approved by Legislative Royal Decree 1/2010 of 2 July, Corporación Acciona Energías Renovables, S.A., 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 2022 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 - 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 Grupo 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 2022 is 9,883.8 MW (9,168.6 MW at 31 December 2021) 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 Grupo Corporación Acciona Energías Renovables for the 2022 financial year were prepared by the Board of Directors on 27 February 2023 in such a way as to show a true and fair image of the Group's consolidated equity and financial position at 31 December 2022 and of its consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended.

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 2022, 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.

Grupo Corporación Acciona Energías Renovables is in turn part of the Acciona Group, whose consolidated annual accounts for the 2021 financial year were approved at the General Meeting of Shareholders of Acciona, S.A. held on 23 June 2022 and filed with the Madrid Commercial Registry. Likewise, in financial year 2022 Grupo Corporación Acciona Energías Renovables is part of Grupo 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 2022, there were no significant changes to accounting estimates or policies and there were no material errors to be corrected.

For comparison purposes only and for each item on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the notes to the consolidated financial statements, the Directors have included the corresponding amounts for the previous year as well as the amounts for the 2022 financial year using identical accounting principles which are consistent with IFRS-EU.

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

2.2. 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 Grupo 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 return established for the first regulatory half-period (2014-2019) 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-period, which will last for three years, the estimated income from electricity sales will be adjusted for the rest of the regulatory period. The first regulatory half-period ended on 31 December 2016.

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 VI[1] 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 half-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 half-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 half-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 half-period in which any of the above two scenarios occurred. Adjustments for negative deviations occurring before the start of the regulatory half-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 Minister of Energy, Tourism and the Digital Agenda sent the CNMC the proposed order updating the remuneration parameters for facilities using renewables, cogeneration and waste for the 2017-

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.*

2019 regulatory half-period. This proposal reviewed downward the pool projection for that half-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 half-period starting on 1 January 2017.

Legislative Royal Decree 17/2019 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. The main points affecting Grupo 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.

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.

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 half-period (2020-2022) and are retroactive in nature to 1 January 2020.

LRD 6/2022 of 29 March adopting urgent measures within the framework of the National Response Plan to the economic and social consequences of the war in Ukraine took effect on 31 March 2022. This royal decree contains a wide-ranging series of economic and social measures. Among the measures that affect the renewable sector, it is expected that the parameters of the specific remuneration scheme for generation assets using renewable resources will be updated. The remuneration parameters for the current regulatory half-period (2020-2022) were established in Order TED/171/2020. Under the current regulations, the half-period is divided into two, one for 2020 and 2021 and another, with updated parameters, for 2022, notwithstanding any updates to the next half-period made between 1 January 2023 and 31 December 2025.

A Ministerial Order was issued updating the parameters for calculating the new investment and operating remuneration for 2022, and the final parameters were published on 11 December 2022.

The main impact of this measure has been a reduction of approximately €117 million in the remuneration for investments and operations for nearly all regulated domestic facilities compared to that obtained in 2021, as a result of the high pool prices. As of 1 January 2022, the Group has recorded income from the remuneration of investments and operations in accordance with the published Order on parameters, recording a liability for the difference between the amount accrued using this standard and the and the amount settled to date by the CNMC.

Following the publication of the Ministerial Order, the CNMC will proceed to adjust and settle the difference between the remuneration settled according to the parameters still in force for the 2020-2021 period and the definitive values approved between January and May 2023.

Finally, on 28 December 2022 the Ministry for Green Transition and Demographic Challenge published the proposal for an order to update the compensation parameters for standard facilities applicable to certain electricity production plants that use renewable energy sources, co-generation and waste, applicable as of the regulatory half-period beginning on 1 January 2023. Essentially what this proposal does is virtually eradicate the remuneration of investment nearly all the facilities operated by the Group in Spain, mainly as a result of the high energy sales prices in 2022 and the expected evolution of prices over the regulatory half-year. The most main effect on the Group's consolidated financial statements at 31 December 2022 was the elimination of the accrued liability recorded as a result of the adjustment for market price deviations, to the extent that it has been verified that it is no more adverse to be outside the remuneration regime than inside it (see Note 3.2.l). The approximate impact of this measure would be a reduction in remuneration of approximately €75 million compared to the amount received in 2022.

Annex V to these consolidated annual accounts breaks down the UNV for each standard facility in which the Group operates, as established in the last update of parameters published in the aforementioned draft order.

To mitigate the adverse effects of rising wholesale prices in the previous quarter, the Government has introduced a series of measures throughout 2021. LRD 17/2021 containing urgent measures to mitigate the impact of the rising price of natural gas on the retail gas and electricity markets was published on 14 September of this year. This regulation reduces the compensation for non-emitting infra-marginal facilities based on the difference between the average price of natural gas in the month considered, and a value of reference, set at €20/MWh, applicable from the inception date through 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, LRD 23/2021, which came into force on 26 October 2021, introduced urgent energy measures to protect consumers and measures to make the wholesale and retail electricity and natural gas markets more transparent. 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 does not apply to energy production that is hedged by a term-contracting instrument, when the hedge price is fixed, provided that the contract was signed prior to the entry into force of LRD 17/2021, or later but with a hedge period of more than one year.

Subsequently, LRD 6/2022, published on 29 March, extends through 30 June 2022 the reduction in the remuneration of electricity produced at plants that use technologies that do not emit greenhouse gases until 30 June 2022. It also modifies the exemption criteria for this reduction when it is covered, at a fixed price, by a forward contract entered into either before the publication of the LRD or after the publication of LRD 17/2021 but with a coverage period equal to or greater than one year and with a fixed coverage price of €67/MWh less (if the price is higher, the reduction formula is adjusted for the excess over this established value). LRD 11/2022, published on 25 June and subsequently RD 18/2022 extend this gas reduction mechanism through 31 December 2023.

To supervise these business mechanisms, it includes the elements necessary to prove the existence of these forward contracts which support the exemption from the reduction mechanism. This information is submitted to CNMC monthly. At the end of 2022, Acciona Green Energy Developments, S.A., a subsidiary of the Group, is in the process of reviewing the information submitted for confirmation of the exclusion from the reduction mechanism between 1 October 2021 and 31 March 2022. It is not anticipated that any material incidents will arise for the Group following this review.

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 Grupo 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 9 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. As a result of this decision, in January 2022 the affected operators received a refund of the amounts unduly paid, along with late interest.

Recently, Law 7/2022 of 8 April on waste and contaminated soils for a circular economy introduced two changes to the legal regime of the Inland Water Charge. This new Law amends and eliminates the need for this review of the concession conditions as a sine qua non requirement for the application thereof. According to the internal analysis carried out by the Directorate, it is estimated that the effective application date will be 1 January 2023 and that the characteristics will be similar to the previously existing ones.

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 previously established in Legislative Royal Decree 15/2018 of 5 October for early suspension applicable to the last quarter of 2018 and the first quarter of 2019.

In addition to establishing a new mechanism for financing the electricity discount voucher, LRD 6/2022, published in March 2022, extended these measures through 30 June 2022 and LRD 11/2022 of 25 June subsequently extended them again through 31 December 2022.

Practically all of the facilities owned by the member companies of Grupo 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.

Legislative Royal Decree 10/2022 of 13 May, which was published in the Official State Gazette (BOE) on 14 May, establishes a temporary production cost adjustment mechanism to reduce the price of electricity in the wholesale market. At the same time, and insofar as the measures provided for in LRD 10/2022 affect the Iberian electricity market as a whole, "Decree-Law no. 33/2022 of 14 May" was enacted in Portugal with the same measures, thus standardising the direction of the reforms. In both regulations, known as the "Iberian Exception", a cost adjustment mechanism is introduced, applicable during the year following publication of the LRD with the aim of reducing energy prices by limiting the gas cost component included in the electricity sale price at any given time. The gas price of reference that triggers the price limitation is €40/MWh for the first six months and increases by €5/MWh per month for the next six months until it reaches €70/MWh in the last month. The mechanism was first applied in the electricity market on 14 June and will remain in force until 31 May 2023.

This adjustment mechanism is settled by the market operator for each trading period and the cost is distributed among the agents that purchase energy in the Iberian market, although the contribution to the mechanism will depend on the level of participation measured in terms of the amount of electricity purchased. Excluded from paying for the cost of the adjustment are, among others, purchasing units that have certain hedging instruments, mainly those contracted on forward markets before 26 April 2022. The economic impact of this measure on the energy trading business in the Iberian market is approximately €19 million.

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.

Among the measures introduced by LRD 17/2022, published on 20 September 2022 (temporary waiver of RECORE cogeneration, adjustments to grid transmission capacity, which should in principle reduce restrictions on renewables and other measures to improve and expedite the processing of renewable projects), it once again incorporates a product that provides an active response to demand through improved balancing derived to a certain extent from the previous interruptibility service.

On 24 January 2020, the CNMC published Circular 3/2020 which establishes the methodology for calculating electricity transmission and distribution tolls and eliminates the generation toll of €0.5/MWh that had been in place up to that time.

LRD 23/2020 of 23 June was passed in June 2020, approving certain measures for the energy sector 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 at 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 implementing regulations of 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 that 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 26 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 which 106.6 MW of nominal PV solar were awarded to various Group companies.

The Resolution of the Secretary of State for Energy announcing the second renewable energy auction under the provisions of Order TED/1161/2020, for a total of 3,300 MW, was published in the Official State Gazette on 9 September 2021. 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.

The third and fourth auctions were held in 2022, with very little power awarded as a result of market conditions which make it impossible to fit a scheme of this nature into a context of very high prices and great uncertainty as to the medium- and long-term evolution. In the third auction, 177 MW were awarded out of the 520 MW finally launched, including a 29.9 MW biomass plant awarded to the Group. In the fourth auction a total of 45.5 MW were awarded out of the planned 3,300 MW.

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.

Law 38/2022 was published on 27 December 2022, introducing temporary fees on the energy and banking sectors. The fee applicable in 2023 and 2024 is 1.2% of the Net Revenue obtained in the immediately preceding financial year and for the business conducted out in Spain, excluding the amount corresponding to regulated activities. The ones obliged to pay are the main operators in the energy sectors according to the resolutions of the CNMC, with the exception of those where at least one of the following circumstances applies:

a) 2019 net revenue must be less than €1 billion.

b) Net Revenue in all three financial years 2017, 2018 and 2019 derived from its activity as the main operator in the energy sector does not exceed 50% in each respective financial year.

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 things is intended to act on the compensation of non-emitted CO2 in the electricity market. The purpose is to provide a mechanism for reducing the remuneration of infra-marginal and non-CO2 emitting plants that were commissioned prior to 2003. These plants receive recurring market-matching rates which, when set by CO2-emitting plants, includes the cost of CO2 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 CO2 for the month in question and a references value of €20.67 per ton of CO2.

After the parliamentary process was resume in June 2022, it was suspended again pending a review of how it fits in with the measures already activated or expected to come into effect in the near future. Even with a certain margin of uncertainty, it is not expected to be approved in what remains of this legislature.

At the date of these consolidated annual accounts, it is not possible to anticipate when this draft 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 projects 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.

After more than a year of negotiations, the US House of Representatives passed the Inflation Reduction Act (IRA) in August 2022. The IRA supports emissions reductions through supply and demand-side measures, affecting virtually all relevant segments: renewable power generation, clean hydrogen, carbon capture and storage, residential retrofits, electric vehicles and the industrial sector, among others. In the specific case of solar and wind power, the current tax incentives are extended through 2024, which could even be increased if additional local content requirements are met.

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 commitment to reducing 2005 emission levels by 50-52% throughout the economy by 2030; having 100% emission-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 definitively laid down 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 the US energy transition. It would also 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 aim of the plan is to advance in the transition from fossil fuel to clean energy, giving an enormous boost to a carbon-free energy sector by 2035, and to invest more in innovation to promote clean energy and do more to halt climate change. The BBB bill came to a standstill because of the opposition of one democratic senator who expressed 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.

The Inflation Reduction Act (IRA), despite its title and despite the fact that it includes measures in other areas of the economy such as healthcare and social issues, is essentially a climate law, which represents a major change in US policy: for the first time it gives legislative backing to the fight against climate change and brings the country closer to meeting its 2030 emissions reduction targets, as well as being a global boost for the renewable sector and its industrial value chain. The approved programme is largely implemented through grants, soft loans and climate tax credits totalling around $750 billion ($369 billion in grants, the rest loans) through 2030. With regard to the expected climate targets, it is estimated that the IRA will facilitate emission reductions of around -42% (2005 vs. 2030), compared to the previous -26%.

In another development, in February 2022 the Biden Administration extended the tariffs on imports of crystalline silicon PV modules introduced in 2018 by the Trump Administration for four years. The extension includes two substantial modifications, which significantly relax the measure: (i) the tariff-free import quota is doubled (from 2.5 GW to 5 GW) and (ii) bifacial panels (the most commonly used for large-scale projects) are excluded.

In June 2022, the White House issued a Presidential Order invoking the Defense Production Act (designed during World War II and does not require Congressional approval), empowering the Department of Energy to accelerate domestic production of key technologies in the energy sector including transformers, electrical components, grids, heat pumps, insulation solutions and electrolysers. The aim is to accelerate the development of the government's Clean Energy Agenda. Apart from the implication for fostering the industry domestically, the Order introduces a 24-month moratorium on the application of tariffs on solar panels or import duties on cells or modules from Vietnam, Malaysia, Thailand, or Cambodia (with an open investigation to clarify whether they are disguised Chinese imports), while maintaining sanctions on those coming directly from China. This measure was very well received by the sector, as it offered certainty for module imports for the next 24 months.

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).

A constitutional reform measure was published on 18 December 2013 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 is 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 underlying 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.

A bill was introduced on 9 March 2021 to amend the Electricity Industry Act in an attempt 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 amounted 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 Grupo 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 invalidated if the Federal Supreme Court of Justice (SCNJ) were to decide in either of these cases by a supermajority vote of at least 8 out of 11 that the LIE Amendment is unconstitutional.

In April 2022, the Supreme Court of Justice (SCJ) held a session to vote on the unconstitutionality of the Reform. There was no consensus on the entire Reform, but several of its components were voted on separately, with results clearly leaning towards unconstitutionality. The results of the votes are not binding in the sense that the injunctions against the LIE Reform are still in place, although they can serve as a guide for the judges who will rule on the injunctions.

Subsequently, in October 2022, the Supreme Court of Justice of the Nation (SCJN) lifted the suspension that had been imposed in February on the review and analysis of the injunctions against the changes to the Electricity Industry Law, at which point the process of analysing and settling the injunctions was resumed.

On 30 September 2021, the President of Mexico presented the Reform of Articles 25, 27 and 28 of the Constitution to the Congress of the Union 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 and 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 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, passage requires the favourable vote of two-thirds of the members of the Congress of the Union (Chamber of Deputies and Senate) and the favourable vote of 50% plus one of the local state congresses.

This Constitutional Reform was still being debated in early 2022, until a vote was finally held in the Chamber of Deputies in April. The Reform obtained 275 votes in favour and 233 against, falling short of the 332 votes needed (two-thirds of the Chamber) for passage, thus and making it impossible for the reform bill to be reintroduced during the Chamber's sessions.

The Mexican government created the National Emissions Register to record all emissions from the transportation, electricity, housing, oil and gas, industry in general, agriculture, waste, and land use sectors. 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.

As a result of the new order of priority established in “Network Code 2.0", during the first two months of 2022 the reliability limits for renewable power plants increased significantly. However, a participant from the Mexican electricity industry succeeded in obtaining the definitive suspension of the appeal filed against

Network Code 2.0, so CENACE was ordered to stop applying this new regulatory system, forcing it to apply the previous network code. In addition, the Mexican Energy Association ("AME"), of which the Group is a member, obtained the Final Suspension of the injunction against the network code.

In the end, both measures (the Reliability Policy and the changes to conveyance tariffs) were challenged by the Economic Competition Commission (COFECE) and are now suspended. As of the date of these annual accounts, the sector is awaiting the final ruling.

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. For the first time in the four-years since 2017 (last auction called in Chile), a new reverse auction of energy supply contracts was held in September 2021. All willing projects will use renewable assets and storage for the supply. The weighted average auction price decreased by 27% to $23.8/MWh from $32.5/MWh in the previous auction. Grupo 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 energy self-sufficiency rate 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. The bill is still sitting in the Chamber of Deputies and there appears to be no urgency in bringing it up for discussion, so no progress has been made recently. It is expected that the bill will be debated and ultimately approved in 2023 and that the new figure of the power trader with the ability to buy and sell energy within the regulated market will come into operation in 2024. Currently only unregulated customers can choose who they buy their energy from.

As a result of the persistent drought affecting the country, in the first half of 2002 the Ministry of Energy continuously extends the Decree that prevents rationing due to the lack of hydroelectric power in the electricity system. The measures included focusing on the centralised management of diesel purchases, reinforcing the controls on the operation of these diesel units in the electricity system and reservoir hydroelectric power plants, guaranteeing an available water reserve of 650 GWh at all times.

The government enacted the Climate Change Act mid-way through the year, one of the key objectives of which is to make the country emission-neutral by 2050 at the latest. The body primarily responsible for achieving this will be the Ministry of the Environment, supported by the Ministry of Energy, which will lead the multi-sectoral round table formed to implement the measures.

In July 2022, the government introduced a new mechanism to extend existing subsidies to regulated customers (until 2032), thus avoiding an automatic increase of approximately 40% that would occur in the absence of these subsidies. This measure to freeze regulated electricity tariffs implemented following the social unrest of 2019, would be financed by the regulated generators up to a total volume of USD 1,350 million or until July 2023. The COVID pandemic, the war in Ukraine, problems with the peso/dollar exchange rate and the context of rising inflation caused the volume to be reached one year in advance. The new mechanism will establish preferential prices for regulated customers, which will be financed by additional charges applied to free and regulated customers, and by contributions from the State (own resources and borrowed from financial institutions).

A public consultation period was launched in the summer of 2022 in relation to the Technical Rules for Coordination and Operation of the National Electricity System, with the aim of defining the treatment of storage systems. The renewable sector was in favour of the owner operating the storage capacity in order to optimise distribution, guaranteeing the security of the system at all times.

In October 2022, the Minister of Energy outlined in the Chamber of Deputies the four priorities on the Government's legislative agenda, strengthening its renewable commitments:

- Bill to boost renewable energy ("Quota Law"). The aim is to at least double the share of renewables by 2030, from 20% to 40%, and even 60%.
- Storage: key to integrating renewables and to reducing dumping, also associated with the promotion of electromobility. The Senate unanimously approved the Renewable Energy Storage Bill, which will now be sent to the Lower Chamber.
- Strengthening and expanding the transmission grid and managing the active grid more efficiently are essential to reducing the frequency of dumping and transmitting renewable surpluses from the north of the country to the centre.
- Renewable hydrogen: increase electrolysis capacity to 25 GW by 2030. A renewed National Green Hydrogen Strategy will be developed to achieve this.

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 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 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.

In November 2022 and in an environment of high electricity prices due mainly to the implications of the war in Ukraine, the Polish government passed a law to limit the cost of electricity. To do so, a price was set for consumption and generation between 1 December 2022 and 31 December 2023. As far as generation is concerned, the published price of reference is 295 PLN/MWh (about €62.64/MWh), equivalent to the maximum price of the auction. The difference between the price captured by the generator and this minimum price will have to be paid to the government, which will use the amounts collected to subsidise small and medium-sized enterprises and end consumers.

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.

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

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”). In August of the same year, the Victorian government announced a 650MW renewables auction, which is part of the Victorian Renewable Energy Auction Scheme (VREAS) to achieve 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.

In 2022, the Energy Security Board (ESB), the body charged with coordinating the country's energy reforms, has been working on developing grid access regulations to manage congestion and designing capacity management mechanisms. In line with these proposals, steps continued to be taken in 2022 to reconfigure the generation mix, setting new renewable power targets and announcing progress made in the abandonment of fossil fuel plants, mainly coal-fired. This has forced states to accelerate the development of new renewable capacity, storage systems and large transmission facilities to strengthen the connection between systems.

At the end of 2022, the Government announced it would step up efforts to achieve renewable development and emissions reductions, supported by several states such as the State of Victoria which has raised its renewables target to 95% by 2035, creating a renewables company, the State Electricity Commission, with the aim of developing 4.5 GW of clean energy projects. This has materialised in the reallocation of budget funds (A$478 million) to the fight against climate change, which had been allocated by the previous government to programmes to promote mostly gas projects, and the commitment to reduce emissions from sectors such as steel, aviation and agriculture by at least 50% by 2035, boosting research into green hydrogen and carbon capture and storage.

For its part, the Climate Council has proposed earmarking existing fossil fuel subsidies (A$11.6 billion in 2021) for the development of rooftop photovoltaics, hydro pumping, storage, electric public transport and electric vehicle charging stations.

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 175GW of renewable capacity by 2022, of which 100GW is solar and 60GW 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.

The RECS 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 trader, it can apply for RECs.

In 2019, the Union Budget for 2019-2020 introduced a scheme that envisaged the interconnection of five regional Indian grids to operate on the same frequency. The scheme would be implemented by 30 June 2020 to enable power transfer whilst ensuring connectivity of all states at an affordable price, as well as increasing inter-regional transmission capacity for a more dynamic market.

Despite grid and land availability issues, renewable targets have been increased. 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) was published on 18 October 2019, which 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, provides for the installation of new storage capacity, and prepares a battery pilot project.

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 set 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.

Round 6 of the REIPPPP was announced in April 2022, tendering for 3.2 MW of wind and 1 MW of photovoltaic solar. The results were published in December 2022, with 860 MW of solar PV projects awarded. No wind projects were awarded following Eskom's confirmation during the evaluation that there was no grid capacity available to connect any proposed wind projects in the supply areas.

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).
- 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 applied to industrial facilities 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 Government of Canada's Fall Economic Statement - 2022, released in early November 2022, includes significant support programmes for renewable energy and development of the renewable hydrogen economy. These support frameworks are clearly Canada's response to the release of the IRA by the United States, in the hope of remaining competitive with its neighbour.

The key actions are based on repayable tax incentives (unlike the US plan). The initial estimate is that they will become operational in January 2023. The support takes the form of an instrument similar to a refundable ITC worth 30% of the investment if certain defined procurement criteria are met. If the criteria are not met, the aid only covers 20% of the investment. Actions that would initially be eligible include solar photovoltaic and concentrating solar-thermal power generation systems, wind, hydro and small nuclear reactors, storage systems that do not use fossil fuels; thermal equipment, heat pumps and the development of industrial electric vehicles. The details for renewable hydrogen support are less well defined. FES-2022 states that the public will be consulted in order to define an effective support design.

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 was the last year to complete ongoing projects that can take advantage of the feed-in tariff scheme until 2030.

The wind farms owned by the Group in this country are selling all their energy under the Green Tariff regulations.

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. One of the changes introduced by this law is a reduction of the Green Tariff. Specifically, for photovoltaic plants commissioned between 1 July 2015 and 31 December 2019 there is a 15% reduction in the Green Tariff; for plants larger than 1MW there is a reduction of approximately €22.6 per MWh from 1 August 2020 and these reductions 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 take the form of guaranteed purchases by the state through the specially designated and authorised Guaranteed Buyer of all electricity produced using renewal energy sources, up to the quota purchased at auction at the 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 basically guarantees that balances due to generators will be paid before 31 December 2021. By the end of the 2021 financial year all deferred debt from 2020 had been 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. 80% of generators' energy sales were settled by the GB in 2021. The remaining 20% was expected to be covered by the government budget.

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 IMF also introduced a new indicator to monitor the development of the previous regulation called "Ceiling on stock of arrears of the Guaranteed Buyer to RES". This indicator represents the GB's volume of government debt due and owing to producers in the renewable energy sector, and is established at a fixed value of for the end of 2021 and for March 2022.

Other countries

The facilities owned by the other member companies of the Grupo 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.

2.3. Consolidation principles

a. Consolidation method

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 carried by 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 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 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 in the 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 that represents the acquisition of a business, the assets, liabilities and 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.

For each transaction, the Group assesses whether it has acquired a business or a group of assets by analysing whether the aggregate of assets acquired meets the definition of a business, as defined in international accounting standards, or whether most of the fair value of the acquired gross assets is concentrated in a single identifiable asset (or group of similar identifiable assets), in which case the assets acquired would not represent a business.

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" on the consolidated balance sheet under the heading of Group Equity. Similarly, their interest in the financial 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 where the decisions on such relevant activities require the 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 carried by 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 has been reduced to zero, additional constructive obligations, if any, in subsidiaries accounted for using the equity method are recognised under "non-current provisions" in the consolidated 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. Differences arising on exchange 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

For the twelve-month period ended on 31 December 2022, the most significant changes to the scope of consolidation compared to the year-ended 31 December 2021 are as follows:

- In October 2021, Acciona Esco, S.L., a wholly owned subsidiary of the Group, as buyer, and the shareholders of the French company Eqinov, S.A.S. (hereinafter "Eqinov"), as sellers, agreed to acquire an 85% stake in the latter's capital, subject to compliance with certain conditions precedent, mainly related to compliance with competition regulations in that country and confirmation that the target company had obtained certain operating licences.

  In January 2022, after verification of compliance with the conditions precedent, Eqinov was acquired and consolidated using the full consolidation method. The total acquisition price was €78 million, which was paid in full. The details of the business combination are as follows (in millions of euros):

Company	Acquisition cost	Percentage acquired	Fair value of assets and liabilities	Goodwill
Eqinov, S.A.S.	78	85.00%	92	--

  The details of the fair value of the integrated assets and liabilities of Eginov, S.A.S. at the time of the acquisition are shown below (in millions of euros):

	Eqinov 01.01.22
Details of identified assets:	
Other intangible assets	98
Other non-current assets	1
Non-current assets	99
Current assets	45
Total identified assets	144
Details of identified liabilities:	
Non-current liabilities	25
Current liabilities	27
Total identified liabilities	52
Total identified net assets	92

Acquisition cost	78
Cash and cash equivalents of the acquired company	(19)
Net acquisition cost	59

As a result of the difference between the fair value of the net assets acquired and the acquisition cost, gross goodwill in the amount of €81 million was recorded under "Other intangible assets" as licenses and software.

The acquired company specialises in energy efficiency and energy management services for companies. For Corporación Acciona Energías Renovables, the transaction represents an opening into the French market, where it will be able to complement Eqinov's energy services and decarbonisation offering with its renewable energy solutions, self-consumption projects and services. In addition, it will allow Corporación Acciona Energías Renovables to expand its energy services to its global customer portfolio and in other markets where it operates, especially Spain.

Net revenue and profit after tax contributed by Eqinov, S.A.S., from the acquisition date until 31 December 2022 was €18.9 million and €1.0 million in losses, respectively. The functional currency of the acquired company is the euro.

- As of June 2022, Acciona Generación Renovable, S.A. and Ceólica Hispania, S.L., both wholly owned by the Group, sold their 50% stakes in the associates Desarrollo de Energías Renovables de Navarra, S.A. and Parque Eólico Cinseiro, S.L. and 25% of the associate Explotaciones Eólicas Sierra de Utrera, S.L. On the sale date, these companies owned 5 wind farms with an installed capacity of 121 MW. As a result of the sale, the Group recorded a capital gain of €8.4 million, which was recognised under "Impairment and gains on disposals of fixed assets" in the consolidated income statement for the year.

There were no significant changes in the scope of consolidation or minority interests in 2021 compared to the previous year.

Annex IV shows these and the other negligible changes in the scope of consolidation in 2022 and 2021. 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 2022 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		
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 (on exceptions to the treatment of translation differences when a subsidiary adopts IFRS at later date than the parent); IFRS 9 (to determine that the costs to be considered in modifications to financial liabilities should only include fees paid or received between the borrower and the lender); IFRS 16 (modification of illustrative example 13 to avoid confusion about the treatment of inducements) and IAS 41 (removing the requirement to use pre-tax cash flows in determining fair value).	1 January 2022

The above amendments were applied without any significant effect on the reported figures or the presentation or disclosure of information, either because they did not represent a significant change or because they refer to economic events that do not affect Grupo Corporación Acciona Energías Renovables.

Standards and interpretations issued but not yet in force

At 31 December 2022, 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		
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 dismantling 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 insurance entities applying IFRS 17 and IFRS 9 for the first time at the same time.	1 January 2023
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 the EU		
Amendment to IAS 1 - Classification of liabilities as current and non-current and liabilities with covenants.	Clarifications regarding the presentation of liabilities as current or non-current, and in particular with maturities contingent upon the fulfilment of covenants.	1 January 2024
Amendment to IFRS 16 Lease liability in a sale and leaseback transaction.	This amendment clarifies the subsequent accounting for lease liabilities arising in sale and leaseback transactions.	1 January 2024

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 2022, the company recognised €273.5 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, the United States, Australia and the Dominican Republic.

Conservation and maintenance costs are carried to the consolidated income statement of the financial 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 2022 are as follows:

	Annual depreciation rate
ASSETS ASSOCIATED WITH THE ELECTRICAL 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%

At the national level, the regulation establishes a regulatory life for operating assets that depends on the technology, 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) Leases and right-of-use

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 dismantling 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 Grupo 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 is recognised as expenses in the period in which they are incurred, with the exception of those projects in which an identifiable asset is created which is likely to generate economic profits in the future and the cost of developing the asset can be reliably 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 assets 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 2022 or 2021.

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) Impairment of PPE, intangible assets and companies carried by the equity method

On each consolidated balance sheet date, the Group reviews the carrying value of the PPE, intangible assets and associated rights-of-use, intangible assets and companies carried by 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 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 identifiable assets and liabilities associated with each of them, including the asset and liability items derived from leases within the scope of IFRS 16, provided that the buyer must assume the leases if the CGU is transferred.

If the recoverable amount is determined using value-in-use, the carrying amount of the lease liability at the measurement date is deducted from both the invested capital of the CGU and its value-in-use. On the other hand, if the recoverable amount is determined using fair value less costs to sell, the carrying amount of the lease liability at the measurement date is equally considered to be the invested capital of the CGU and the fair value that would be obtained from the disposal of the CGU's assets and the related lease liabilities.

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 expected flows derived from the use of the asset. 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.g).
- 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 25.

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 amortized 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 2022 consolidated 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.

There were no restatements in 2022 or 2021 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 securitisation 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.

Finance charges, including premiums payable on settlements or redemptions, and direct issuing costs are recorded based on an accrual criterion on the income statement using the effective interest rate method. They are added to the carrying value of the instrument if 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. The investment thus maintained is treated by Grupo Corporación Acciona Energías Renovables as related-party debt under the heading of Other non-current and current liabilities. 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 PTCs, is 10 years from the project's operating start date.

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. Note 19 on related-party transactions contains a breakdown of the financial liabilities with related-parties related to the recognition of investments in this these types of structures.

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 consolidated income statement as they occur, unless the derivative is designated as a hedge and is highly effective.

The derivatives designated as hedges by Grupo 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 consolidated 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 financial 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 consolidated income statement in the same period in which the hedged item has an effect on net profit.

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 financial 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 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 2022, to determine the credit risk adjustment for derivative measurement purposes, the Company 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 Company's 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 (market value adjusted by bilateral credit risk), the Company considers the credit enhancements relative to guarantees or collateral when determining the loss severity rate applicable to each position. Severity is considered constant in time. If there are no credit enhancements relative to guarantees or collateral, the standard market rate of 40% for unsecured senior debt is used. 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 calculated 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 stock

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) Compensation for dismissal

Under the law, consolidated Spanish companies must indemnify employees that are dismissed without just cause. The member companies of Grupo 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 2022 and 2021 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 the these proceedings, once settled, will have a significant effect on the consolidated annual accounts of the financial 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 on the consolidated balance sheet under "trade and other accounts 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) Grants

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) Revenue recognition

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. Subsequently, on 11 December 2022, Order TED/1232/2022 was published, establishing the new remuneration parameters for 2022 as a result of the extraordinary anticipation of the review of parameters approved for that year in application of the provisions of LRD 6/2022, splitting the current half-period into two (2020-2021 and 2022). Likewise, the proposed parameters to be applied to the following regulatory half-period (2023-2025) were published on 28 December 2022 and are expected to be approved by Ministerial Order in early 2023.

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, by virtue of which the Group:

- As a general rule 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 (IT) facilities when the Group's management considers the market forecast and 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 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 NPV 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 materialising as a result of the negative differences arising from this mechanism are recorded under "Other non-current liabilities" or "Trade and other payables" if they have current maturities.

At 31 December 2022, the current situation of the energy market, the expected evolution of energy prices in the short and medium term, the analysis of other qualitative factors and the analysis of the proposed update of parameters published on 8 December 2022 indicate:

- Practically all of the standard facilities operated by the Group in Spain will cease to receive remuneration for investments at least during the next regulatory half-period (2023-2025).

- Based on the estimated evolution of energy prices, Group management anticipates the depletion of NAV at all relevant standard facilities operated by the Group in Spain. It is extremely likely that estimated future prices will achieve higher returns than the ones guaranteed in RD 413/2014.

- Except for the biomass facilities, at the rest of the standard facilities operated by the Group in Spain, once the minimum guaranteed profitability has been achieved, keeping them in the remuneration system entails no significant cost or additional obligation as opposed to abandoning it. In these cases, the Group's directors have reached the conclusion that at the date of these consolidated financial statements exiting the remuneration system would have no more adverse economic consequences than remaining in it. However, in view of the proliferation of regulatory changes in recent months and the expectation that additional changes may be coming given the current situation of energy markets, it would not be prudent for the Group to leave the system at this time.

- For biomass facilities, on the other hand, leaving the remuneration system could have more adverse economic consequences than remaining in it, since these activities could be remunerated during the remainder of its regulatory life depending on the prices in force during that time.

Based on the above, the Group has ceased to recognise and eliminated the liability arising from the adjustment for negative deviations in market prices at 31 December 2022 for all the standard facilities it operates, except those pertaining to the biomass business.

The amount derecognised for this reason at 31 December 2022 is €146 million (31 December 2021: €170 million).

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 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 tax assets against current 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:

- when 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;

- when they are 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 temporary 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) Transactions and balances denominated 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, differences on exchange 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 financial 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 carried by 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 2022 and 2021, 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 Note 3.2.d and 4).

- The useful lives of property, plant and equipment and intangible assets (see notes 3.2.a, 3.2.c, 4 and 6).

- The assumptions used to calculate the fair value of financial instruments (see notes 9, 10, 18 and 23).

- The probability of occurrence and amount, if any, of liabilities of indeterminate amounts or contingent liabilities (see notes 3.2.j and 15).

- Future costs for dismantling of facilities and restoration of land (see notes 3.2.j 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.m and 20).

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

- Energy supplied to customers in the trading business not yet invoiced (see note 3.2.l and 22).

- The estimate of 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 recalculations of parameters for the next regulatory half-period (see note 19 and Appendix V).

These estimates are based on the best information available at 31 December 2022 and 2021 on the events analysed. However, it is possible that future events may require modifications, which would be done, where appropriate, prospectively in accordance with IAS 8 prospectively by recognising the effects of the change in estimate in the consolidated income statement for the years affected.

There were no significant changes in 2022 or 2021 to the accounting estimates from the year before.

Invasion of Ukraine

The outbreak of the war in Ukraine on 24 February 2022 has cooled the optimism that emerged once the pandemic was brought under control. Some of the after-effects of Covid, such as supply chain disruptions and inflationary pressures, have been exacerbated. In addition, the armed aggression has caused a serious energy crisis that is affecting businesses and families alike and has led nations to rethink existing energy dependency patterns. This context is causing a climate of uncertainty and distrust in companies and investors that is drawing us dangerously closer to the spectre of recession.

Countries and regions such as the United States, Australia, Japan, the United Kingdom and the EU have imposed sanctions on the Russian economy, which will also have global effects. These sanctions have had an impact on the evolution of the exchange rate of the local currency, on local interest rates and on the share prices of companies listed on the Moscow Stock Exchange. Faced with a possible gas shortage caused by the conflict, the European gas market has reacted by raising prices and the market has become extremely volatile due to the seriousness of the situation, with the corresponding impact on electricity prices.

The Group's exposure to the countries directly involved in the armed conflict is very limited. Grupo Corporación Acciona Energías Renovables does not own any assets or operations in Russia. In Ukraine it owns six photovoltaic plants totalling 100 MWp, which account for just over 1% of the Group's attributable renewable capacity, three on the outskirts of Kiev and another three located in the south, in the Odessa region, relatively close to the border with Moldova. Capital investments at 31 December 2022, excluding impairment, totalled approximately €54 million, partially financed by recourse debt which included as a precaution a waiver of the debt service for the second half of the year, although there were sufficient funds available for that purpose at the maturity date. There are no restrictions on the use of cash.

In any case, the Group remains committed to its investments in Ukraine, and despite the technical restrictions imposed by the Ukrainian administration within the scope of its powers, all operational and financial decisions involving those investments are taken by the Group's directors.

Neither the plants nor the employees responsible for operation and maintenance have suffered any direct material damage as a result of the military actions. However, despite the fact that the plants are fully operational and have not sustained physical damage, a temporary regime was established when the war broke out (Martial Law of 28 February 2022), limiting the evacuation of the power generated and deferring the payment of the regulated tariffs, so their income in recent months has been significantly reduced. In the opinion of the Group’s Financial Management, this adverse context is an indicator of impairment and for that reason an impairment test was conducted which has revealed a loss of €35 million. The assumptions, results and sensitivities of the impairment test are detailed in Note 4. Given the situation, the Group has changed the criteria for recording revenue from the Ukrainian plants from an accrual to a cash basis, until such time as there is greater certainty about the end of the conflict and its consequences. This accounting exception is completely immaterial to the Group as a whole, the impact being €5.8 million less than if it had continued to use the accrual principle.

However, the consequences of the war have global social and economic implications. Few sectors of economic activity are escaping the effects of the generalised escalation in the price of materials (steel, concrete, copper, etc.), energy and oil derivatives.

In response to this situation, governments, the Federal Reserve, the European Central Bank and the rest of the governing bodies of economic and fiscal policies world-wide have quickly adopted measures to control inflation, mainly by increasing interest rates in the different currencies, reducing ECB’s government bond purchase programme in the European market, and others aimed at reining in energy prices (see the evolution of energy regulation in the domestic market detailed in Note 2.2).

Except for the impacts of the regulatory changes mentioned in the previous section, the Group's directors do not believe that the situation has had a material impact on the consolidated financial statements at 31 December 2022, given the low levels of debt with which the Group currently operates in the various markets where it does business.

3.4 Changes in accounting policies and correction of errors

Where the effects of such changes and corrections are significant, the cumulative effect is recorded in reserves at the beginning of the year and the effects on the financial year in question are carried to the income statement for the year. In these cases, the comparative financial data presented along with the figures for the current year are also restated.

There were no changes in accounting policies or corrections of errors in 2022.

4 Property, plant and equipment

The changes in the cost and cumulative depreciation of PPE in 2022 and 2021, in millions 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 31.12.2020	241	11,627	15	27	752	(5,011)	(612)	7,039
Changes in the scope of consolidation		(25)	11		7	(2)		(9)
Additions/Funding	3	24	1	1	473	(340)	(2)	160
Disposals		(1)			(5)	1		(5)
Transfers	6	676			(662)			20
Translation differences		324			45	(100)	(9)	260
Balance at 31.12.2021	250	12,625	27	28	610	(5,452)	(623)	7,465
Changes in the scope of consolidation	1	51	8	1		(35)		26
Additions/Funding	3	95	7	1	1,337	(369)	(84)	990
Disposals	(2)	(2)				4	64	64
Transfers		175	2		(177)	(24)	24	--
Translation differences	(2)	219			10	(60)	(1)	166
Balance at 31.12.2022	250	13,163	44	30	1,780	(5,936)	(620)	8,711

The net balances by heading at the end of 2022 and 2021 are as follows:

	2022			2021		
Property, plant and equipment	Cost	Amortisation and provisions	Total	Cost	Amortisation and provisions	Total
Land and buildings	250	(164)	86	250	(157)	93
Plant and machinery	13,163	(6,317)	6,846	12,625	(5,860)	6,765
Other facilities	44	(29)	15	27	(18)	9
Other PPE	30	(27)	3	28	(26)	2
Payments on account and work in progress	1,780	(19)	1,761	610	(14)	596
Total	15,267	(6,556)	8,711	13,540	(6,075)	7,465

One of the main changes in 2022 relates to additions for investments in work in progress, primarily wind power generation facilities in Australia, Spain and Peru; and photovoltaic generation facilities in the United States, Spain and the Dominican Republic, in the amount of approximately €1,060 million. Also included is the acquisition in December 2022 of a battery storage project in Texas (United States) called Cunningham, for €230 million, which is in the process of being commissioned and will come online at the end of the first quarter of 2023.

The changes recorded under "Changes in the scope of consolidation" refer mainly to the acquisition of 50% of the company Páramo de los Angostillos, S.L., which was previously accounted for using the equity method.

In June 2022, Sierra de Selva, S.L.U., a company wholly owned by the Group, purchased five wind farms belonging to Desarrollo de Energías Renovables de Navarra, S.A., representing 72 MW of wind power capacity, for a total of €27 million, which is shown under “Additions”.

€177 million was transferred from Fixed Assets Under Construction to Plant in 2022, mainly due to two wind farms and a photovoltaic plant coming on line in 2022, all of them in Spain.

The caption titled “Translation differencesand other” for 2022 includes the effects of fluctuations in the exchange rate during the year, which have mainly affected the facilities located in the United States, Chile and Mexico, whose financial statements are shown in USD which appreciated against the euro in 2022.

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 relevant changes in the regulatory, economic or technological environments or discount rates in the markets where the assets operate, in order to appropriately update the impairment provisions during the year.

At 31 December 2022, 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 2022, the Group had recognised impairment in the amount of €620 million (€623 million at 31 December 2021) which included both international markets (mainly the United States, Ukraine, Poland, Australia and Italy) and Spanish assets, the latter mostly arising after the regulatory change in 2012 and 2013.

This year, the Group has updated the impairment tests of wind, hydro and biomass energy generation assets located in Spain and wind and photovoltaic assets in the United States, Ukraine and other jurisdictions due to the evolution and economic outlook in each one of those jurisdictions, the corresponding energy markets, the status of the projects, the evolution of prices, discount rates and regulatory changes in each one, which are significant in Spain and are discussed in Note 2.2.

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 as follows for the assets analysed:

Country	Pre-tax discount rate	Post-tax discount rate
Spain	7.02%	6.50%
USA	7.43%	6.5%-7%
Ukraine	19.93%	18.50%
Mexico	8.08%	7.50%

As a result of this analysis, a net loss of €20 million was recorded under “Impairment losses”, broken down by geographical area as follows:

Country	Amount
Spain	32
Ukraine	(35)
Mexico	(5)
Other	(12)
Total	(20)

Regarding the updated impairment testing of certain wind assets in the United States, as a result of the upward trend in prices in that country there are no significant impacts to be recognised in the consolidated income statement at 31 December 2022.

Spain

For non-regulated assets such as wind farms whose regulatory life has expired and hydro assets under the ordinary regime, the main drivers of reversal are the evolution of sales prices in an environment of high prices as a result of rising gas prices as well as the short- and medium-term economic situation; for regulated assets, the drivers are mainly the various regulatory changes approved during the year.

Royal Decree 6/2022 on the adoption of urgent measures within the framework of the National Plan in response to the economic and social consequences of the war in Ukraine, which saw the parameters of the specific remuneration system for generation assets using renewable resources updated and a proposal to update the parameters for the next six-month period (2023-2025) published on 28 December 2022, have resulted in a considerable reduction in the return on investment and operations earned by the Group on the regulated assets it operates in Spain.

It also extends through 30 June 2022 the reduction in the remuneration of electricity produced at plants that use technologies that do not emit greenhouse gases, modifying the previous exemption criteria. Legislative Royal Decree 11/2022 and Legislative Royal Decree 18/2022 extended these measures, first through 31 December 2022 and subsequently through 31 December 2023.

Law 7/2022 on waste and contaminated soil for a circular economy introduced two changes to the rules governing the inland water charge. This charge was completely eliminated before it even took effect as a result of the Supreme Court decision which declared that it could not be applied retroactively. It also determined that the requirement to file self-assessments without a prior review of the conditions of the concession, as required by Law 12/2015 itself for the application of the charge, was a formal defect. This was one of the reasons why the Group decided to review the impairment tests for the water business in 2021.

However, this law amends and eliminates the need for a review of the concession conditions as a sine qua non requirement for applicability. According to management's internal analysis, it is estimated that the effective application date will be 1 January 2023.

As a result of that analysis, the following impairment provisions or reversals were recognised:

Technology	Amount
Wind	34
Hydraulic	19
Biomass	(21)
Total	32

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

Hypothesis	Fluctuation	Wind	Hydro	Biomass	Total (millions of euros)
Discount rate	-0.50%	(2.0)	(15.6)	(0.2)	(17.8)
	0.50%	2.0	15.7	0.2	17.9
Price curve	-2.50%	11.9	40.9	0.7	53.5
	2.50%	(8.5)	(39.5)	(0.4)	(48.4)
Production	-2%	7.5	29.1	0.2	36.8
	2%	(7.0)	(15.1)	(0.2)	(22.2)

The results of these sensitivity analyses indicate that:

- A change in discount rates of +0.5% and -0.5% would result in an increase in the provision of €17.9 million and a reduction of €17.8 million, respectively.

- Likewise, upward and downward variations of 2.5% in pool tariffs would result in a reduction of the provision of €48.4 million and an increase of €53.5 million, respectively.

- Finally, upward and downward variations of 2% in the estimated production of the assets would result in a €22.2 million reduction of the provision and an increase of €36.3 million, respectively.

Ukraine

Due to the situation in Ukraine (see Note 3.3), at 30 June 2022 the Group updated the impairment tests for the photovoltaic power generation assets located in that country and recognised an impairment loss of €35 million under "Impairment and gains/losses on disposals of non-current assets" in the consolidated income statement.

The key assumptions used to estimate future cash flows:

- Energy production. Production is estimated using the plants' anticipated standard generation, adjusted for the current limitations on generation imposed by Martial Law and for the duration of the conflict. For impairment test purposes, it is assumed that the war will last until mid-2023 and that the consequences of the conflict will be felt until one year after the end of the conflict, i.e., mid-2024. Thus, for the period from June 2022 to June 2023, the production considered is 10% of normal output, increasing to 50% and 75% respectively over the next two six-month periods until normal production levels are restored in June 2024.

- Prices: The price obtained by the Group's PV plants in Ukraine is based on a 10-year fixed price PPA contract ending in 2030. After that, each plant earns the market price for the output generated until the end of its useful life, which is the market price estimated by Group management based on currently available information. Under Martial Law, whilst the price has not been adjusted, it is considered that the amount that will accrue for as long as the war continues is only 15% of what it would have been under normal circumstances. This is the amount that was used for the impairment test, estimating that the rest of the price for the production generated during this time would be collected in the second half of 2025.

The Group also analysed the sensitivity of the results of the impairment test to changes in the assumptions that it considers could have a greater impact on the valuation and which are reasonably likely to change, as shown below:

Hypothesis	Fluctuation	Total (millions of euros)
Discount rate	-0.50%	(1.1)
	0.50%	1.1
Price curve	-2.50%	0.3
	2.50%	(0.3)
Production	-2%	1.2
	2%	(1.2)

The results of these sensitivity analyses indicate that:

- A change in discount rates of +0.5% and -0.5% would result in an increase in the provision of €1.1 million and a reduction of €1.1 million, respectively.

- Similarly, upward and downward variations of 2.5% in pool tariffs would result in a reduction of the provision of €0.3 million and an increase of €0.3 million, respectively.

- Finally, upward and downward variations of 2% in the estimated production of the assets would result in a €1.2 million reduction of the provision and an increase of €1.2 million, respectively.

In 2022, the companies capitalised €10 million in finance costs (31 December 2021: €6 million) on assets under construction in the USA, Australia, Peru and Spain mainly (see note 25) as an increase in the value of property, plant and equipment.

Fully depreciated property, plant and equipment still in operation at 31 December 2022 totalled €175 million, (€162 million at 31 December 2021), most of which were still in use.

The most significant changes in fixed assets in 2021 are the investments underway in wind power plants in Australia, Mexico and Spain, and photovoltaic power plants in the United States and Chile valued at approximately €430 million.

Two wind farms came on stream in 2021, one in the United States, Chalupa, and the other in Mexico, San Carlos. The Malgaridas photovoltaic plant in Chile and the Arcyz photovoltaic plant in Ukraine also came on stream. The caption titled "Transfers" includes €656 million that was moved from fixed assets in progress to electricity generation assets. This item also includes transfers from intangible assets relating to expectancy rights associated with the San Carlos wind farm, mainly for a total net amount of 17 million euros.

The caption titled "Translation differencesand other" for 2021 includes the effects of fluctuations in the exchange rate during the year, which have mainly affected the assets located in the United States, Chile and Mexico, whose financial statements are shown in USD which appreciated against the euro. Plants in Canada and Australia were also affected, since their currencies also appreciated against the euro that year.

The Group also updated the impairment tests of hydroelectric power generation assets following regulatory changes in 2021 (see note 2.2), although this analysis did not have any impact on the consolidated income statement for that year.

At 31 December 2022, Group companies have commitments to acquire property, plant and equipment totalling €1,203 million for the wind and photovoltaic assets currently under construction, mainly in the United States, Australia and Peru. The amount committed at 31 December 2021 was €1,189 million mainly for wind and photovoltaic assets under construction in the United States, Australia and Spain.

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 2022, the net amount of property, plant and equipment used as collateral to secure financial debt associated with a specific project is €708 million (€973 million in 2021).

The Group holds mortgaged land and buildings as security for loans granted, the net book value of which at 31 December 2022 amounts to €20 million (31 December 2021: €20 million).

5.- Leases

Right-of-use assets

Changes in this balance sheet heading in 2022 and 2021 are as follows:

Right-of-use	Land and natural resources	Buildings	Plant	Machinery and vehicles	Amortisation	Total
Balance at 31.12.2020	308	9	85	3	(52)	353
Additions/Funding	25	2		1	(26)	2
Disposals	(2)					(2)
Translation differences and other	11		6		(3)	14
Balance at 31.12.2021	342	11	91	4	(81)	367
Changes in the scope of consolidation	1	1		5	(4)	3
Additions/Funding	62	6		2	(27)	43
Disposals	(2)		(75)	(1)	33	(45)
Translation differences and other	10	(1)	4		(5)	8
Balance at 31.12.2022	413	17	20	10	(84)	376

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 additions to "Land and natural assets" in 2022 are mainly due to the recognition of new leases valued at €57 million on land associated with wind farms and photovoltaic plants located in the United States and Spain, and under new leases on office space in France recognised under “Buildings”. The remaining additions reflect amendments to existing leases, due primarily to changes in future payments as a result of consumer price index (CPI) adjustments.

At the end of 2021, the Group had recognised under “Plant” a sales and leaseback contract for a solar thermal plant in Nevada (United States) with a 20-year term expiring in December 2027. The net carrying value of the right-of-use asset is €48 million, with an associated liability of €65 million. This contract was cancelled in September 2022, resulting in a capital gain of €18 million recognised in the consolidated income statement for the year.

The additions to "Land and natural assets” in 2021 arose from the recognition of new land leases totalling €19 million, mainly associated with wind farms and photovoltaic plants located in Portugal, Chile and Mexico. The remaining additions reflect amendments to existing leases, due primarily to changes in future payments as a result of consumer price index (CPI) adjustments.

Details of the net book value of the right-of-use assets classified by the type of underlying asset at 31 December 2022 and 2021 are as follows, in millions of euros:

	2022			2021		
Right-of-use	Cost	Amortisation	Total	Cost	Amortisation	Total
Land	413	(61)	352	342	(42)	300
Buildings	17	(7)	10	11	(4)	7
Plant	20	(9)	11	91	(32)	59
Vehicles	10	(7)	3	4	(3)	1
Total	460	(84)	376	448	(81)	367

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 €1.5 million in 2022 (€0.5 million in 2021) and for contracts relating to low-value assets amounting to €0.5 million in both years.

In financial year 2022, the Group recognised interest and amortisation expense of €26.1 million and €27.3 million, respectively, associated with these lease contracts in the income statement (€22.5 million and €26.2 million, respectively, in financial year 2021).

The total amount of lease cash payments is €53.0 million in financial year 2022 (€47.0 million in financial year 2021).

No impairment was recorded on the Group's consolidated income statement in 2022 or 2021.

Non-current and current lease obligations

The balance of lease obligations at 31 December 2022 and 2021 is detailed below, in millions of euros:

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Lease obligations	16	388	404	23	384	407
Total lease liabilities	16	388	404	23	384	407

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

The maturity dates of the Group's "Lease obligations" at 31 December 2022 and 2021 are as follows, in millions of euros:

	2022	2021
Maturity	Par value	Par value
Less than one year	38	45
Between one and five years	146	175
>5 years	606	536
Total	790	756

6.- Other intangible assets

The changes under this balance sheet heading in 2022 and 2021 are as follows:

Other intangible assets	Development	Concessions	Others	Computer software	Amortisation	Provisions	Total
Balance at 31.12.2020	12	192	6	23	(101)	(2)	130
Change in the scope of consolidation		16					16
Additions/Funding	1	2		9	(10)		2
Transfers	1	(21)					(20)
Translation differences and other		11	(1)	1	(3)		8
Balance at 31.12.2021	14	200	5	33	(114)	(2)	136
Change in the scope of consolidation	1	94			(2)		93
Additions/Funding	3	8		11	(25)	(1)	(4)
Disposals	(1)						(1)
Translation differences and other		7			(3)	1	5
Balance at 31.12.2022	17	309	5	44	(144)	(2)	229

The net balances by heading at the end of 2022 and 2021 are as follows:

	2022			2021		
Other intangible assets	Cost	Amortisation and provisions	Total	Cost	Amortisation and provisions	Total
Development	17	(9)	8	14	(7)	7
Concessions	309	(109)	200	200	(86)	114
Other	5	(2)	3	5	(1)	4
Computer software	44	(26)	18	33	(22)	11
Total	375	(146)	229	252	(116)	136

The breakdown of the concessions balance at 31 December 2022 and 2021 is as follows:

	2022			2021		
Concessions	Cost	Amortisation and provisions	Total	Cost	Amortisation and provisions	Total
Intangible concessions (IFRIC 12)	115	(51)	64	107	(42)	65
Other concessions	194	(58)	136	93	(44)	49
Total	309	(109)	200	200	(86)	114

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 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 movements in 2022 are additions to the scope of consolidation amounting to €94 million in connection with the acquisition of interests in companies holding rights to intangible assets for energy efficiency and energy management services (Eqinov in France, see note 2.2.g) and intangible assets for future renewable energy projects (mainly in Chile, South Africa and Poland).

The most significant changes in 2021 are additions to the scope of consolidation in the amount of €16 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.

Fully amortised intangible assets still in operation at 31 December 2022 totalled €39 million (€35 million at 31 December 2021).

No material impairment of intangible assets was detected in financial year 2022, nor were there any significant deficits not covered by existing provisions at 31 December 2022.

7.- Participation in joint ventures

The changes under this heading on the enclosed consolidated balance sheet in 2022 and 2021 were as follows:

Investee company	Balance at 31.12.21	Pre-tax share in profits (losses)	Interim dividend	Tax effect and other changes	Balance at 31.12.22
Energías Renovables Mediterráneas, S.A.	105	32	(30)	(6)	101
Desarrollo de Energías Renovables de Navarra, S.A.	17	13	(9)	(21)	--
Parques Eólicos de Buio, S.L.	21	32	(19)	15	49
Amper Central Solar, S.A.	66	(18)	(5)	5	48
Grupo Cathedral Rocks	15	6		(3)	18
Parque Eólico de Deva, S.L.	1	5	(4)	5	7
Parque Eólico de Tea, S.L.	4	6	(5)	5	10
Parque Eólico de Bobia y San Isidro, S.L.		7	(4)	5	8
Parque Eólico Ameixenda Filgueira, S.L.	2	5	(4)	4	7
Parque Eólico A Ruña, S.L.	2	2	(2)	3	5
Blue Canyon Winpower, LLC	2	(1)			1
Grupo Energy Corp. Hungary	3	2	(1)		4
Parque Eólico Virxe do Monte, S.L.	1	1		1	3
Parque Eólico Adraño, S.L.	2	2	(1)	1	4
Grupo Eurovento	1	1			2
Parque Eólico Vicedo, S.L.		2	(1)	1	2
Explotaciones Eólicas Sierra de Utrera, S.L.	2	1	(1)	(2)	--
Parque Eólico Cinseiro, S.L.	3	1	(1)	(3)	--
Parque Eólico Currás, S.L.	1	1	(1)	1	2
Alsubh Solar Power, S.A.E.	5		(1)	2	6
Sunrise Energy, S.A.E.	4		(2)	4	6
Rising Sun Energy, S.A.E.	4		(2)	4	6
AT Solar V, SAPI de CV	12			5	17
Tuto Energy II, S.A.P.I. de C.V.	11	2		5	18
Parque Eólico de Abara, S.L.	5	5		(1)	9
Power to Green Hydrogen Mallorca, S.L.		1		13	14
Eolink, S.A.S.				6	6
The Blue Circle, Pte. Ltd.		(3)		35	32
Nordex H2, S.L.U.				34	34
Other	13	5		(14)	4
Total holdings in associates	302	110	(93)	104	423

Investee company	Balance at 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	9		(1)	105
Desarrollo de Energías Renovables de Navarra, S.A.	8	12		(3)	17
Parques Eólicos de Buio, S.L.	46	6	(5)	(26)	21
Amper Central Solar, S.A.	55	16		(5)	66
Grupo Cathedral Rocks	14			1	15
Parque Eólico de Deva, S.L.	7	3	(3)	(6)	1
Parque Eólico de Tea, S.L.	12	3	(3)	(8)	4
Parque Eólico de Bobia y San Isidro, S.L.	8	4	(4)	(8)	--
Parque Eólico Ameixenda Filgueira, S.L.	7	3	(3)	(5)	2
Parque Eólico A Ruña, S.L.	5	1	(2)	(2)	2
Blue Canyon Winpower, LLC	2				2
Grupo Energy Corp. Hungary	4			(1)	3
Parque Eólico Virxe do Monte, S.L.	3	1	(1)	(2)	1
Parque Eólico Adraño, S.L.	5	2	(2)	(3)	2
Grupo Eurovento	1				1
Parque Eólico Vicedo, S.L.	2	1	(1)	(2)	--
Explotaciones Eólicas Sierra de Utrera, S.L.	1	1			2
Parque Eólico Cinseiro, S.L.	2	1			3
Parque Eólico Currás, S.L.	2	1	(1)	(1)	1
Alsubh Solar Power, S.A.E.	4	1			5
Sunrise Energy, S.A.E.	4	1		(1)	4
Rising Sun Energy, S.A.E.	4	1		(1)	4
AT Solar V, SAPI de CV	21	(4)	(4)	(1)	12
Tuto Energy II, S.A.P.I. de C.V.	19	(1)	(2)	(5)	11
Parque Eólico de Abara, S.L.	4	1			5
Other	11			2	13
Total holdings in associates	348	63	(31)	(78)	302

The shareholdings of Grupo 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 gains/losses on exchange amounting to €1.3 million 31 December 2022 (€7.3 million at 31 December 2021).

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

The most important changes in 2022 were as follows:

- the acquisition of 49.99% of TBC (The Blue Circle), business group which develops, builds, operates, and maintains renewable power plants in the Far East (Vietnam, Thailand, Philippines, etc.) in September 2022 for €34 million euros and a commitment to fund future projects up to €106.4 million;

- the acquisition on 28 December 2022 of 25% of the Nordex H2, a company that develops renewable hydrogen projects up to the ready-to-build phase, at which point they are sold. The projects are located in different countries, excluding the Iberian Peninsula. The total of €34 will be paid over the next four years, in addition to the contributions that may eventually be required from shareholders to meet the capital needs of the business plan. At the date of these consolidated annual accounts, the first €7.5 million have already been approved.

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

The assets, liabilities, ordinary income and profit (loss) for financial years 2022 and 2021 are listed below in proportion to the percentage of ownership in the capital of each associate:

	Total 2022	Total 2021
ASSETS		
Non-current assets	734	695
Current assets	196	186
Total Assets	930	881
LIABILITIES		
Equity	423	302
Non-current liabilities	410	470
Current liabilities	97	109
Total equity and liabilities	930	881
RESULT		
Net revenue	244	167
Pre-tax profit	110	63

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

8. Holdings in joint ventures

The holdings of Grupo 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 2022 and 2021 in relation to these interests are summarised below:

	2022		2021	
	Companies	Joint ventures and jointly-owned	Companies	Joint ventures and jointly-owned
Net revenue	4	9	3	
Gross operating profit	3	(6)	2	
Operating profit	2	(7)	1	
Non-current assets	9	6	10	1
Current assets	3	12	2	
Non-current liabilities	28	6	2	
Current liabilities	8	1	1	1

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 end of 2022 and 2021, presented by type and category for valuation purposes, is as follows:

31.12.2022

Financial assets: 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					--
Other loans with Group companies and associates			29		29
Derivatives					--
Other financial assets			3		3
Long-term / Non-current	--	--	32	--	32
Other loans with Group companies and associates			1		1
Other receivables			68		68
Derivatives				8	8
Other financial assets			123		123
Short-term / Current	--	--	192	8	200
Total	--	--	224	8	232

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	1				1
Other loans with Group companies and associates			23		23
Derivatives					--
Other financial assets			18		18
Long-term / Non-current	1	--	41	--	42
Other loans with Group companies and associates			1		1
Other receivables			85		85
Derivatives				5	5
Other financial assets			81		81
Short-term / Current	--	--	167	5	172
Total	1	--	208	5	214

The amount recognised under "Other loans" at 31 December 2022 and 2021 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 2022 and 2021 were those related to the funding and release of reserves to cover the debt service of Group companies that signed financing agreements in those years.

The caption titled "Other loans to Group companies and associates" refers primarily to 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.

"Other financial assets", both current and non-current, refer mostly to deposits and bonds provided by the Group, including those provided by Grupo Acciona Green Energy, S.A., to be able to operate in the daily and forward electricity trading markets.

There were no material changes in the balances that make up this consolidated balance sheet item in 2022. 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 2022 and 2021 was as follows:

	2022	2021
Non-current payables	26	15
Derivatives	112	163
Non-current accruals	8	10
Total non-current receivables and other non-current assets	146	188

"Non-current receivables" at 31 December 2022 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 €25.8 million (€14.5 million at 31 December 2021).

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:

- €38.6 million at 31 December 2022 is the value of the designated hedging derivatives entered into in Spain by the Group's trading subsidiary 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 (€115.1 million at 31 December 2021).

- €59.6 million at 31 December 2022 is the fair value of the commodity derivatives contracted by Group subsidiaries in Australia for the supply of energy under which they are able to fix the forward selling price of electricity for a certain volume of power generated. These contracts are measured at market value (€8.6 million at 31 December 2021).

- €13.8 million at 31 December 2022 (€32.4 million 31 December 2021) 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.

11. Inventories

The composition of the Group's inventories at 31 December 2022 and 2021 is as follows:

	2022	2021
Raw materials, cost of goods sold and trade inventories	163	145
Advances delivered	18	10
Provisions	(33)	(30)
Total inventories	148	125

The balances under "Raw materials, cost of goods sold 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 23).

12. Trade and other accounts receivables

The composition of the balance at 31 December 2022 and 2021 was as follows:

	2022	2021
Trade receivables from sales and services	437	411
Receivables, group companies (Note 30)	101	96
Receivable from associates (note 30)	32	17
Sundry receivables	15	22
Derivatives (Note 18)	59	
Provisions	(13)	(10)
Trade and other accounts receivable	631	536
Advance payments from customers	(3)	(3)
Total net balance at 31 December	628	533

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 2022, the Group has €250 million in non-recourse factoring (€98 million at the end of 2021). 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 €78 million 31 December 2022 (€71 million at 31 December 2021) 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 Grupo Corporación Acciona Energías Renovables that are subject to the applicable tax laws.

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

	2022	2021
Invoices up to 3 months old	419	391
Invoices between 3 and 6 months old	6	2
Invoices more than 6 months old	12	18
Total	437	411
Past due invoices more than 3 months old not provisioned	7	12

Changes in the impairment provision for receivables are as follows at 31 December 2022 and 2021:

	2022	2021
Opening balance	(10)	(10)
Increase in provisions for impairment of trade receivables	(3)	
Closing balance	(13)	(10)

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. Cash and other liquid assets

The composition of the balance at 31 December 2022 and 2021 was as follows:

	2022	2021
Cash	591	606
Deposits and other	21	19
Total cash and cash equivalents	612	625

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 2022 and 2021, cash and cash equivalents earned market interest rates.

14. Equity

a) Subscribed and registered share capital

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 2022, the parent company'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 Corporación Acciona Energías Renovables is Acciona, S.A., with 82.66% 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 30.

b) Retained earnings

The balance in the "Share premium" account, which at 31 December 2022 and 2021 was €2,599,689 thousand 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:

	2022	2021
Share premium	2,600	2,600
Legal reserve	66	46
Voluntary reserves	1,429	1,318
Reserves for fully or proportionally consolidated companies	551	267
Reserves in companies carried by equity	44	31
Reserves Subtotal	4,690	4,262
Translation differences	92	21
Total Reserves	**4,782**	**4,283**

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 million 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.

c) Treasury stock

The changes in treasury stock during the 2022 financial year were as follows:

	2022	
	Number of shares	Cost (millions of euros)
Opening balance	53,937	2
Additions	3,785,996	137
Disposals	(3,708,982)	(135)
Closing balance	130,951	4

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 2022, the positive result recorded in reserves from transactions with treasury stock carried out under the liquidity agreement totalled €0.3 million (positive result of €0.1 million in 2021).

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 2022 and 2021 are as follows:

	2022		2021	
	Consolidated reserves	Gains(losses) on exchange	Consolidated reserves	Gains(losses) on exchange
Corporación Acciona Energías Renovables, S.A.	1,052	59	1,001	30
Acciona Energía Subgroup	437	(2)	353	(35)
Ceatesalas Subgroup	(483)	(1)	(612)	
Alabe Sociedad de Cogeneración Subgroup	86		96	
Ineuropa de Cogeneración Subgroup	(27)		(27)	
Acciona Saltos de Agua Subgroup	(112)		(97)	
Corporación Acciona Eólica, S.L.U.	(205)		(204)	
Corporación Acciona Hidráulica, S.L.U.	(118)		(226)	
Acciona Eólica de Galicia, S.A.U.	(4)		21	
KW Tarifa, S.A.U.	(10)		(11)	
Acciona Energía Financiación Filiales, S.A.	(21)	36	4	26
Total	595	92	298	21

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 2022 and 2021 are shown below:

	2022	2021
Balance on 1 January	4	(25)
Net increase for the year	247	340
Net decrease for the year	(34)	(318)
Transfer to FY profit (loss)	(55)	7
Changes in consolidation scope	(1)	
Balance at 31 December (note 16)	161	4

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) 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 details under this heading for financial years 2022 and 2021 were as follows:

Company	Balance at 31.12.21	2022 profit	Translation differences	Balance at 31.12.22
Compañía Eólica Granadina, S.A.	5	3	(2)	6
Eólica de Villanueva, S.L.	1	1	(1)	1
Eólica de Zorraquín, S.L.	1	1		2
Grupo Acciona Energía Internacional	366	30	(22)	374
Other	6	1	1	8
Total minority interests	379	36	(24)	391

Company	Balance at 31.12.20	2021 profit	Translation differences	Balance at 31.12.21
Compañía Eólica Granadina, S.A.	5	1	(1)	5
Eólica de Villanueva, S.L.	1	1	(1)	1
Eólica de Zorraquín, S.L.	1			1
Grupo Acciona Energía Internacional	358	25	(17)	366
Other	2	3	1	6
Total minority interests	367	30	(18)	379

At 31 December 2022, the amount recorded under "Other items" includes a decrease of €34 million in minority interests for dividends and other refunds distributed to minority shareholders, as well as changes due to changes in the value of financial derivatives and translation differences.

The composition of the balance under this heading on the enclosed consolidated balance sheet at 31 December 2022 and 2021 is as follows, by item, in millions of euros:

	2022			2021		
Company	Capital and reserves	Profit	Total	Capital and reserves	Profit	Total
Grupo Acciona Energía Internacional	344	30	374	341	25	366
Compañía Eólica Granadina, S.A.	3	3	6	4	1	5
Eólica de Villanueva, S.L.		1	1		1	1
Eólica de Zorraquín, S.L.	1	1	2	1	1	2
Other	7	1	8	3	2	5
Total minority interests	355	36	391	349	30	379

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:

31.12.2022	Acciona Energía Internacional Subgroup
% minority interests	25.00%
ASSETS	
Non-current assets	2,384
Current assets	306
Total Assets	2,690
LIABILITIES	
Equity	998
Net attributed equity	831
Minority interests	167
Non-current liabilities	1,464
Current liabilities	228
Total Liabilities	2,690
PROFIT	
Revenue	510
Operating profit	209
Profit before tax	153
Profit after tax	98
Attributed to minority shareholders	(7)
Attributed to the parent company	91
CASH FLOW STATEMENT	
Cash flows from operations	267
Cash flows from investments	(49)
Cash flows from financing	(185)

31.12.2021	Acciona Energía Internacional Subgroup
% minority interests	25.00%
ASSETS	
Non-current assets	2,429
Current assets	268
Total Assets	2,697
LIABILITIES	
Equity	1,019
Net attributed equity	870
Minority interests	149
Non-current liabilities	1,478
Current liabilities	201
Total Liabilities	2,697
PROFIT	
Revenue	443
Operating profit	211
Profit before tax	139
Profit after tax	81
Attributed to minority shareholders	(7)
Attributed to the parent company	75
Cash flows from operations	206
Cash flows from investments	(3)
Cash flows from financing	(237)

d) Cash 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 2022 and 2021 was as follows:

Gearing ratio	31.12.2022	31.12.2021
Net financial debt:	2,021	1,989
Non-current bank borrowings (Note 16)	403	1,089
Non-current bonds and debentures (Note 16)	1,361	680
Non-current lease obligations (note 5)	388	384
Current bank borrowings (Nota 16)	58	88
Current bonds and debentures (Note 16)	607	522
Current lease obligations (note 5)	16	23
IFT (Notes 9 and 13), cash and cash equivalents	(812)	(797)
Equity:	6,261	5,354
Of the Parent	5,870	4,975
Minority shareholders	391	379
Leveraging	0.32	0.37

h) 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 2022 and 2021, by item, in millions of euros, are as follows:

	Provisions for pensions and similar obligations	Provisions for risks and charges	Provision for liabilities	Total
Balance at 31.12.20	5	155	2	162
Additions and funding		21		21
Disposals	(1)			(1)
Transfers		(17)		(17)
Other changes		11		11
Balance at 31.12.21	4	170	2	176
Additions and funding	2	7		9
Disposals	(2)			(2)
Transfers	1	(1)		-
Other changes		(22)		(22)
Balance at 31.12.22	5	154	2	161

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

a) The Group includes provisions for pensions and similar obligations under this heading on the enclosed consolidated balance sheet, most of which are derived from:

- The acquisition of assets and/or companies from the Endesa Group in 2009, which included a defined benefit pension plan with salary increases limited to the consumer price index. The group of employees considered includes 79 people (83 in 2021), 34 of whom are already semi-retired or retired (32 in 2021). Not all of these employees are in the same situation or eligible for the same benefits.

  The hypotheses used to calculate the actuarial liability for the uninsured defined benefit commitments are as follows at 31 December 2022 and 2021:

	2022	2021
Interest rate	3.74%	1.06%
Mortality rates	PERPMF2020	PERPMF2020
Expected return on assets	3.74%	1.06%
Salary increase	1.50%	1.00%

  The information on the variation in the actuarial liabilities for defined benefit commitments at 31 December 2022 and 2021 is as follows, in millions of euros:

	2022	2021
Initial actuarial liability	3	3
Actuarial profit and loss	(2)	--
Final actuarial liability	**1**	**3**

  The information on the variation in the actuarial assets for defined benefit commitments at 31 December 2022 and 2021 is as follows, in millions of euros:

	2022	2021
Initial actuarial assets	2	2
Actuarial profit and loss	(1)	-
Final actuarial assets	**1**	**2**

- At the end of 2021 and following the assumption of personnel as a result of regulatory changes in Mexico, a subsidiary of the Group in Mexico assumed the obligation for a retirement plan that is not outsourced. The group of employees considered includes 59 people.

  The hypotheses used to calculate the actuarial liability for the uninsured defined benefit commitments are as follows at 31 December 2022 and 2022:

	2022
Interest rate	9.75%
Mortality rates	EMSSA-09
Salary increase	6.00%

The information on the variation in the actuarial liabilities for defined benefit commitments at 31 December 2022 and 2021 is as follows, in millions of euros:

	2022
Initial actuarial liability	--
Accrued cost for the year	2
Final actuarial liability	**2**

At 31 December 2022 and 2021, the total actuarial assets and liabilities referred entirely to the defined benefit commitments located in Spain and Mexico.

The amounts recorded in the consolidated income statement for defined benefit pension obligations totalled €2 million at the end of 2022 (€0.1 million in 2021) 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 certain fringe benefits to employees during the retirement period, mainly related to electricity (affecting certain employees with 10 years or more of recognised seniority working for the subsidiaries affected by the Plan), as well as a seniority bonuses and other items included in the Mexican subsidiary's collective bargaining agreement. These obligations are not outsourced and are covered by internal provisions. The total amount for these items was €1.7 million 31 December 2022 (€2 million at 31 December 2021).

   The actuarial changes recorded for these other items generated a gain of €0.8 million in 2022 (€0.7 million in 2021).

These liabilities refer in their entirety to the agreements signed by Group companies in Spain and Mexico.

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 carried by the equity method when the Group's investments in associations is reduced to zero. The provision at 31 December 2022 is €40 thousand (€310 thousand at 31 December 2021).

b) Dismantling: This is the directors' best estimate in relation to the dismantling commitments assumed in relation to the electricity production plants operated by the Group internationally, when the Group concludes, following an analysis of the specifics of these contracts, that there is an obligation to decommission these assets. 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 2022 was €153 million (€168 million at 31 December 2021).

As discussed in note 3.2.I, this provision is estimated at the present value of the estimated dismantling 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
USA	4.15 - 4.34%	2.5%
Mexico	6.50%	3.5%
Canada	4.34%	2.1%
Italy	3.90%	3.5%
Poland	6.35%	3.2%
Portugal	3.2 - 3.4%	2.0%
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 2022 and 2021.

b) Current provisions

The changes under the heading of "Current provisions" on the liability side of the consolidated balance sheet at 31 December 2022 and 2021, by item, in millions of euros, are as follows:

	Other provisions	Total
Balance at 31.12.20	1	1
Additions and funding	1	1
Balance at 31.12.21	2	2
Additions and funding	2	2
Balance at 31.12.22	**4**	**4**

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 the midst of a 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 Appeal upheld the decision recognising the termination of the CAP by ENEA as improper and without effect, leaving the final amount of damages to be paid by ENEA to Golice to be determined. ENEA lodged an appeal in cassation against this decision with the Supreme Court (and GWF filed a response to that appeal). At the date of these consolidated annual accounts, the Supreme Court’s decision is pending.

16. Bank borrowings

a) Bank borrowings:

The details of the balances payable to banks at 31 December 2022 and 2021 on recourse and non-recourse loans, where non-recourse loans are understood as unsecured debt whilst recourse debt is limited to the debtor’s cash flows and assets, are as follows in millions of euros:

	2022		2021	
Item	Non-current	Current	Non-current	Current
Non-recourse bank borrowings	311	45	436	81
Project financing	279	35	399	61
Other project-related payables	31	9	35	19
Fixed asset mortgage expenses	1	1	2	1
Recourse bank borrowings:	92	13	653	7
Other project-related recourse debt	92	13	653	7
Total bank borrowings	**403**	**58**	**1,089**	**88**

In 2022 and 2021, the loans and lines of credits taken out by Grupo 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. 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. A significant part of the debt of Grupo 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 lenders 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 2022, "Project finance" shows a net decrease of €146 million, which mainly reflects the early repayment of six loans in Spain and Poland. Also included under this heading are the scheduled repayments of these types of loans, as well as the positive effect of the gains on exchange for the period, mainly those arising from projects denominated in US dollars.

In November, six banks granted the subsidiary Acciona Energía Financiación Filiales, S.A. a €450 million, 3-year ESG line of credit at market interest. At the end of the year, the entire line of credit was available.

On 19 December, the Australian subsidiary Acciona Energía Financiación Filiales Australia, Pty Ltd. signed a €400 million "green" syndicated loan with a three-year term. This operation includes both a loan and a revolving line of credit which had not been drawn at the end of the year.

Finally, on 30 December the subsidiary MacIntyre Wind Farm Pty Ltd signed a "green" loan with six financial institutions for over A$1.000 million, with a term of approximately 16 years, backed by CESCE under its new "green policy". The drawdown period of this loan is 24 months and it will be used to build the MacIntyre wind farm in the Australian state of Queensland. At the end of the year it was fully available.

On 26 May 2021, the subsidiary Acciona Energía Financiación Filiales, S.A. entered into a financing agreement with a syndicate of banks for a total amount of €2,500 million guaranteed by its parent company Corporación Acciona Energías Renovables, S.A. The financing was divided into three tranches: tranches A and B for a maximum amount of €1,000 million each and tranche C for a maximum amount of €500 million. Tranches A and B are term financing, in which the amounts voluntarily repaid early cannot be drawn down again (loan format). In this regard, it is noted that tranche A has been repaid in full. Tranche B, which is also a term loan, has a drawdown period until January 2024, but €250 million have been repaid early and cannot be drawn again. As a result, the available limit of tranche B is €750 million, which matures on 26 May 2024. Tranche C, on the other hand, is a line of credit, i.e., the repaid amounts can be drawn down again until the end of the drawdown period, which coincides with the maturity date of 26 May 2026. It is worth mentioning that on 14 June 2022 all the lenders agreed to the request to extend tranche C, with the new maturity date for this tranche being 26 May 2027.

At 31 December 2022, Group companies had unused bank financing available to them in the amount of €3,140 million. The Group's Directors believe that these lines of credit and the ordinary cash that will be generated, along with the realisation of current assets, are sufficient to cover its short term payment obligations.

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 2022, the credit risk adjustment resulted in a reduction in the value of the derivative liability in the amount of €0.6 million which was recognised, on the one hand, as a reduction of €0.2 million in bank borrowings, and on the other hand as an increase in the value of the investment carried by the equity method in the amount of €0.4 million, without considering the tax effect, by those companies which are carried by this method. The net effect of this modification on equity adjustments for the valuation of cash flow hedges was positive in the amount of €0.5 million.

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 financial year, including the maintenance of certain balances in cash accounts (see Note 9).

At 31 December 2022 and 2021, 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. There were no defaults or other breaches of obligations to pay principal, interest or amortisations on the balances payable to financial institutions in 2022 or 2021.

The breakdown of the nominal value of financial debt by contractual maturity date (excluding the value of cash flow hedging instruments) at 31 December 2022 is as follows:

2023	2024	2025	2026	2027	Thereafter	Total
55	98	46	53	41	177	470

b) Bonds and debentures

Set out below are the details at 31 December 2022 and 2021 of the outstanding balance of debt securities issued by the Company or any other member of the Group at those dates, as well as the changes in this balance during 2022 and 2021:

(Millions of euros)	31.12.22				
	Balance at 31.12.2021	Issues	Buybacks or redemptions	Adjustment due to exchange rates, changes in scope and other	Balance at 31.12.2022
Debt securities issued in a member state of the European Union that require the registration of an informative prospectus.	1,006	2,879	(2,303)	3	1,585
Other debt securities issued outside a member state of the European Union.	196	**188**	(14)	13	383
Total current and non-current	1,202	3,067	(2,317)	16	1,968

(Millions of euros)	31.12.21				
	Balance at 31.12.2020	Issues	Buybacks or redemptions	Adjustment due to exchange rates, changes in scope and other	Balance at 31.12.2021
Debt securities issued in a member state of the European Union that require the registration of an informative prospectus.		1,159	(153)		1,006
Other debt securities issued outside a member state of the European Union.	193		(13)	16	196
Total current and non-current	193	1,159	(166)	16	1,202

At 31 December 2022, the details of the issues making up the balance under this heading are as follows:

- 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 2022, the non-current and current outstanding balances due, net of transaction costs and considering unpaid accrued interest, totalled €180 million and €15 million, respectively (€182 million and €13 million in 2021).

- Euro Medium Term Note (EMTN) Programme established by Acciona Energía Financiación Filiales, S.A. on 20 July 2021 and renewed on 21 July 2022. The programme is underwritten by the parent, Corporación Acciona Energías Renovable, S.A and has a limit of €3 billion. The rating agencies Fitch and DBRS have given the programme ratings of BBB- and BBB (high) respectively. Both the initial prospectus and its renewals and supplements are approved by the Central Bank of Ireland. The securities issued under this programme may be denominated in euros or another currency, may accrue fixed or floating interest, may have different maturity dates for interest and principal and may be issued at par, with a premium or under par.

  On 7 October 2021, a €500 million public bond was issued under this programme. The annual coupon was set at 0.375%. On 26 January 2022, a second €500 million public bond was issued under this programme. The annual coupon was set at 1.375%. Both of these issues are structured under a 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 2022, the total balance recognised for the bonds issued under this programme is €994.6 million, net of transaction costs, with the non-current portion recognised in the consolidated balance sheet. The current portion of accrued but unpaid interest is recorded in the current part of the consolidated balance sheet.

- The Euro Commercial Paper (ECP) Programme was established on 20 July 2021 and renewed for 12 months on 19 July 2022. The programme is underwritten by Acciona Energía Financiación de Filiales, S.A. and is guaranteed by Corporación Acciona Energías Renovables, S.A. The issue has a limit of €2,000 million. Promissory notes under this programme are issued at a discount and have maturities ranging between 3 and 364 days.

  At 31 December 2022, the total balance recognised for the bonds issued under this programme is €583.9 million, net of transaction costs and considering unpaid accrued interest, all of it recorded as non-current on the consolidated balance sheet.

- On 26 April 2022, the subsidiary Acciona Energía Financiación Filiales, S.A. issued the first private placement in the US market under the USPP modality, for USD 200 million, guaranteed by the parent company, Corporación Acciona Energías Renovables, S.A. The notes have a term of 15 years and a coupon of 4.54%.

At 31 December 2022, there are no issues bond convertible to shares or others that confer privileges or rights which could in the event of a contingency make them convertible to shares of the parent company or any of the Group companies.

The breakdown of the nominal value of these obligations, by contractual maturity date at 31 December 2022 is as follows:

2023	2024	2025	2026	2027	Thereafter	Total
599	14	17	19	521	801	1,971

c) Other debt information

At 31 December 2022, the average interest on bank borrowings and other debt assumed in the form of debentures and bonds was 3.62% (5.87 % at 31 December 2021).

In 2022, the percentage of debt not subject to interest rate volatility was 87.57% (61.78% in 2021).

The composition of financial debt denominated in currencies other than the functional currency at 31 December 2022 and 2021, classified by the main currencies in which the Group operates, is as follows (in millions of euros):

Currency	2022	2021
U.S. dollar	481	298
South African rands	165	183
Australian dollar	7	
Polish zloty		7
Indian rupee	33	39
Chilean peso		13

A reconciliation of the carrying amount of financial debt is provided below, in millions of euros, differentiating between changes that generate cash flows and those that do not:

Balance at 31.12.20	1,004
Cash inflows	1,652
Cash outflows	(300)
Variation	(15)
Translation differences	38
Balance at 31.12.21	2,379
Cash inflows	2,383
Cash outflows	(2,365)
Variation	(12)
Changes in consolidation scope	9
Translation differences	35
Balance at 31.12.22	2,429

17. Risk management policy

Grupo 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; see note 18).

Based on the estimates of Grupo 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 Grupo Corporación Acciona Energías Renovables is mainly Euribor for operations in euros and Libor for operations in USD, both in the United States 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 2022.

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 Grupo Corporación Acciona Energías Renovables as a result of the increase or decrease in interest payments amounted to €1.5 million at 31 December 2022.

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 2022 and based on the percentage of ownership, 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 €3 million.

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 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.

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 2022 in the main currencies in which the Group operates is as follows, in millions of euros:

Currency	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sensitivity -10%
US dollar	4,842	268	3,065	728	1,317	132
South African rands	192	64	200	23	33	3
Australian dollar	1,134	423	950	375	232	23
Canadian dollar	124	17	61	6	74	7

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, Grupo Corporación Acciona Energías Renovables has been rated "Investment grade" by two credit agencies (Fitch and DBRS) with BBB and BBB (high) ratings and a long-term stable outlook, which shows the Group's ability to meet its financial obligations.

Liquidity risk

Grupo 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 2022, the Group has negative working capital in the amount of €578 million (€32 million at 31 December 2021), 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 2022, as was the case in 2021, as discussed in in note 16.a).

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 and regulatory risk

As discussed in note 2.2., a large part of the Group's electricity generation business in Spain is subject to the regulatory framework initially established in LRD 9/2013, and the new compensation scheme established in Royal Decree 413/2014, which was published on 6 June 2014, regulates electricity production using renewable energy sources, co-generation, and waste. The remuneration model in place aims to provide predictable income for the plants and mitigate their exposure to variations in market prices by reviewing this remuneration parameter every three years (regulatory half-period). The regulation also provides for the possibility of adjusting the parameters for determining the future remuneration of the plants every six years (full regulatory period) which, if modified, could affect the results of the operations subject to this regulation.

Starting in 2019, Legislative Royal Decree 17/2019 extends the reasonable remuneration of the first regulatory period to the next two periods (through 2032). By setting this long-term target return (7.398%), many of the uncertainties associated with the review of the rest of the remuneration parameters are eliminated as the return for existing assets is guaranteed.

Given the current energy price situation, mainly due to the Russian invasion of Ukraine, the Spanish government has implemented a series of measures to contain electricity market prices and other costs associated with electricity bills:

- An extraordinary update of the parameters of the specific remuneration scheme for generation assets using renewable resources.

- A mechanism for reducing the remuneration of assets that do not emit greenhouse gases, including renewable technologies. This temporary measures has been extended and will be in place through 31 December 2023.

- A production cost adjustment mechanism to reduce the price of electricity in the wholesale market. At the same time, and insofar as the measures provided for in LRD 10/2022 affect the Iberian electricity market as a whole, "Decree-Law no. 33/2022 of 14 May" was enacted in Portugal with the same measures, thus standardising the direction of the reforms.

In both regulations, known as the "Iberian Exception", a cost adjustment mechanism is introduced, applicable during the year following publication of the LRD with the aim of reducing energy prices by limiting the gas cost component included in the electricity sale price at any given time.

Therefore, what is clear from the current regulatory framework and the extraordinary price increase that has occurred since the first half of 2021, which affected the national energy market basically as a result of the increase in gas prices at international level, is that a significant part of the Group's renewable assets, especially wind power technology launched before 2004, will no longer receive additional compensation at market price, which means they are exposed to price fluctuations in the electricity market starting with the next regulatory half-period (2023-2025).

Of the Group's total attributable production in the national electricity market, approximately 35% is subject to regulated remuneration (56.6% of production in 2021), 52% is covered by different pricing mechanisms (41% of production in 2021) and the rest is remunerated at market prices.

The Group is trying to reduce its market-risk exposure through private purchase agreements (PPAs) whereby future sale prices are arranged with third parties for an agreed period of time, thus reducing the exposure to potential price changes in the market.

Overall, with regard to price risk in the electricity markets of the countries in which Grupo Corporación Acciona Energías Renovables operates, approximately 59% of its production is under a long-term price contract agreement established with a third party (PPA or hedge), 12% under regulation or feed-in tariff structures and the remainder 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 (hedge) 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

Corporación Acciona Energías Renovables encourages the adoption of ambitious global targets for the decarbonisation of the economy. The Company’s business model and its Risk Management System include the management of risks and opportunities related to climate change. This is reported in accordance with the European Commission's climate reporting guidance and the recommendations of the Financial Stability Board through its Task Force on Climate-related Financial Disclosures (TCFD).

Climate change governance is the responsibility of the Board of Directors’ Audit and Sustainability Committee, which performs the following functions, among others:

- Identify and guide the Group's climate change policies, objectives, best practices, and programmes.
- Evaluate, monitor and review the implementation plans of the strategies drawn up by the Group's executives.
- Periodically review internal control systems and manage the degree of compliance with the strategies implemented.
- Submit the climate change policies, objectives and programmes to the Board of Directors as the estimated budget for their implementation.

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.

Different tools are used to identify climate risks and opportunities. For example, the Group uses a digital climate change mode which monitors historical and projected climate variables at all job locations under different temperature increase scenarios and with different time horizons as foreseen in the latest IPCC reports. This instrument supervises production and financial variables, the generation of emissions and energy usage and includes references to the climate policies and carbon markets in each region. In addition, tools not integrated in the digital model are used to identify legal requirements and the expertise of the members of the climate change risk assessment group is 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 location, type of business and vulnerability, which are characterised and quantified using a series of key indicators.

The climate scenarios most commonly used to identify risk situations are those provided by the latest IPCC reports, as well as those generated within the Network for Greening the Financial System (NGFS) proposed by the "Network of Central Banks and Supervisors for the Greening of the Financial System". Corporación Acciona Energías Renovables prioritises the NGFS "Current Policies" scenario (for physical risks) and the NGFS "Delayed Transition" or "Divergent Net Zero" scenarios (for transitional risks) for the assessment of its climate risks.

Climate risk situations with a higher probability of occurrence and economic-financial and/or reputational consequences are considered material and require the preparation of specific treatment sheets that inform the company's decision-making bodies of the current situation and options for managing the risk (mitigation, adaptation, transfer or acceptance of the risk and estimated cost).

Finally, identified and analysed climate risk situations are integrated into the Group's general Risk Management System, where their tolerability is determined based on the structure presented above.

As part of its low-carbon business strategy, Corporación Acciona Energías Renovables assesses the most significant climate risks and opportunities for the company annually. In 2022, climate risks were identified by business line along with their potential impact, time horizon and geographical scope, and actions were taken to manage them.

The most significant physical climate change risks identified are: a potential increase in the cost of capital due to a possible decoupling of the company's performance in relation to its public decarbonisation targets (in the short to medium term); a decrease in hydroelectric production in Spain as a result of variations in seasonal rainfall patterns (high probability of occurrence in the medium term); and lower wind power generation in Spain due to variations in wind patterns (in the medium to long term).

None of the risks identified has a material impact on the Group's financial performance.

Generally speaking, it can be concluded that Grupo Corporación Acciona Energías Renovables is resilient to climate changes, with a moderately low impact in terms of risk, and high in terms of opportunities.

In preparing the consolidated annual accounts at 31 December 2022, the Corporación Acciona Energías Renovables Group has considered the impact of climate change in the key assumptions of its accounting estimates and judgements. It did not identify any impairment losses on tangible or intangible assets, changes in the valuation of financial instruments, or additional obligations other than the ones already recognised.

18. Derivative financial instruments

The derivative financial instruments in place at 31 December 2022 and 2021 are shown on the enclosed consolidated balance sheet at fair value, as detailed below:

Millions of euros		31.12.2022			
Type of derivative	Hierarchical level	Assets (Notes 9 & 10)		Liabilities (Notes 16 & 20)	
		Current	Non-current	Current	Non-current
Interest rate hedges	Level 2				3
Exchange rate hedges	Level 2	8			
Energy hedges	Level 2	59	98	10	95
Other energy derivatives	Level 2		14	15	17
Total derivatives		67	112	25	115

Millions of euros		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	6		1	14
Exchange rate hedges	Level 2				
Energy hedges	Level 2		124		36
Other energy derivatives	Level 2		39		
Total derivatives		6	163	1	50

Interest rate hedges

Grupo 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 2022 and 2021 are shown on the enclosed consolidated balance sheet at fair value, as detailed below:

	2022				2021			
Interest rate hedges	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)
	Cash flow hedges:				*Cash flow hedges:*			
Interest Rate Swap	247	(3)		4	343	(15)	6	9
Total	247	(3)	--	4	343	(15)	6	9

(*) 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, the subsidiary of the Group, Acciona Energía Financiación Filiales, took out a hedge on the mid-swap rate that was definitively agreed at the time of the transaction. The value of the derivative at end of the year was €6 million.

At 31 December 2022, the fixed interest rate of the financial derivatives referenced to the Euribor varies between 0.46% and 3.75% (between 0.02% and 4.08% at 31 December 2021).

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			2	3	(1)
Associates (*)			(2)	(3)	(1)

(*) 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 2022 totalled €1 million and €3 million in anticipated net tax at 31 December 2021, are recorded with a debit or credit to equity (see Note 20).

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:

	2022	2021
Group companies and multi-group	100	189
Associates (*)	147	154
Total notional value	247	343

(*) 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				
	2023	2024	2025	2026	2027
Group Companies	84	79	70	49	41
Associates (*)	125	108	82	75	68

(*) Amounts based on percentage of ownership.

Exchange rate hedges

The Group uses currency derivatives to hedge significant future transactions and cash flows. In 2022, the Group hedged part of its purchases and payments to creditors in euros using exchange rate hedges.

At 31 December 2022, mark-to-market valuations of exchange rate hedges are recorded as "Fair value of financial derivatives" under current liabilities in the amount of €0.5 million and under current assets in the amount of €8 million. They mainly relate to exchange rate hedges to hedge short-term foreign currency exposures (€0.2 million of current liabilities as "Fair value of financial derivatives" at 31 December 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 at 31 December 2022 are as follows in millions of euros:

	2022			
	Currency	Final maturity	Contracted Amount	Financial assets (Note 11)
Foreign currency purchases	USD	03.01.2023	200	
Foreign currency purchases	AUD	03.01.2023	56	
Foreign currency sales	USD	23.03.2023	97	4
Foreign currency sales	AUD	21.03.2023	282	4

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 2022 and 2021 is as follows in millions of euros:

2022				2021			
Notional amount	Financial liabilities	Financial assets	Investments in associates (*)	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)
2,826	(137)	171	(2)	570	(36)	163	(58)

(*) 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, etc.) 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. Five 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.

	2022				2021			
Energy derivatives	Notional amount	Financial liabilities	Financial assets	Invest-ments in associates (*)	Notional amount	Financial liabilities	Financial assets	Invest-ments in associates (*)
Accounting hedges	2,446	(105)	157	(2)	280	(36)	124	(58)

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

At 31 December 2022, the impact on reserves, the income statement and minority interests, net of the tax impact, is positive, with €150 million in reserves (€15 million positive impact at 31 December 2021), a net negative balance of €4 million in the income statement (€0.3 million net positive balance at 31 December 2021) and a negative balance of €17 million in minority interests (€5 million negative balance at 31 December 2021), all with a €157 million balancing entry in “Receivables from non-financial derivatives”, €98 million under “Non-current trade receivables” (see Note 10) and €59 million under “Trade and other receivables”; €105 million under “Payables for non-financial derivatives”, €95 million under “Non-financial derivatives payable” (see Note 20), €10 million under “Trade and other accounts payables” and €2 million as a reduction in the value of companies accounted for by the equity method.

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 "Profit/(loss) on changes in value of financial instruments at fair value".

	2022			2021		
Energy derivatives	Notional amount	Financial liabilities	Financial assets	Notional amount	Financial liabilities	Financial assets
With changes in the income statement	380	(32)	14	290		39

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 €60 million in 2022 (cost of €17 million in 2021).

The impact of derivative instruments on equity at 31 December 2022 is summarised below:

Item	2022
Financial liability for interest rate hedge	3
Financial asset from interest rate hedges (note 9)	
Negative impact of interest rate hedges on equity, net of taxes	(4)
Net tax receivable from interest rate hedges	(1)
Other, mainly external holdings in interest rate hedges	(1)
Adjustment for change in the value of interest rate hedges	(3)
Energy contract liabilities	105
Energy contract assets	(157)
Negative impact on equity of energy contracts with associates, net of taxes	2
Net tax receivable from energy contracts	49
Other, mainly external holdings in energy contracts	(19)
Net financial assets settled daily in cash	(130)
Adjustment for change in the value of energy contracts (net external and tax)	(150)
Total receivable balance for adjustments due to value changes at 31 December (note 14)	**(153)**

19. Other current and non-current liabilities

The breakdown of this balance sheet item is as follows, in millions of euros:

	Non-current		Current	
	2022	2021	2022	2021
Grants	93	91		
Other deferred income	21	22		
Non-current payables	47	138		
Non-financial derivatives payables	112	36		
Payable to Group companies			101	46
Payable to associates and related parties	208	215		15
Outstanding salaries			36	24
Other creditors			28	28
Fixed asset suppliers	26		851	496
Taxes (note 21)			76	97
Closing balance	507	502	1,092	706

The changes under the heading of "Grants" in 2022 and 2021 were as follows:

	Grants
Balance at 31.12.2020	89
Grants released to income (Note 22)	(5)
Changes in consolidation scope	7
Balance at 31.12.2021	91
Added	2
Grants released to income (Note 22)	(5)
Other	5
Balance at 31.12.2022	93

The most significant change in both 2022 and 2021 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.

At 31 December 2022, the caption “Non-financial derivatives payable" includes an amount of €112 million (€36 million at 31 December 2021) 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 Notes 9 and 18).

Under "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 2022 amounts to €34.5 million (€128.8 million at 31 December 2021). The decrease in the balance is due to the reversal of the adjustment for all those standard assets for which Group management estimates that it will recover the full NAV prior to the end of their regulatory life without obtaining additional returns from the remuneration system (see Note 3.2.l)).

The increase in “Fixed asset suppliers” is mainly due to changes in the investments in progress and pending payment for wind farms under construction during the year before in Mexico, Australia and Peru and photovoltaic plants in the United States and Spain. This heading also includes an outstanding balance payable of €211 for the acquisition of the battery storage project in the United States (Cunningham) (see Note 4) and €34 million for the acquisition of the associate company Nordex H2 for the development of renewable hydrogen projects (see Note 7).

The amount recognised under “Payable to group companies" 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.

The amount shown under “Payables to associates and related parties” as current and non-current liabilities in the consolidated balance sheet are financial contributions made by other shareholders with minority interests in Group projects and assets, mainly three wind farms in the United States, through the Tax Equity Investor structure for a total of €205.6 million (€211.2 million at 31 December 2021). These loans accrue annual interest at a rate equivalent to the target return established in the contract (see Note 2.3.f).

Included under this heading are the loans received from associates and not eliminated in the consolidation process, which accrue annual interest at market rates.

20. Taxes

Tax consolidation system

Under current law, the consolidated tax groups include the parent company along with certain subsidiaries that meet the legal requirements. Since 2009 there has been a single tax group in Spain under this special tax regime, the parent company of which is Acciona, S.A. The Group also files consolidated tax returns in Australia, Canada, the USA, and Portugal.

The rest of the member companies of Group file individual tax returns in accordance with the applicable tax regulations in force in each jurisdiction.

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 Law 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 2022, 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 financial 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 Grupo Acciona Energía Global.

Open tax audits

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 auditors examined the value of the wind farm rights transferred in 2009. The audit ended with an assessment which was contested the company. 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 economic-administrative appeals court (TEAC) on 13 January 2014. On 16 February 2017, the TEAC issued a decision upholding part of the claim, invalidating the settlement agreement due to a formal defect and sending the proceedings back to the inspection phase.

On 27 August 2017, the company was notified by the Technical Office of AEAT's Tax and Customs Control Department of a resolution to enforce the TEAC's ruling, ordering the proceedings to return to the inspection phase and announcing a new settlement agreement. On 22 September 2017, the company filed an economic-administrative claim with the TEAC against the 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 TEAC issued a partially favourable decision, reducing the settlement in the inspection reports. The ruling dismissed the main arguments but ordered the proceedings to be turned back and the valuation report to be completed by the Technical Office. A contentious-administrative appeal has been lodged against the ruling (14 December 2020) with the National Court. The claim was officially filed on 4 May 2021 and written conclusions were submitted on 17 January 2023.

A request was made to suspend the enforcement of the contested assessment, with no bonds provided. On 6 October 2014, an appeal was lodged with the Spanish National Court against the TEAC's decision, but the appeal 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. The National Court has agreed to the suspension, accepting the wind energy rights of zones 10 and 12 of the Valencian Community's wind energy plan as a guarantee. Finally, on 7 March 2022 the National Court ruled in the company's favour (Rec. 585/2019), agreeing to the suspension, contingent upon the delivery of the wind energy rights of zones 10 and 12 of the Valencian Community's wind energy plan as a guarantee.

On 19 June 2021, the company was notified of the decision to enforce the TEAC ruling (notified on 20 October 2020), against which an "appeal against enforcement" (ex-article 241 ter of the General Tax Law) was lodged, requesting a stay of execution on 20 July 2021. To date, the company has not been informed of the TEAC's decision on this appeal. However, the company was notified on 9 May 2022 of an Enforcement Agreement issued by AEAT, in which the value of the wind power rights is close to the value declared in financial year 2009. An appeal was lodged with the TEAC against the enforcement on 9 June 2022 on the grounds that the administrative act is null and void since there was no notification of the TEAC's decision. A stay was requested, offering the wind power rights as a guarantee, but decision has yet been received in this regard.

On 1 July 2021, the tax inspection service of the Central Office of Large Taxpayers notified Acciona, S.A., in its capacity as the parent company, of the commencement of a general audit of the consolidated tax group's corporate tax for the years 2013 to 2017; a review of the special VAT group for all months in the second half of 2017; as well as personal income tax withholdings, non-resident income tax and capital gains tax for the same period. Subsequently, the same Central Office for Large Taxpayers notified several member companies of the tax group of the commencement of an audit of corporate tax for different tax years.

Taxes and social security balances

At 31 December 2012, the debit and credit tax balances are as follows:

	2022		2021	
	Deferred	Current	Deferred	Current
Receivables	509	242	411	285
VAT/IGIC		136		140
Tax refund		14		98
Deferred taxes receivable	509		411	
Corporate tax		92		47
Taxes payable	767	118	694	111
Corporate tax		42		14
Personal income tax withholdings		7		8
VAT/IGIC		41		70
Deferred taxes payable	767		694	
Social Security		3		2
Local tax (primarily Electricity tax)		25		17

Reconciliation of carrying results with fiscal results

The reconciliation between carrying profit before tax and corporate tax liability at 31 December 2022 and 2021 is shown below:

	2022	2021
Consolidated profit before tax	1,057	563
Permanent differences	231	(90)
Adjusted carrying result	1,288	473
Adjusted tax expense	333	119
Deductions	(9)	
Unrecognised tax credits	24	22
Tax expense for the year	348	141
Change in tax rate		
Adjustment of prior year taxes and other	(86)	29
Tax expense posted to the income statement	262	170
Current corporate tax expense	366	145
Deferred corporate tax expense	(104)	25

"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 2022 include a positive difference of €76 million due to the effect of inflationary adjustments of companies taxed in Chile and Mexico (positive difference of €70 million in 2021). They also include €84 million in positive difference arising in connection with the integration of subsidiaries in their functional currencies when their taxes are settled, as stipulated by law, on the basis of their financial statements issued in the local currency due to exchange rate differences arising on monetary items. Likewise, the 5% non-deductibility of dividends received from subsidiaries, mainly in Spain, has an impact, with a positive permanent difference of €18 million being recorded in FY2022 (€5 million in FY2021). Finally, in 2021 there is a permanent negative difference of €44 million 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 and other" 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 2022 and 2021 the Group recorded the following items and amounts in consolidated equity:

	2022	2021
Changes in the fair value of financial instruments	(28)	(29)
Total	(28)	(29)

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 financial years 2022 and 2021 which must be considered when calculating the corporate income tax.

The origins of the deferred taxes recorded in both years are shown below:

Deferred taxes receivable arising from:	2022	2021
Tax loss carryforwards	273	216
Derivative financial instruments	26	74
Impairment and other provisions	76	43
Other items	134	78
Total deferred taxes receivable	509	411

Deferred taxes payable arising from:	2022	2021
Derivative financial instruments	81	105
Free and accelerated amortisation	502	429
Finance leases	1	1
Assignment of first consolidation differences to assets	132	111
Other items	51	48
Total deferred taxes payable	767	694

Set out below is an analysis of deferred taxes, which are shown net of accounting effects at the financial year-end:

Assets	2022	2021	*Liabilities*	2022	2021
Tax loss carryforwards		32	Tax loss carryforwards		
Unrestricted amortisation			Unrestricted amortisation	29	74
Other items	29	81	Other items		39
Total	29	113	Total	29	113

At 31 December 2022, 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 €12 million. Practically all of this balance 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 €411 million generated mainly in the United States, Chile and India.

At 31 December 2022, the maturity dates of the tax credits arising from tax loss carryforwards pending application were as follows in millions of euros:

Expiration	Amount
2023-2027	42
2028-2037	102
No statute of limitations	129
Total	273

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, €238 million 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 €7 million. At the end of 2022, the maturity dates of the tax credits arising from tax loss carryforwards pending application were as follows in millions of euros:

Company	Amount	Expiration
Acciona Energía Internacional, S.A.	7	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.

"Other items" under deferred tax liabilities refers mainly to the tax limitation on the deductibility of interest, primarily in the USA, Chile and Poland, as interest expenses are not deductible until they are paid. 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, as well as the adjustment for the 30% non-deductible accounting depreciation cap for Spanish companies which was temporarily introduced for financial years 2013 and 2014 and started to be reversed in 2015.

Lastly, this section and the balance under "Other items" in the breakdown of deferred taxes payable 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 accrual or degree of progress criterion for deductibility, as is the case mainly in Mexico and Australia. The balance also reflects the impact of the standardisation which is part of the consolidation process, such as 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 Group companies have taken advantage of the tax incentives provided for in those laws.

There were no transactions of the kind discussed in article 86 of the Corporate Tax Law 4/2014 in 2022 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 December 2022, the Member States of the European Union adopted Directive (EU) 2022/2523 of 14 December on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (Pillar II), which was published in the Official Journal of the EU on 22 December and is to be transposed by the Member States by 31 December 2023 at the latest. The Group has conducted a preliminary assessment of this Directive and does not anticipate any significant impact from the application of this global minimum taxation, pending the final transposition into national law.

21. Third party guarantees

The companies have provided third party guarantees to customers, public bodies and financial institutions, amounting to €980 million at 31 December 2022. The amount of the guarantees provided at 31 December 2021 was €637 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.

22. Income

Net revenue

The details of the Group's revenues are given below:

	2022	2021
Sales		
Energy (revenue from sales to customers)	2,420	1,830
Energy (revenue from sales settlement of energy hedges)	(176)	(324)
Plant and equipment	3	1
Biofuels	4	3
Trader	1,784	775
Other sales	253	128
Services rendered	63	59
Total revenue	4,351	2,472

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 2022, the Group has €127.6 million in retail energy sales to be invoiced (€109.5 million at 31 December 2021). 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 24).

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 the United States, Australia, Dominican Republic and Spain. The amount recorded for this item in 2022 was €273 million (€213 million in 2021). Also included under this heading are the capital grants released to the income statement in the amount of €5 million in 2022 and €5 million in 2021 (see Note 19).

23.- Expenses

Operating expenses

The breakdown of the Group's operating expenses is as follows:

	2022	2021
Raw materials and consumables	2,206	1,066
Purchases	2,409	1,275
Hedging contracts	(197)	(206)
Changes in inventory	(6)	(3)
Personnel expenses	210	150
Wages and salaries	174	123
Social Security contributions	25	17
Other personnel expenses	11	10
External services	629	437
Taxes	102	43
Other current operating expenses	4	4
Subtotal	3,151	1,700
Change in provisions	13	5
Amortisation funding	421	376
Total	3,585	2,081

Personnel

The average headcount in the course of 2022 and 2021, by professional category and broken down between men and women was as follows:

	2022			2021		
	Men	Women	Total	Men	Women	Total
Directors and managers	412	144	556	338	102	440
Technical staff with degrees	752	389	1,141	601	320	921
Administrative and support staff	11	78	89	8	61	69
Other personnel	528	41	569	315	17	332
Average headcount	1,703	652	2,355	1,262	500	1,762

Of the average headcount in 2022, there were 2,261 permanent employees (1,689 in 2021) 1,638 of whom were men and 623 were women (1,206 and 480, respectively, in 2021).

At 31 December 2022, the average number of people employed during the year by consolidated companies with a disability of 33% or more was 27 (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 3.07%.

External services

The breakdown of this balance sheet heading on the consolidated income statement is as follows, in millions of euros:

	2022	2021
Repairs and maintenance	200	141
Rents and royalties	87	59
Services of independent professionals	94	76
Insurance premiums	27	26
Supplies	31	10
Other expenses	190	125
Total	629	437

Change in provisions

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

	2022	2021
Change in bad debt provision	3	
Change in inventory provisions	6	4
Other provisions	4	1
Change in provisions	13	5

Results of asset impairment

The details of this caption on the 2022 and 2021 consolidated income statements are as follows:

	2022	2021
Impairment of other assets (notes 4 and 6)	21	2
Total	21	2

Income from changes in the value of financial instruments at fair value

The details of this caption on the 2022 and 2021 consolidated income statements are as follows:

	2022	2021
Profit/(loss) from changes in the fair value of derivatives with changes in the income statement	(59)	(17)
Profit/(loss) from inefficiency of hedging derivatives	(5)	1
Total	(64)	(16)

At 31 December 2022 and 2021, 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).

24. 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 Grupo 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: Germany, 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 2022 and 2021 is presented below:

	Segments					
31.12.22	Spain	Rest of Europe	America	Australia	Other regions	Total Group
Net revenue	3,197	364	642	73	75	**4,351**
Other operating income and expenses	(2,064)	(287)	(392)	(42)	(23)	(2,808)
Profit (loss) of companies consolidated by equity	120	(17)	2	6	(1)	110
Gross operating revenue (EBITDA)	1,253	60	252	37	51	**1,653**
Allowances, impairment and other	(137)	(72)	(170)	(22)	(27)	(428)
Operating profit	1,116	(12)	82	15	24	**1,225**
Financial profit	101	(24)	(195)	(24)	(26)	(168)
Profit before tax	1,217	(36)	(113)	(9)	(2)	**1,057**
Corporate tax	(300)	(9)	56	(2)	(7)	(262)
Year’s profit	917	(45)	(57)	(11)	(9)	**795**
Minority interests	(7)	(4)	(18)	(1)	(6)	(36)
Profit attributable to the Parent	**910**	**(49)**	**(75)**	**(12)**	**(15)**	**759**

Balances a 31.12.22	Segments: Spain	Rest of Europe	America	Australia	Other regions	Total Group
ASSETS						
Intangible assets and PPE	2,673	472	4,539	978	278	8,940
Right-of-use assets	118	45	177	36		376
Investments accounted for using the equity method	261	58	37	18	49	423
Non-current and other financial assets.	101	30	426	96	34	687
Non-current assets	3,153	605	5,179	1,128	361	10,426
Inventories	78	15	47	7	1	148
Trade and other receivables	242	81	85	199	24	631
Other assets and other current financial assets	163	21	218	3	37	442
Cash and cash equivalents	207	80	84	213	28	612
Current assets	690	197	434	422	90	1,833
Total assets	**3,843**	**802**	**5,613**	**1,550**	**451**	**12,259**
EQUITY & LIABILITIES						
Consolidated equity	2,157	474	2,509	961	160	6,261
Borrowings	339	49	1,111	82	183	1,764
Lease obligations	118	47	182	41		388
Other liabilities	272	118	879	94	72	1,435
Non-current liabilities	729	214	2,172	217	255	3,587
Borrowings	508	13	112	12	20	665
Lease obligations	8	2	4	2		16
Trade and other accounts payable	439	99	816	360	16	1,730
Current liabilities	955	114	932	374	36	2,411
Total liabilities and equity	**3,841**	**802**	**5,613**	**1,552**	**451**	**12,259**

31.12.21	Segments: Spain	Rest of Europe	America	Australia	Other regions	Total Group
Net revenue	1,502	231	605	59	75	2,472
Other operating income and expenses	(1,023)	(136)	(241)	(29)	(19)	(1,448)
Profit (loss) of companies consolidated by equity	52	16	(6)		1	63
Gross operating revenue (EBITDA)	531	111	358	30	57	1,087
Allowances, impairment and other	(174)	(26)	(149)	(20)	(22)	(391)
Operating profit	357	85	209	10	35	696
Financial profit	66	(13)	(143)	(16)	(27)	(133)
Profit before tax	423	72	66	(6)	8	563
Corporate tax	(88)	(19)	(56)		(7)	(170)
Year’s profit	335	53	10	(6)	1	393
Minority interests	(5)	(15)	(5)		(5)	(30)
Profit attributable to the Parent	**330**	**38**	**5**	**(6)**	**(4)**	**363**

Balances a 31.12.21	Segments					
	Spain	Rest of Europe	America	Australia	Other Regions	Total Group
ASSETS						
Intangible assets and PPE	2,563	457	3,614	663	304	7,601
Right-of-use assets	102	43	183	38	1	367
Investments accounted for using the equity method	175	70	24	15	18	302
Non-current and other financial assets.	252	21	314	23	31	641
Non-current assets	3,092	591	4,135	739	354	**8,911**
Inventories	87	7	25	4	2	125
Trade and other receivables	271	88	78	78	21	536
Other assets and other current financial assets	238	14	169		36	457
Cash and cash equivalents	489	42	71	4	19	625
Current assets	1,085	151	343	86	78	**1,743**
Total assets	**4,177**	**742**	**4,478**	**825**	**432**	**10,654**
EQUITY & LIABILITIES						
Consolidated equity	2,670	497	1,864	205	118	**5,354**
Borrowings	124	51	1,074	306	214	1,769
Lease obligations	102	45	194	43		384
Other liabilities	370	83	819	27	73	1,372
Non-current liabilities	596	179	2,087	376	287	**3,525**
Borrowings	482	20	81	11	16	610
Lease obligations	6	2	13	2		23
Trade and other accounts payable	423	44	433	231	11	1,142
Current liabilities	911	66	527	244	27	**1,775**
Total liabilities and equity	**4,177**	**742**	**4,478**	**825**	**432**	**10,654**

In addition to the segmented information, certain information on the countries in the Americas segment for the years 2022 and 2021 is presented below:

	Country		
	United States of America	Mexico	Chile
Net revenue	103	230	262
Other operating income and expenses	(56)	(76)	(249)
Profit (loss) of companies consolidated by equity	(1)	2	
Gross operating revenue (EBITDA)	46	156	13
Allowances, impairment and other	(46)	(67)	(42)
Operating profit	--	89	(29)
Financial profit	(81)	(36)	(70)
Profit before tax	(81)	53	(99)

	Country		
Other operating income and expenses	United States of America	Mexico	Chile
Net revenue	145	188	229
Other operating income and expenses	(28)	(48)	(153)
Profit (loss) of companies consolidated by equity		(6)	
Gross operating revenue (EBITDA)	117	134	76
Allowances, impairment and other	(54)	(50)	(31)
Operating profit	63	84	45
Financial profit	(59)	(43)	(33)
Profit before tax	4	41	12

Moreover, certain information on the main renewable energy technologies operated by the Group for the financial years 2022 and 2021 is presented below:

	Technology					
31.12.22	Wind power	Photovoltaic	Hydraulic	Biomass and solar thermal	Other	Total Group
Net revenue	2,013	76	309	96	1,857	**4,351**
Other operating income and expenses	(741)	(24)	(109)	(57)	(1,877)	**(2,808)**
Profit (loss) of companies consolidated by equity	124	(14)				110
Gross operating revenue (EBITDA)	1,396	38	200	39	(20)	**1,653**
Allowances, impairment and other	(310)	(71)	(5)	(20)	(22)	(428)
Operating profit	1,086	(33)	195	19	(42)	**1,225**
Financial profit	(80)	(43)	(34)	(3)	(8)	(168)
Profit before tax	1,006	(76)	161	16	(50)	**1,057**
Corporate tax	(305)	65	(35)	3	10	(262)
Year's profit	701	(11)	126	19	(40)	**795**
Minority interests	(34)			(2)		(36)
Profit attributable to the Parent	**667**	**(11)**	**126**	**17**	**(40)**	**759**

	Technology					
31.12.21	Wind power	Photovoltaic	Hydraulic	Biomass and solar thermal	Other	Total Group
Net revenue	1,324	105	172	84	787	**2,472**
Other operating income and expenses	(484)	(28)	(76)	(50)	(810)	(1,448)
Profit (loss) of companies consolidated by equity	51	12				63
Gross operating revenue (EBITDA)	891	89	96	34	(23)	**1,087**
Allowances, impairment and other	(320)	(30)	(24)	(15)	(2)	(391)
Operating profit	571	59	72	19	(25)	**696**
Financial profit	(97)	(30)	1	(4)	(3)	(133)
Profit before tax	474	29	73	15	(28)	**563**
Corporate tax	(141)	(9)	(18)	(4)	2	(170)
Year's profit	333	20	55	11	(26)	**393**
Minority interests	(22)	(8)				(30)
Profit attributable to the Parent	**311**	**12**	**55**	**11**	**(26)**	**363**

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 22.

25. Financial income and expense

The breakdown of these items on the consolidated income statement for financial years 2022 and 2021, by origin of the items, is as follows:

	2022	2021
Income and other securities and loans	2	1
Other financial income	5	15
Total financial income	7	16
Payable to third parties	(101)	(83)
Financial costs capitalised (note 4)	10	6
Other finance costs	(42)	(65)
Total financial expenses	(133)	(142)

The amount deducted from equity in 2022 and 2021 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 million in 2022 and €12.7 million in 2021.

26.- Proposed distribution of profit

The distribution of 2022 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 euros):

	2022
Available for distribution:	
Profit and loss of Corporación Acciona Energías Renovables, S.A.	555,053,717
Distribution:	
To voluntary reserves	324,578,305
Dividend	230,475,412
Total	555,053,717

The distribution of 2021 profits approved on 7 April 2022 is as follows:

	2021
Available for distribution:	
Profit and loss of Corporación Acciona Energías Renovables, S.L.U.	230,485,739
Distribution:	
Legal reserves	19,387,186
To prior-year losses	118,908,389
Interim dividend	92,190,165
Total	230,485,739

27. Environmental disclosures

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, the Group spent €8.8 million in 2022 and 7.6 million in 2021, respectively, on environmental aspects, primarily studies and the cost of monitoring and tracking environmental programmes.

In 2022 and 2021, 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 2022 and 2021, 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.

28. Earnings per share

Diluted earnings per share is same as basic earnings per share, as detailed below:

	2022	2021
Net year's profit (thousand euros)	758,698	363,038
Weighted average number of shares in circulation	329,119,638	329,196,652
Basic earnings per share (euro/share)	2.3	1.1

29. 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 2022 or its present or future activities.

30. 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, the majority shareholder and other consolidated companies of the Acciona Group are disclosed below.

Law 5/2021 of 12 April introduced into the Capital Companies Act a set of specific rules 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 the majority shareholder

At 31 December 2022 and 2021, the balances and transactions with Acciona, S.A., majority shareholder of the Group's parent company, are as follows:

	Receivables/Income		Payables/expense	
	2022	2021	2022	2021
Trade receivables	6	1		
Trade payables			19	16
Tax consolidation balances	78	71	95	46
Operating income and expenses			47	35

Credit balances also include 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 its respective groups have been performing, selling or providing to each other, including but not limited to services other than the ones 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 Acciona Group companies

At 31 December 2022 and 2021, 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 majority shareholder, which are disclosed in the next note):

	Receivables/Income		Payables/expense	
	2022	2021	2022	2021
Trade receivables	9	13		
Trade and other accounts payable			34	32
Tax consolidation balances	8	9	6	
Operating income and expenses	41	29	142	82
Financial income and expenses				26

At 31 December 2022 and 2021, the receivable balance refers mainly to balances held with Acciona Group companies under electricity supply contracts.

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, in addition to the structural costs discussed in the previous section.

These transactions were carried out at arm's length.

Transactions with associates

At 31 December 2022 and 2021, the debit and credit balances with associates are as follows:

	Receivables/Income		Payables/expense	
	2022	2021	2022	2021
Trade receivables (see Note 12)	32	20		
Payable to associates (see Note 9)	30	24		15
Trade and other accounts payable			361	431
Income and expenses	43	45	332	141

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 other related parties

	Receivables/Income		Payables/expense	
	2022	2021	2022	2021
Credit facilities and loans			208	215
Financial income and expenses			16	16

The outstanding balance payable to other related parties at 31 December 2022 and 2021 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 31, 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 31, 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 2022 or 2021.

31. Salaries and employee benefits

A. Board of Directors

The remuneration paid to the members of the Company's Board of Directors in 2022, considering that such remuneration is taken from the perspective of the parent company and subsidiaries, was as shown in this note, in thousands of euros.

Pursuant to Article 29 of the Company's Articles of Association, the remuneration 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 remuneration system for Board Members within the framework established in the Articles of Association.

The Board of Directors will endeavour to ensure that Directors' remuneration is moderate and in line with what is offered in the market by companies of a similar size in similar lines of business, favouring arrangements that link a significant part of their remuneration to their dedication to Corporación Acciona Energías Renovables, S.A.

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. The directors' 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 €1,750,000 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 thousands of euros)
Members of the Board of Directors (*)	100
Additional amount for Chairman of the Board of Directors	
Members of the Audit and Sustainability Committee	70
Additional amount for Chairman of the Audit and Sustainability Committee	18
Members of the Appointments and Remuneration Committee	55
Addition amount for Chairman of the 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 paid to the members of the Board of Directors for the performance of their duties as part of the Company's governing was €1,332,000 in 2022 (€671,000 in 2021), broken down as follows:

	Fixed compensation	Allowance for sitting on Board committees	2022	2021 (*)
José Manuel Entrecanales Domecq				
Juan Ignacio Entrecanales Franco				
Rafaél Mateo Alcalá (Executive Director)				
Sonia Dulá	100	70	170	85.7
Juan Luis López Cardenete	100	55	155	78.1
Karen Christiana Figueres Olsen	100	55	155	78.1
Alejandro Mariano Werner Wainfeld	100	55	155	78.1
Inés Elvira Andrade Moreno	100	69	169	85.2
Maria Salgado Madriñán	100	88	188	94.7
Rosauro Varo Rodríguez	100	70	170	85.7
María Fanjul Suárez	100	70	170	85.7
Total	800	532	1,332	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.

Proprietary directors who perform executive functions for the parent company did not receive any remuneration for acting in their capacity as such in 2022.

The monetary remuneration of the Executive Director for the performance of executive senior management functions and for sitting on the Board totalled to €718,000 in 2022. He also received €26,000 of in kind remuneration and €112,000 in gross profit per consolidated share in 2022, the latter as a result of receiving 80% of the annual stock delivery agreed by the Board of Directors on the recommendation of the Appointments and Remuneration Committee, based on the achievement of annual performance objectives in the 2021 Plan, which is discussed below.

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 €2,188,000 in 2022 and €1,736,000 in 2021.

The Group has not granted any advances, loans or guarantees to any members of the Board of Directors.

B. Officers

The details of the people who held senior management positions in Grupo Corporación Acciona Energías Renovables (including the parent company and subsidiaries) in 2022 are as follows:

Name	Title (s)
Ana Benita Aramendia	Director of Organisation and Processes
Antonio Ferreiro Viña	Director of Procurement and Logistics
Arantza Ezpeleta Puras	CFSO
Belén Linares Corell	Director of Innovation
Brett Wickham	Country Director of Australia
Elvira López Prados	Office of the CEO
Francisco Javier Montes Jiménez	Director of Sales
Ignacio del Romero Montes	Internal Audit
Joaquín Ancín Viguiristi	Director of Engineering and Construction
Joaquín Francisco Castillo García	Country Director for North America
Jorge Paso Cañabate	Country Director for Mexico and Central America
José Entrecanales Carrión	Director of Strategy and Corporate Development
José Ignacio Escobar Troncoso	Country Director for South America
Juan Otazu Aguerri	Director of Operations
Klaus Falgiani	Country Director for Europe and North Africa
Maite Ecay Marchite	Director of Organisation, Talent y Health
Miguel Ángel Alonso Rubio	Country Director for Mexico and Central America
Miguel Ortiz de Latierro	Director of Prevention, Social Responsibility, the Environment and Quality
Rafael Esteban Fernández de Córdoba	Director of Development
Raimundo Fernández-Cuesta Laborde	Director of Finance and Investor Relations
Santiago Gómez Ramos	Director of Energy Management
Yolanda Herrán Azanza	Director of Legal Affairs

The details of the people who held senior management positions in Grupo Corporación Acciona Energías Renovables (including the parent company and subsidiaries) in 2021 are as follows:

Name	Title
Antonio Ferreiro Viña	Director of Procurement and Logistics
Arantza Ezpeleta Puras	Director of Finance and Sustainability
Belén Linares Corell	Director of Innovation
Brett Wickham	Country Director of Australia
Elvira López Prados	Office of the CEO
Francisco Javier Montes Jiménez	Director of Sales
Ignacio del Romero Montes	Internal Audit
Joaquín Ancín Viguiristi	Director, Engineering and Construction
Joaquín Francisco Castillo García	Country Director for North America
Jorge Paso Cañabate	Director of Economic Affairs and Control
José Entrecanales Carrión	Director of Strategy and Corporate Development
José Ignacio Escobar Troncoso	Country Director for South America
Juan Otazu Aguerri	Director of Operations
Klaus Falgiani	Country Director for Europe
Maite Ecay Marchite	Director of Organisation, Talent y Health
Miguel Ángel Alonso Rubio	Country Director for Mexico and Central America
Miguel Ortiz de Latierro	Director of Prevention, Social Responsibility, the Environment and Quality
Rafael Esteban Fernández de Córdoba	Director of Business Development
Rafael Mateo Alcalá	CEO - Energy
Raimundo Fernández-Cuesta Laborde	Director of Finance and Investor Relations
Santiago Gómez Ramos	Director of Energy Management
Yolanda Herrán Azanza	Director of Legal Affairs

This includes people in senior management positions in Grupo Corporación Acciona Energías Renovables and the Director of Internal Audit. This classification is for information purposes only and should never be used as a way of interpreting or assessing the concept of senior management established in the laws in force, and in particular in Royal Decree 1382/1985.

The remuneration of persons in senior management positions, excluding those who are simultaneously members of the Board of Directors (whose remuneration is discussed above) during financial years 2022 and 2021 can be summarised as follows:

	2022	2021
Number of people	22	22
Compensation (thousands of euros)	8,725	11,738

The amount shown for 2022 includes the severance benefits paid to executives who left the company in 2022 due to the termination of their contractual relationships.

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 expenses' 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. In those cases where the shares delivered are shares of the Group's majority shareholder, the cost is recorded against an account with Acciona, S.A.

Below is a breakdown of the various share distribution plans approved by Grupo 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.

2021 Plan for "performance shares" and distribution of shares to the executive directors of Corporación Acciona Energías Renovables, S.A. as a long-term incentive related to value creation

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 "2021 Performance Share and Stock Delivery Plan" or "2021 Plan" for the executive directors of Corporación Acciona Energías Renovables, S.A." approved at the Extraordinary General Meeting of Shareholders of Grupo 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: Executive directors of Corporación Acciona Energías Renovables, S.A. who, during the effective period of the 2021 Plan are directors with executive roles in Grupo 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 (CO_2) 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 the sum is less than 65%, the Beneficiary will not be eligible for an incentive under the "2021 Plan".

Payment of incentive and deferral: The Achievement Rate is 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 the "Final Assignment". 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 Remuneration 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 Grupo 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 Remuneration 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.

2021 Plan for "performance shares" and distribution of shares to management of Corporación Acciona Energías Renovables, S.A., as a long-term incentive related to value creation:

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 "2021 Directors' Plan" 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 directors of Grupo Corporación Acciona Energía Renovable and other employees at the discretion of the Board of Directors, subject to a report by the Appointments and Remuneration 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 pre-tax earnings in the period.

Sustainability metrics:

(iv) Reduction of carbon dioxide (CO2) 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 the sum is less than 65%, the Beneficiary will not be eligible for an incentive under the "2021 Directors' Plan".

Payment of incentive and deferral: The Achievement Rate is 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 the "Final Assignment". The shares will be distributed in 2026, after the ordinary General Meeting of that year is held.

Multi-year distribution of shares: During the effective period of the "2021 Directors' Plan", the Board of Directors, on the recommendation of the Appointments and Remuneration Committee may, unilaterally and at its complete discretion, decide to award and distribute 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 "2021 Directors' Plan", 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.

Buyback option: The "2021 Directors' Plan" includes a buyback provision in favour of Corporación Acciona Energías Renovables, S.A. for 100% of the shares distributed during the first year following the distribution date and 50% of the shares distributed during the second year following the 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 Grupo Corporación Acciona Energías Renovables.

Plan to replace bonuses with shares

On 23 March 2022, the Board of Directors of Corporación Acciona Energías Renovables, S.A., on the recommendation of the Appointments and Remuneration Committee, approved the "Plan to Replace Bonuses with Acciona Shares for the Management of Corporación Acciona Energías Renovables, S.A. and its Group" (the Replacement Plan) on 23 February 2021 with the aim of building loyalty and retaining talent, the features 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: Five years, from 1 December 2022 to 31 January 2026

Purpose: To offer certain executives of Corporación Acciona Energías Renovables, S.A. and its Group, at their discretion, the option of replacing or exchanging some or all of their cash bonus for shares of Corporación Acciona Energías Renovables, S.A., 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 at its discretion. 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 Corporación Acciona Energías Renovables, S.A., exercisable if the beneficiary of the shares ceases to be a professional employee of the company or the 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 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.

As part of the plan to replace cash bonuses with stocks, the Company delivered 19,532 shares with a fair market value of €654,000 to 15 Group executives in 2022.

Shareholders' Plan

On 23 February 2022, the Board of Directors of Corporación Acciona Energías Renovables, S.A., approved a new Plan on the recommendation of the Appointments and Remuneration Committee to encourage participation in the company's shareholding structure. Under this Plan, part of the fixed and/or variable remuneration, up to a limit of €12,000 per year, can 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 Grupo Corporación Acciona Energías Renovables who have 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.

Savings Plan

On 23 March 2022, the Board of Directors of Corporación Acciona Energías Renovables, S.A., on the recommendation of the company's Appointments and Remuneration Committee, approved a Savings Plan that offers survival benefits at a certain age and covers the contingencies of permanent, total, absolute, and severe disability, and death ("Savings Plan") exclusively for the Company's Executive Directors. The basic features are as follows:

a) It is a defined benefit pension plan.

b) It is an externally funded system in which the Company pays annual premiums to an insurance company on behalf of the Participant to provide benefits and coverage of contingencies such as (i) death and (ii) various degrees of permanent disability.

c) If a participant ceases to be an Executive Director of Corporación Acciona Energías Renovables, S.A. for any reason, the Company will cease to pay the premiums for the Savings Plan on the date on which they official cease to hold office, without prejudice to the Participant's vested economic rights.

d) Benefit payments under the Savings Plan will be made directly by the insurance company to the participants, net of the corresponding personal income tax withholdings, where applicable, which are payable by the beneficiary. For all other contingencies, payments will also be made directly by the insurance company to the beneficiaries.

e) Participants in the Savings Plan will lose their status as such whey they retire or when any of the covered risk contingencies materialise and collect a benefit or if they no longer occupy the position of Executive Director of Corporación Acciona Energías Renovables, S.A. for any reason other than the aforementioned.

As it currently functions, the Executive Director's Savings Plan consists of contributions made exclusively out of the Executive Director's annual variable remuneration, with the Executive Directors themselves deciding to use some or all of the annual variable remuneration for contributions to the Savings Plan. Apart from these contributions made by the Executive Directors out of their variable remuneration, the company does not currently make any additional contributions to the Savings Plan.

The variable remuneration is settled in cash, either at the time of payment or deferred through a contribution to the Savings Plan. A total of €500,000 was allocated in 2022 to contributions to the Savings Plan in the name of the Executive Directors against the variable remuneration for the 2021 financial year. At 31 December 2022, the amount of the global remuneration that accounts for the directors' vested rights is €459,000.

C. Auditor

In 2022 and 2021, 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	
	2022	2021	2022	2021
Internal	2.3	1.9	0.1	
Other verification services	0.3	0.8		0.7
Total auditing and related services	2.6	2.7	0.1	0.7
Tax advisory services	0.1	0.1	2.3	2.9
Other services	0.1	0.1	2.1	1.7
Total other professional services	0.2	0.2	4.4	4.6

The fees charged by the auditing firm KPMG Auditores, S.L. to audit the Group's annual accounts were as follows:

- €0.9 million for auditing services in 2022 (€0.5 million in 2021) and
- Other assurance services in the amount of €0.2 million in 2022 (€0.7 million in 2021), which include services provided by the auditors on a regular basis consisting of limited reviews of interim financial statements, issuing comfort letters in relation to securities, reporting on the internal control systems applied to financial reporting and reports on procedures for the certification of financial ratios.

Tax advisory services mainly include fees for advisory services on transfer pricing documentation, corporate income tax and direct and indirect taxation. Finally, other services mainly include services related to corporate social responsibility, independent expert reports and others.

32. Other disclosures regarding 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 2022, 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.

33. 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 financial year	2022	2021
	Days	Days
Average days to pay suppliers	12.51	17.60
% of transactions paid	12.03	17.29
% of transactions pending payment	48.24	22.21
	Amount (millions of euros)	Amount (millions of euros)
Total payments made	3,884	2,218
Total payments pending	52	151

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.

The information required following the passage of Law 18/2022 of 28 September for the Creation and Growth of Companies regarding invoices paid before the legal deadline is as follows:

Invoices paid by the legal deadline	2022
Volume paid (in millions of euros)	3,783
Percentage of total payments to suppliers	97%
Number of invoices paid	129,929
Percentage of total supplier invoices paid	89%

ANNEX I

GROUP COMPANIES

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 2022 and related information for the year-ended 31 December 2022 are as follows (in millions of euros):

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Aberdeen Wind Facility 1 Pty. Ltd.		South Africa	Wind power	100	Acciona Energy South Africa Global Pty. Ltd.	-
Acciona Administración Energía Dos, S.L.U.		Spain	Other	100	Corporación Acciona Energías Renovables, S.A.	-
Acciona Administración Energía Tres, S.L.U.		Spain	Other	100	Corporación Acciona Energías Renovables, S.A.	-
Acciona Administración Energía, S.L.U.		Spain	Other	100	Corporación Acciona Energías Renovables, S.A.	-
Acciona Airport Customer Services GMBH		Germany	Energy efficiency	100	Acciona Esco, S.L.U.	4
Acciona Biocombustibles, S.A.U.		Spain	Holding company	100	Acciona Generación Renovable, S.A.U.	1
Acciona Biomasa, S.L.U.		Spain	Holding company	100	Acciona Generación Renovable, S.A.U.	8
Acciona Desarrollo Corporativo Energía, S.L.U.		Spain	Other	100	Corporación Acciona Energías Renovables, S.A.	-
Acciona Distributed Generation Chile SPA		Chile	Wind power	100	Acciona Energía Global, S.L.U.	-
Acciona Distributed Generation, S.L.U.		Spain	Solar power	100	Acciona Generación Renovable, S.A.U.	1
Acciona Energía Atlanta I, S.L.U.		Spain	Wind power	75	Acciona Energía Internacional, S.A.	-
Acciona Energía Atlanta II, S.L.U.		Spain	Wind power	75	Acciona Energía Internacional, S.A.	-
Acciona Energía Atlanta III, S.L.U.		Spain	Wind power	75	Acciona Energía Internacional, S.A.	-
Acciona Energía Brasil LTDA		Brazil	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energía Chile Holdings, S.A.	A	Chile	Trader	100	Acciona Energía Chile, S.A.	-
Acciona Energía Chile, S.A.	A	Chile	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energía Colombia SAS		Colombia	Solar power	100	Acciona Energía Global, S.L.U.	-
Acciona Energía Costa Rica, S.A.		Costa Rica	Wind power	100	Acciona Energía Global, S.L.U.	-
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.U.	A	Spain	Financial Reporting	100	Corporación Acciona Energías Renovables, S.A.	274
Acciona Energía Global Egypt, LLC	A	Egypt	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energia Global Italia, S.R.L.	A	Italy	Wind power	100	Acciona Energía Global, S.L.U.	3
Acciona Energía Global Ucrania LLC	A	Ukraine	Holding company	100	Dymerka Solar Poland Sp. Z.o.o.	-
Acciona Energía Global, S.L.U.	A	Spain	Holding company	100	Acciona Generación Renovable, S.A.U.	92
Acciona Energía Internacional, S.A.	A	Spain	Holding company	75	Acciona Generación Renovable, S.A.U.	787
Acciona Energía Inversiones Corea, S.L.U.		Spain	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energía México, S.R.L.	A	Mexico	Holding company	75	Acciona Energía Internacional, S.A.	5

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions 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	4
Acciona Enegija d.o.o.		Croatia	Wind power	100	Acciona Energía Global, S.L.	2
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
Acciona Energy India Private, Ltd	C	India	Wind power	100	Acciona Energía Global, S.L.U.	-
Acciona Energy North America Corp.		USA	Holding company	75	Acciona Energía Internacional, S.A.	-
Acciona Energy Oceania Construction, Pty. Ltd	A	Australia	Construction	100	Acciona Energy Australia Global, Pty. Ltd	1
Acciona Energy Oceania Financial Services, PYL, Ltd.	A	Australia	Financial Reporting	100	Acciona Energy Australia Global, Pty. Ltd	-
Acciona Energy Oceania Pty. Ltd	A	Australia	Wind power	75	Acciona Energía Internacional, S.A.	148
Acciona Energy Poland Global, Sp. Z.o.o.	A	Poland	Holding company	100	Acciona Energía Global, S.L.U.	-
Acciona Energy Poland Maintenance Services, Sp. Z.o.o.	A	Poland	Maintenance	100	Acciona Energy Global Poland Sp. Z.o.o.	-
Acciona Energy Poland, Sp. Z.o.o.	A	Poland	Wind power	75	Acciona Energía Internacional, S.A.	52
Acciona Energy Singapore PTE LTD		Singapore	Solar power	100	Acciona Energía Global, S.L.U.	-
Acciona Energy South Africa Global Pty. Ltd.	A	South Africa	Holding company	100	Acciona Energía Global, S.L.U.	5
Acciona Energy South Africa Pty. Ltd.	A	South Africa	Holding company	75	Acciona Energía Internacional, S.A.	45
Acciona Energy USA Global, LLC		USA	Holding company	100	Acciona Energía Global, S.L.U.	700
Acciona Eólica Calabria, S.R.L.		Italy	Wind power	100	Acciona Energia Global Italia, S.R.L.	1
Acciona Eólica Cesa Italia, S.R.L.	A	Italy	Holding company	75	Acciona Energía Internacional, S.A.	31
Acciona Eólica Cesa, S.L.U.		Spain	Holding company	100	Ceatesalas, S.L.U. Energías Renovables de Barazar, S.L.U.	94
Acciona Eólica de Castilla La Mancha, S.L.U.	A	Spain	Wind power	100	Alabe Proyectos Eólicos, S.A.U.	-
Acciona Eólica de Galicia, S.A.U.	A	Spain	Wind power	100	Corporación Acciona Energías Renovables, S.A.	17
Acciona Eólica Levante, S.L.U.	A	Spain	Wind power	100	Alabe Proyectos Eólicos, S.A.U.	19
Acciona Eólica Portugal, S.A.	A	Portugal	Holding company	75	Acciona Energía Internacional, S.A.	10
Acciona Eólica Santa Cruz, S. de R.L. de C.V.	A	Mexico	Wind power	100	Acciona Energía México Global, LLC	2
Acciona Esco, S.L.U.	A	Spain	Energy efficiency	100	Acciona Generación Renovable, S.A.U.	3
Acciona Facility Services Efficient Energy UK Limited		United Kingdom	Energy efficiency	100	Acciona Esco, S.L.U.	1
Acciona Facility Services Germany GMBH		Germany	Energy efficiency	100	Acciona Airport Customer Services GMBH	4
Acciona Facility Services Poland Sp. Z.o.o.		Poland	Energy efficiency	100	Acciona Esco, S.L.U.	-
Acciona Generación Renovable, S.A.U.	A	Spain	Energy (various)	100	Corporación Acciona Energías Renovables, S.A.	1,146
Acciona Global Renewables, S.A.U.		Spain	Holding company	100	Acciona Generación Renovable, S.A.U.	-
Acciona Green Energy Developments, S.L.U.	A	Spain	Sales	100	Acciona Generación Renovable, S.A.U.	91
Acciona Green Energy Portugal, Lda		Portugal	Sales	100	Acciona Generación Renovable, S.A.U.Green Energy Developments, S.L.U.	-
Acciona Portugal II – Energia Global, LDA		Portugal	Holding company	100	Acciona Energía Global, S.L.U.	-

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Acciona Power Marketing USA, LLC		USA	Wind power	100	Acciona Energy USA Global, LLC	-
Acciona Recarga,S.L.U.	A	Spain	Energy point top-offs	91.31	Acciona Generación Renovable, S.A.U.	21
Acciona Saltos de Agua, S.L.U.	A	Spain	Hydraulic power	100	Corporación Acciona Energías Renovables, S.A.	
Acciona Servicios Energéticos, S.L.R. de C.V.		Mexico	Energy efficiency	100	Acciona Esco, S.L.U.	1
Acciona Solar Energy, LLC		USA	Thermosolar	75	Acciona Energy North America Corp.	93
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	9
Acciona Solar Pty. Ltd.		Australia	Solar power	100	Acciona Solar Holdings Pty. Ltd.	-
Acciona Solar, S.A.U.		Spain	Solar power	100	Acciona Generación Renovable, S.A.U.	1
Acciona Suministradora México, S. de R.L. de C.V.	A	Mexico	Trader	100	Acciona Green Energy Development, S.L.U.	-
Acciona Wind Energy Canada Inc.		Canada	Holding company	75	Acciona Energía Internacional, S.A.	18
Acciona Wind Energy Private, Ltd	A	India	Wind power	75	Acciona Energía Internacional, S.A.	8
Acciona Wind Energy USA, LLC		USA	Holding company	75	Acciona Energy North America Corp.	441
AE Mex Global S. de R.L. de C.V.	A	Mexico	Holding company	100	Acciona Energía Global, S.L.U.	17
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	-
AEUG Asset Holdco US, LLC		USA	Wind power	100	Acciona Energy USA Global, LLC	1
AEUG Fleming Solar, LLC		USA	Solar power	100	AEUG Solar Development LLC	15
AEUG Madison Solar, LLC		USA	Solar power	100	AEUG Solar Development LLC	4
AEUG Real Estate, LLC		USA	Wind power	100	Acciona Energy USA Global LLC	-
AEUG Solar Development LLC		USA	Holding company	100	Acciona Energy USA Global, LLC	19
AEUG solar holdco LLC		USA	Holding company	100	Acciona Energy USA Global, LLC	-
AEUG Union Solar, LLC		USA	Solar power	100	AEUG Solar Development LLC	16
Alabe Proyectos Eólicos, S.A.		Spain	Holding company	100	Corporación Acciona Energías Renovables, S.A.	-
Alfa SPA		Chile	Solar power	100	Acciona Energía Global, S.L.U.	3
Almeyda SPA	A	Chile	Solar power	100	Acciona Energía Global, S.L.U.	13
Alsubh Solar Energy Holdings, S.A.U.	A	Spain	Holding company	100	Acciona Energía Global, S.L.U.	6
Anchor Wind, LLC		USA	Wind power	100	Acciona Energy USA Global, LLC	4
Apoderada Corporativa General, S.A.U.		Spain	Other	100	Corporación Acciona Energías Renovables, S.A.	-
Artsyz-Solar LLC	A	Ukraine	Solar power	94.36	Dymerka Solar Poland Sp. Z.o.o.	-
Bahia Eólica I Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Bahia Eólica II Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Bahia Eólica III Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Bahia Eólica IV Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Bahia Eólica IX Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Bahia Eólica V Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Bahia Eólica VI Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Bahia Eólica VII Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Bahia Eólica VIII Energias S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Baltyk Energia Sp. Z.o.o.		Poland	Wind power	100	Acciona Energy Poland Global, Sp. Z.o.o.	-
Biodiesel Caparroso, S.L.U.		Spain	Biofuels	100	Acciona Generación Renovable, S.A.U.	11
Biomasa Briviesca, S.A.	A	Spain	Biomass	85	Acciona Biomasa, S.A.U.	4
Biomasa Miajadas, S.L.U.	A	Spain	Biomass	100	Acciona Biomasa, S.A.U.	19
Biomasa Sangüesa, S.L.U.		Spain	Biomass	100	Acciona Generación Renovable, S.A.U.	-
Blue Falcon 140 Trading Pty. Ltd.	A	South Africa	Wind power	41.175	Acciona Energy South Africa Pty. Ltd.	8
BT Cunningham Storage LLC		USA	Energy storage	100	AEUG Solar Development LLC	-
Cargacoches Cantabria, S.L.U.		Spain	Energy point top-offs	91.31	Acciona Recarga, S.L.	-
CE Oaxaca II, S. de R.L. de C.V.	A	Mexico	Wind power	75	Acciona Energía México, S.R.L.	1
CE Oaxaca III, S. de R.L. de C.V.	A	Mexico	Wind power	75	Acciona Energía México, S.R.L.	-
CE Oaxaca IV, S. de R.L. de C.V.	A	Mexico	Wind power	75	Acciona Energía México, S.R.L.	-
CE.SI. Cesa Eolo Sicilia, S.R.L.	A	Italy	Wind power	75	Acciona Eólica Cesa Italia, S.R.L.	4
Ceatesalas, S.L.U.		Spain	Holding company	100	Corporación Acciona Energías Renovables, S.A.	423
Ceólica Hispania, S.L.U.	A	Spain	Wind power	100	Acciona Eólica Cesa, S.L. Corporación Eólica La Cañada, S.L.U. Ternua Holdings, B.V.	71
Charge and Parking, S.L.U.		Spain	Energy point top-offs	91.31	Acciona Recarga, S.L.	1
Civerzba, S.L.U.	A	Spain	Holding company	100	Acciona Energía Global, S.L.U.	4
Compañía Eólica Granadina, S.A.	A	Spain	Wind power	50	Ceólica Hispania, S.L.U.	3
Consorcio Eólico Chiripa, S.A.	A	Costa Rica	Wind power	65	Acciona Generación Renovable, S.A.U.	-
Corporación Acciona Eólica, S.L.U.	A	Spain	Wind power	100	Corporación Acciona Energías Renovables, S.A.	330
Corporación Acciona Hidráulica, S.L.U.	A	Spain	Hydraulic power	100	Corporación Acciona Energías Renovables, S.A.	65
Corporación Eólica de Valdivia, S.L.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	2
Corporación Eólica La Cañada, S.L.U.		Spain	Holding company	100	Ceatesalas, S.L.U.	1
CSF Almodôvar, Unipessoal, LDA		Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	1
Dempsey Ridge Wind Farm, LLC	A	USA	Wind power	75	Acciona Wind Energy USA, LLC	144
Desarrollos Renovables Eólicos y Solares, S.L.U.		Spain	Solar power	100	Acciona Generación Renovable, S.A.U.	6
Desarrollos Renovables del Norte, S.L.U.		Spain	Solar power	100	Acciona Biomasa, S.A.U.	1
Dymerka Solar LLC	A	Ukraine	Solar power	100	Dymerska Solar Poland Sp. Z.o.o.	-
Dymerka Solar Poland Sp. Z.o.o.		Poland	Holding company	100	Acciona Energy Global Poland Sp. Z.o.o.	-
Dymerska Photovoltaic Power Plant-2 LLC	A	Ukraine	Solar power	100	Dymerska Solar Poland Sp. Z.o.o.	-
Dymerska Photovoltaic Power Plant-3 LLC	A	Ukraine	Solar power	100	Dymerska Solar Poland Sp. Z.o.o.	-
Ecogrove Wind, LLC	A	USA	Wind power	75	Acciona Wind Energy USA, LLC	90
Efrato ITG, S.A.U.	A	Spain	Holding company	100	Acciona Energía Global, S.L.U.	4

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
El Romero, SPA	A	Chile	Solar power	100	Acciona Energía Global, S.L.U.	98
Empordavent, S.L.U.	A	Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	14
Empreendimentos Eólicos da Raia, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	2
Empreendimentos Eólicos de Pracana, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	1
Empreendimientos Eólicos de Ribadelide, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	5
Empreendimientos Eólicos do Verde Horizonte, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	8
Energea Servicios y Mantenimiento. S.L.U.	A	Spain	Maintenance	100	Terranova Energy Corporation, S.A.U.	-
Energia de Vila Pouca, Unipessoal, LDA		Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	-
Energia do Alqueva, Unipessoal, LDA		Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	-
Energía Renovable del Istmo II SA de CV	A	Mexico	Wind power	100	Acciona Energía México Global, LLC	16
Energía Renovable del Sur, S.A.		Peru	Wind power	100	Acciona Energía Global, S.L.U.	13
Energías Alternativas de Teruel, S.A.U.		Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	4
Energías Eólicas de Catalunya, S.A.U.	A	Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	6
Energías Renovables de Barazar, S.L.U.		Spain	Holding company	100	Ceatesalas, S.L.U.	30
Energías Renovables de Ricobayo, S.A.		Spain	Wind power	50	Ceólica Hispania, S.L.U.	-
Energías Renovables El Abra, S.L.U.		Spain	Wind power	100	Ceólica Hispania, S.L.U.	2
Energias Renovables Operacion y Mantenimiento, S.L.U.	A	Spain	Maintenance	100	Acciona Generación Renovable, S.A.U.	8
Energías Renovables Peñanebina, S.L.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	3
Enren, S.RL.		Dominican Republic	Solar power	100	Acciona Energía Dominicana, S.r.L.	-
Eólica de Rubio, S.L.U.	A	Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	6
Eólica de Zorraquin, S.L.	A	Spain	Wind power	66	Acciona Generación Renovable, S.A.U.	1
Eólica Villanueva, S.L.	A	Spain	Wind power	66.66	Acciona Generación Renovable, S.A.U.	1
Eólicas do Marão-Produção de Energía, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	2
Eólico Alijar, S.A.U.		Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	5
Eólicos Breogan, S.L.U.		Spain	Wind power	100	Ceólica Hispania, S.L.U.	-
Eqinov, S.A.S.	AND	France	Energy efficiency	85	Acciona Esco, S.L.U.	78
Esco France S.A.S.U.		France	Energy efficiency	100	Acciona Esco, S.L.U.	-
Estación de Servicio Legarda, S.L.U.		Spain	Biofuels	100	Acciona Biocombustibles, S.A.U.	1
Eurus, S,A.P.I de C.V.	A	Mexico	Wind power	70.5	Acciona Energía México, S.R.L.	-
Ferral Energia Real, Unipessoal, LDA		Portugal	Solar power	100	Acciona Portugal II – Energia Global, LDA	-
Firefly Investments 238 (proprietary) limited	C	South Africa	Maintenance	80	Acciona Energy South Africa Global Pty. Ltd.	2
Fort Bend Solar LLC		USA	Solar power	100	AEUG Solar Development LLC	112
Fujin Power Private Ltd.	A	India	Wind power	100	Acciona Energía Global, S.L.U.	-
Generación de Energía Renovable. S.A.U.		Spain	Wind power	100	Ceólica Hispania, S.L.U.	5
Gestion de Recursos Corporativos, S.L.U.		Spain	Other	100	Corporación Acciona Energías Renovables, S.A.	-
Golice Wind Farm Sp. Z.o.o.	A	Poland	Wind power	75	Acciona Energy Poland, Sp Z.o.o.	9

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Guadalaviar Consorcio Eólico, S.A.U.		Spain	Wind power	100	Alabe Proyectos Eólicos, S.A.U.	-
Gunning Wind Energy Developments Pty Ltd	A	Australia	Wind power	75	Gunning Wind Energy Holdings Pty Ltd	3
Gunning Wind Energy Holdings Pty Ltd		Australia	Wind power	75	Acciona Energy Oceanía, Pty. Ltd	3
Hidroeléctrica del Serradó, S.L.U.		Spain	Hydraulic power	100	Acciona Saltos de Agua, S.A.U.	2
High Point Solar, LLC		USA	Solar power	100	AEUG Solar Development LLC	48
Hudzovka Solar 1 LLC	A	Ukraine	Solar power	92.15	Dymerka solar poland Sp. Z.o.o.	-
Hudzovka Solar 2 LLC	A	Ukraine	Solar power	88.61	Dymerka solar poland Sp. Z.o.o.	-
Ineuropa Proyectos Renovables, S.A.U.		Spain	Holding company	100	Corporación Acciona Energías Renovables, S.A.	2
Infraestructuras Ayora, S.L.		Spain	Wind power	84.72	Guadalaviar Consorcio Eólico, S.A.U.	-
Irrigation Solar Farm, S.L.U.		Spain	Solar power	100	Acciona Distributed Generation, S.L.	-
Jerson ITG, S.L.U.		Spain	Other	100	Desarrollos Renovables Eólicos y Solares, S.L.U.	-
Kirov ITG, S.L.U.		Spain	Other	100	Desarrollos Renovables Eólicos y Solares, S.L.U.	-
KW Tarifa, S.A.U.	A	Spain	Wind power	100	Corporación Acciona Energías Renovables, S.A.	7
La Chalupa Finance, LLC		USA	Holding company	100	Acciona Energy USA Global LLC	95
La Chalupa Holding, LLC	A	USA	Holding company	100	Acciona Energy USA Global LLC	95
La Chalupa LLC	A	USA	Wind power	100	Acciona Energy USA Global LLC	208
Lameque Wind Power Lp	A	Canada	Wind power	75	Acciona Wind Energy Canada Inc.	4
Langhoogte Wind Farm Pty. Ltd.		South Africa	Wind power	100	Acciona Energy South Africa Global Pty. Ltd.	-
Llewin Brzeski Wind Farm Sp. Z.o.o.		Poland	Wind power	100	Acciona Energy Poland Global, Sp. Z.o.o.	1
Loxton Wind Facility 1 Pty. Ltd.		South Africa	Wind power	100	Acciona Energy South Africa Global Pty. Ltd.	-
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 Solar Holdings Pty. Ltd.	-
Macintyre Wind Farm Pty. Ltd.	A	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	75	Acciona Energy Poland, Sp Z.o.o.	27
MFS-Moura Fábrica Solar-Fábrico e Comércio de Painéis Solares, LDA		Portugal	Solar power	100	Acciona Energía Global, S.L.U.	2
Mortlake South Wind Farm Holdings Pty. Ltd.		Australia	Holding company	100	Acciona Energía Global, S.L.U.	75
Mortlake South Wind Farm Pty. Ltd.	A	Australia	Wind power	100	Mortlake Soyuth Wind Farm Holdings Pty. Ltd.	76
Mt. Gellibrand Wind Farm Holding Pty, Ltd.		Australia	Holding company	100	Acciona Energía Global, S.L.U.	9
Mt. Gellibrand Wind Farm Pty, Ltd.	A	Australia	Wind power	100	Mt. Gellibrand Wind Farm Holding Pty, Ltd.	10
Mysliborz Wind Farm Sp. Z.o.o.		Poland	Wind power	100	Acciona Energy Global Poland Sp. Z.o.o.	-
Narzym Wind Farm Sp. z o.o.		Poland	Wind power	100	Acciona Energy Poland Global, Sp. Z.o.o.	-
Nevada Solar One, LLC		USA	Thermosolar	75	NVS1 Investment Group, LLC	66
Notos Produçao de Energía Eléctrica, LDA	A	Portugal	Wind power	52.5	Sistemas Energéticos Sayago, S.L.U.	-
NVS1 Investment Group, LLC		USA	Thermosolar	75	Acciona Solar Energy, LLC	66

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Oakleaf investment holdings 86 (proprietary) limited	C	South Africa	Construction	100	Acciona Energy South Africa Global Pty. Ltd.	-
Palmas Wind Finance LLC		USA	Holding company	100	Acciona Energy USA Global LLC	107
Palmas Wind Holding LLC	A	USA	Holding company	100	Acciona Energy USA Global LLC	107
Palmas Wind, LLC	A	USA	Wind power	100	Acciona Energy USA Global, LLC	192
Páramo de los Angostillos, S.L.U.	A	Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	12
Parco Eólico Cocullo S.P.A.	A	Italy	Wind power	75	Acciona Eólica Cesa Italia, S.R.L.	2
Parque Eólico da Costa Vicentina, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	5
Parque Eólico de Manrique, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	2
Parque Eólico do Outeiro, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	22
Parque Eólico dos Fiéis, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	1
Parque Eólico El Chaparro, S.L.U.		Spain	Wind power	100	Alabe Proyectos Eólicos, S.A.U.	-
Parque Eólico Escepar, S.A.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	-
Parque Eólico La Esperanza, S.L.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	3
Parque Eólico Peralejo, S.A.U.		Spain	Wind power	100	Ceólica Hispania, S.L.U.	1
Parque Eólico San Gabriel SPA	A	Chile	Wind power	100	Acciona Energía Global, S.L.U.	99
Parque Eólico Villamayor, S.L.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	6
Parques Eólicos Celadas, S.L.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	5
Parques Eólicos de Cerrato, S.L.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	1
Parques Eólicos de Ciudad Real, S.L.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	8
Parques Eólicos de San Lázaro, S.A. de C.V.	A	Mexico	Wind power	100	Acciona Energía México Global, LLC	13
Pililin S.P.A.		Chile	Wind power	100	Acciona Energía Global, S.L.U.	-
Pitagora, S.R.L.	A	Italy	Wind power	75	Acciona Eólica Cesa Italia, S.R.L.	9
Pleiades S.A.		Chile	Solar power	100	Alfa SPA	3
Pofadder Wind Facility 1 Pty. Ltd.		South Africa	Wind power	100	Acciona Energy South Africa Global Pty. Ltd.	-
Proyectos Renovables Innovadores, S.A.U.		Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	-
Punta Palmeras, S.A.	A	Chile	Wind power	75	Acciona Energía Internacional, S.A.	37
Pyrenees Wind Energy Developments Pty. Ltd	A	Australia	Wind power	75	Pyrenees Wind Energy Holdings Pty. Ltd	8
Pyrenees Wind Energy Holdings Pty. Ltd	A	Australia	Holding company	75	Acciona Energy Oceanía, Pty. Ltd	12
Rec Energy Solutions, S.L.U.		Spain	Energy point top-offs	91.31	Acciona Recarga, S.L.	-
Red Hills Finance, LLC	A	USA	Holding company	75	Acciona Wind Energy USA, LLC	-
Red Hills Holding, LLC	A	USA	Holding company	71.25	Red Hills Finance, LLC	-
Red Hills Wind Project, LLC	A	USA	Wind power	71.25	Red Hills Holding LLC	5
Red Railed Hawk, LLC		USA	Solar power	100	Acciona Energy USA Global, LLC	42
Renovables del Penedés, S.A.U.		Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	4
Ripley Windfarm JV	A	Canada	Wind power	75	Acciona Wind Energy Canada Inc	-
Saltos del Nansa I, S.A.U.	A	Spain	Hydraulic power	100	Acciona Saltos de Agua, S.A.U.	73

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Saltos y Centrales de Catalunya, S.A.U.	A	Spain	Hydraulic power	100	Acciona Saltos de Agua, S.A.U.	12
San Roman Finance, LLC		USA	Holding company	100	Acciona Energy USA Global, LLC	50
San Roman Holding, LLC	A	USA	Holding company	100	Acciona Energy USA Global, LLC	47
San Roman Wind I, LLC	A	USA	Wind power	100	Acciona Energy USA Global, LLC	123
San Solar Energy Facility Pty. Ltd.		South Africa	Solar power	100	Acciona Energy South Africa Global Pty. Ltd.	-
SERE-Sociedade Exploradora de Recursos Eléctricos, S.A.	A	Portugal	Wind power	75	Acciona Eólica Portugal, S.A.	7
Sierra de Selva, S.L.U.	A	Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	17
Sistemas Energéticos Sayago, S.L.U.		Spain	Holding company	75	Acciona Energía Internacional, S.A.	-
Sistemas Energéticos Valle de Sedano, S.A.U.	A	Spain	Wind power	100	Ceólica Hispania, S.L.U.	21
Sociedad Istmeña Desarrollo Eólico, S. de R.L. de C.V.		Mexico	Wind power	100	Acciona Energía México Global, LLC	2
Solar Bolarque, S.L.U.		Spain	Solar power	100	Acciona Generación Renovable, S.A.U.	1
Solar PDV, SPA		Chile	Solar power	100	Acciona Energía Global, S.L.U.	-
Solbioext 2, S.L.		Spain	Solar power	75	Acciona Generación Renovable, S.A.U.	1
Solvboext 1, S.L.		Spain	Solar power	75	Acciona Generación Renovable, S.A.U.	-
Sun Photo Voltaic Energy India Pvt, Ltd	C	India	Wind power	100	Acciona Energía Global, S.L.U.	26
Surya Energy Photo Voltaic India Pvt, Ltd	A	India	Wind power	100	Acciona Energía Global, S.L.U.	-
Tatanka Finance, LLC		USA	Holding company	75	Acciona Wind Energy USA, LLC	1
Tatanka Wind Holding, LLC	A	USA	Holding company	75	Tatanka Finance, LLC	2
Tatanka Wind Power, LLC	A	USA	Wind power	75	Tatanka Wind Holding, LLC	198
Terranova Energy Corporation, S.A.U.		Spain	Wind power	100	Ceólica Hispania, S.L.U.	1
Tolpán sur, SPA.	A	Chile	Wind power	100	Acciona Energía Global, S.L.U.	27
Tuppadahali Energy India Pvt, Ltd	C	India	Wind power	75	Acciona Energía Internacional, S.A.	15
Usya, SPA	A	Chile	Solar power	100	Acciona Energía Global, S.L.U.	-
Valdivia Energía Eólica, S.A.U.	A	Spain	Wind power	100	Acciona Generación Renovable, S.A.U.	10
Velva Windfarm, LLC		USA	Wind power	75	Acciona Wind Energy USA, LLC	3
Ventos de Santa Bibiana Energias Renovaveis S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Ventos de Santa Edna Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Ida Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Iria Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Karolina Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Lindalva Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Paulina Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Sao Carlos Energias Renovaveis S.A.		Brazil	Wind power	100	Acciona Energía Global, S.L.U.	-
Ventos de Sao Getulio Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao James Energias Renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Jordao Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-

Group companies	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Ventos de Sao Josef Energias Renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Juan Energias Renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Miguel Energias Renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Narciso Energias Renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Nicolau Energias Renovaveis S.A.		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Peregrino Energias Renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Pio X Energias renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Ranieri Energias Renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Xisto Energias renovaveis LTDA		Brazil	Wind power	100	Ventos de Sao Carlos Energias Renovaveis S.A.	-
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 Global, S.L.U.	-
Vjetroelektrana Jelinak, d.o.o.	A	Croatia	Wind power	75	Acciona Energía Internacional, S.A.	12
Vjetroelektrana Opor, d.o.o.		Croatia	Wind power	100	Acciona Energía Global, S.L.U.	1
Voltser, Serviços de Operaçao e Manutençao de Centrais Fotovoltaicas Unipessoal, LDA		Portugal	Maintenance	100	Acciona Portugal II – Energia Global, LDA	-
Windfall 59 Properties Pty. Ltd.	A	South Africa	Solar power	41.175	Acciona Energy South Africa Pty. Ltd.	2
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) E&Y; (E) Others

ANNEX II

JOINTLY-CONTROLLED OPERATIONS

The joint ventures consolidated by the equity method in financial year 2022 according to IFRS-EU and the information relative to those companies are as follows (amounts in millions of euros):

Joint ventures	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Chin Chute Windfarm JV	B	Canada	Wind power	25	Acciona Wind Energy Canada Inc.	4
Iniciativas Energéticas Renovables, S.L.		Spain	Wind power	50	Acciona Generación Renovable, S.A.U.	-
Corporación Eólica Catalana, S.L.		Spain	Wind power	50	Acciona Generación Renovable, S.A.U.	-
Magrath Windfarm JV	B	Canada	Wind power	25	Acciona Wind Energy Canada Inc.	-

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PriceWaterhouseCoopers; (C) Deloitte; (D) E&Y; (E) Others

ANNEX III

COMPANIES CARRIED BY THE EQUITY METHOD

The associates consolidated by the equity method in financial year 2022 according to IFRS-EU and the information relative to those companies are as follows (amounts in millions of euros):

Companies carried by the equity method	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Acciona Plug, S.L.		Spain	Hydrogen power	50.00	Acciona Generación Renovable, S.A.U.	1
Alsubh Solar Power, S.A.E.	A	Egypt	Solar power	50.00	Alsubh Solar Energy Holdings, S.A.	5
Amper Central Solar, S.A.	A	Portugal	Solar power	49.20	Acciona Energía Internacional, S.A.	19
Aprofitament d'Energías Renovables de l'Ebre, S.L.		Spain	Wind power	9.76	Empordavent, S.L.U.	1
Ardemer ITG, S.L.		Portugal	Solar power	50.00	Acciona Generación Renovables S.A.	-
AT Operadora Puerto Libertad, SAPI de CV		Mexico	Solar power	50.00	Acciona Energía México Global, S.de R.L. de C.V.	1
AT Solar I, SAPI de CV		Mexico	Solar power	50.00	Acciona Energía México Global, S.de R.L. de C.V.	1
AT Solar II, SAPI de CV		Mexico	Solar power	50.00	Acciona Energía México Global, S.de R.L. de C.V.	1
AT Solar III, SAPI de CV		Mexico	Solar power	50.00	Acciona Energía México Global, S.de R.L. de C.V.	1
AT Solar V, SAPI de CV	A	Mexico	Solar power	50.00	Acciona Energía México Global, S.de R.L. de C.V.	18
Blue Canyon Windpower, LLC		USA	Wind power	14.00	Acciona Wind Energy USA, LLC	1
Carnotavento, S.A.		Spain	Inactive	24.50	Eurovento, S.L.U.	-
Cathedral Rocks Construction and Management, Pty Ltd		Australia	Wind power	50.00	Acciona Energy Oceania Pty, Ltd	-
Cathedral Rocks Holdings 2, Pty. Ltd		Australia	Wind power	37.50	Cathedral Rocks Holdings, Pty. Ltd	24
Cathedral Rocks Holdings, Pty. Ltd		Australia	Wind power	37.50	Acciona Energy Oceania Pty, Ltd	13
Cathedral Rocks Wind Farm, Pty. Ltd	A	Australia	Wind power	37.50	Cathedral Rocks Holdings 2, Pty. Ltd	24
Cotoperí solar FV, SRL		Dominican Republic	Solar power	51.00	Acciona Energía Global, S.L.U.	1
Energías Renovables Mediterráneas, S.A.	C	Spain	Wind power	50.00	Acciona Generación Renovables S.A.	80
Energy Corp Hungary KFT	E	Hungary	Wind power	50.00	Acciona Eólica Cesa, S.L.	1
Eólicas Mare Nostrum, S.L.		Spain	Wind power	50.00	Acciona Generación Renovables S.A.	5
Eolink, S.A.S		France	Wind power	24.30	Acciona Energía Global, S.L.U.	6
Eurovento. S.L.U.		Spain	Wind power	50.00	Ceólica Hispania, S.L.	2
Infraestructuras de Movilidad Urbana Sostenible AQ JV, S.L		Spain	Energy point top-offs	51.00	Acciona Generación Renovables S.A.	-
Infraestructuras San Serván 220, S.L.		Spain	Solar power	25.60	Desarrollos Renovables Eólicos y Solares, S.L.U.	-
Infraestructuras Villanueva, S.L.		Spain	Wind power	40.53	Guadalaviar Consorcio Eólico , S.A.U.	-
Líneas Eléctricas Asturianas. S.L.		Spain	Holding company	50.00	Eurovento, S.L.U.	-
Líneas Eléctricas de Galicia II. S.L.		Spain	Holding company	35.00	Eurovento, S.L.U. P.E. Virxe Monte, S.L. P.E. A Ruña, S.L. P.E. Currás, S.L.	-
Líneas Eléctricas de Galicia III. S.L.		Spain	Holding company	50.00	Eurovento, S.L.U. P.E. Tea, S.L. P.E. Deva, S.L. P.E. Ameixenda, S.L.	-
Líneas Eléctricas de Galicia. S.L.		Spain	Holding company	50.00	Eurovento, S.L.U. P.E.de Adraño, S.L.	-
Mov-R H1 Szeleromu Megujulo Energia Hasznosito KFT	e	Hungary	Wind power	49.25	Energy Corp Hungary KFT	1

Companies carried by the equity method	Auditor	Country	Core business	% ownership Interest	Owner of the interest	Carrying value (millions of euros)
Nordex H2, S.L.		Spain	Hydrogen power	25.00	Corporación Eólica Catalana, S.L.	68
Operador del Mercado Ibérico – Polo Español. S.A.	D	Spain	Other	5.00	Acciona Generación Renovables S.A.U.	2
Parque Eólico de A Ruña, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	5
Parque Eólico de Abara, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	1
Parque Eólico de Adraño, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	4
Parque Eólico de Ameixenda Filgueira, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	6
Parque Eólico de Barbanza, S.A.	A	Spain	Wind power	12.50	Eurovento, S.L.U.	1
Parque Eólico de Currás, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	2
Parque Eólico de Deva, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	3
Parque Eólico de La Bobia y San Isidro, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	1
Parque Eólico de Tea, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	7
Parque Eólico de Vicedo, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	1
Parque Eólico de Virxe Do Monte, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	4
PARQUES EÓLICOS DE Buio, S.L.	C	Spain	Wind power	50.00	Ceólica Hispania, S.L.	4
Power to Green Hydro Mallorca S.L.		Spain	Hydrogen power	44.00	Acciona Generación Renovables S.A.U	14
Renen Services LLC	A	Egypt	Solar power	50.00	Acciona Energía Global, S.L.U.	-
Rising Sun Energy, S.A.E.	A	Egypt	Solar power	50.00	Civerzba, S.L.U.	5
Sistemes Electrics Espluga, S.A.		Spain	Wind power	50.00	Energías Eólicas de Catalunya, S.A.U.	2
Sunrise Energy, S.A.E.	A	Egypt	Solar power	50.00	Efrato ITG, S.A.U.	5
The Blue Circle Pte. Ltd (and subsidiaries)	AND	Singapore	Holding company	49.99	Acciona Energía Global, S.L.U.	37
Tuto Energy 1, S.A.P.I. de C.V.		Mexico	Solar power	50.00	Acciona Energía México Global, S.de R.L. de C.V.	-
Tuto Energy 2, S.A.P.I. de C.V.	A	Mexico	Solar power	50.00	Acciona Energía México Global, S.de R.L. de C.V.	17
Vento Mareiro, S.L.		Spain	Inactive	24.50	Eurovento, S.L.U.	-
Ventos e Terras Galegas II, S.L.		Spain	Holding company	50.00	Ceólica Hispania, S.L.	-
Ventos e Terras Galegas, S.L.		Spain	Holding company	50.00	Ceólica Hispania, S.L.	-

(*) Companies whose financial statements are audited by: (A) KPMG; (B) PriceWaterhouseCoopers; (C) Deloitte; (D) E&Y; (E) Others

ANNEX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

The changes in the scope of consolidation in 2022 were as follows:

Company	Country	Core business	Amendment	Consolidation method
Acciona Airport Customer Services GMBH	Germany	Energy efficiency	Purchase	Full
Acciona Energía Brasil LTDA	Brazil	Holding company	Added	Group
Acciona Facility Services Germany GMBH	Germany	Energy efficiency	Purchase	Group
Acciona Green Energy Portugal, Lda	Portugal	Trader	Added	Group
AEUG Solar Development LLC	USA	Holding company	Added	Group
AEUG solar holdco llc	USA	Holding company	Added	Group
Alfa spa	Chile	Solar power	Purchase	Group
Ardemer ITG, S.L.	Portugal	Solar power	Purchase	Equity
Bahia Eólica I Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica II Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica III Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica IV Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica IX Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica V Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica VI Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica VII Energias S.A.	Brazil	Wind power	Purchase	Group
Bahia Eólica VIII Energias S.A.	Brazil	Wind power	Purchase	Group
BT Cunningham Storage LLC	USA	Energy storage	Purchase	Group
Corporación Eólica Catalana, S.L.	Spain	Wind power	Change of method	Proportional
Cotoperí solar FV, SRL	Dominican Republic	Solar power	Purchase	Equity
Desarrollo de Energías Renovables de Navarra, S.A.	Spain	Wind power	Sale	Equity
Energias Renovables Rperacion y Mantenimiento, S.L.	Spain	Maintenance	Purchase	Group
Enren, S.RL.	Dominican Republic	Solar power	Purchase	Group
Eolink, S.A.S	France	Wind power	Purchase	Equity
Eqinov, S.A.S.	France	Energy efficiency	Purchase	Group
Explotaciones Eólicas Sierra de Utrera. S.L.	Spain	Wind power	Sales	Equity
Firefly Investments 238 Pty. Ltd.	South Africa	Maintenance	Change of method	Group
Infraestructuras de Movilidad Urbana Sostenible AQ JV, S.L	Spain	Energy point top-offs	Added	Equity
Jerson ITG, S.L.U.	Spain	Other	Purchase	Group
Kirov ITG, S.L.U.	Spain	Other	Purchase	Group
Langhoogte wind farm Pty. Ltd.	South Africa	Wind power	Purchase	Group

Company	Country	Core business	Amendment	Consolidation method
Llewin Brzeski wind farm Sp. Z.o.o.	Poland	Wind power	Purchase	Group
Narzym Wind Farm Sp. Z.o.o.	Poland	Wind power	Purchase	Group
Nordex H2, S.L.	Spain	Hydrogen power	Purchase	Equity
Oakleaf Investment Holdings 86 Pty. Ltd.	South Africa	Construction	Change of method	Group
Páramo de Los Angostillos, S.L.	Spain	Wind power	Change of method	Group
Parque Eólico Cinseiro, S.L.	Spain	Wind power	Sales	Equity
Pleiades S.A.	Chile	Solar power	Purchase	Group
Power To Green Hydro Mallorca	Spain	Hydrogen power	Added	Equity
Red Railed Hawk LLC	USA	Solar power	Purchase	Group
Ternua Holdings, B.V.	Netherlands	Holding company	Removed	Group
The Blue Circle pte. Ltd (and subsidiaries)	Singapore	Holding company	Purchase	Equity
Ventos de Santa Bibiana Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Santa Edna Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Santa Ida Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Santa Iria Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Santa Karolina Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Santa Lindalva Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Santa Paulina Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Sao Carlos Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Sao Getulio Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Sao James Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Jordao Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Sao Josef Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Juan Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Miguel Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Narciso Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Nicolau Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Group
Ventos de Sao Peregrino Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Pio X Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Ranieri Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group
Ventos de Sao Xisto Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Group

The changes in the scope of consolidation in 2021 were as follows:

Company	Country	Core business	Amendment	Consolidation method
3240934 Nova Scotia Company	Canada	Wind power	Removed	Group
Aberdeen Wind Facility 1 Pty. Ltd.	South Africa	Wind power	Purchase	Group
Acciona Administración Energía Dos, S.L.U.	Spain	Other	Added	Group
Acciona Administración Energía Tres, S.L.U.	Spain	Other	Added	Group
Acciona Administración Energía, S.L.U.	Spain	Other	Added	Group
Acciona Amherst GP, Inc	Canada	Wind power	Removed	Group
Acciona Aulac GP Inc.	Canada	Wind power	Removed	Group
Acciona Desarrollo Corporativo Energía, S.L.U.	Spain	Other	Added	Group
Acciona Energía Dominicana, S.R.L.	Dominican Republic	Holding company	Added	Group
Acciona Energia Financiacion Filiales Australia Pty Ltd	Australia	Financial Reporting	Added	Group
Acciona Energía Financiación Filiales, S.A.U.	Spain	Financial Reporting	Added	Group
Acciona Energía Perú S.A.C.	Peru	Holding company	Added	Group
Acciona Energy Development Canada Inc	Canada	Wind power	Removed	Group
Acciona EPC North America LLC	USA	Wind power	Removed	Group
Acciona Esco, S.L.U.	Spain	Energy efficiency	Purchase	Group
Acciona Facility Services Efficient Energy UK Ltd.	United Kingdom	Energy efficiency	Purchase	Group
Acciona Facility Services Poland Sp. Z.o.o.	Poland	Energy efficiency	Purchase	Group
Acciona Plug, S.L.	Spain	Hydrogen power	Purchase	Participation
Acciona Recarga, S.L.	Spain	Energy point top-offs	Purchase	Group
Acciona Servicios Energéticos, S.L.R. de CV	Mexico	Energy efficiency	Purchase	Group
Amherst Wind Construction LP	Canada	Wind power	Removed	Group
Apoderada Corporativa General, S.A.U.	Spain	Other	Purchase	Group
Aulac Wind Power Lp	Canada	Wind power	Removed	Group
Baltyk Energia Sp. Z.o.o.	Poland	Wind power	Purchase	Group
Cargacoches Cantabria, S.L.	Spain	Energy point top-offs	Purchase	Group
Charge and Parking, S.L.	Spain	Energy point top-offs	Purchase	Group
CSF Almodovar, Unipessoal, Lda	Portugal	Solar power	Purchase	Group
Ecoavalon Wind, LLC	USA	Wind power	Removed	Group
Ecoleeds Wind, LLC	USA	Wind power	Removed	Group
Ecomagnolia, LLC	USA	Wind power	Removed	Group
Ecomont Wind, LLC	USA	Wind power	Removed	Group
Ecoridge Wind, LLC	USA	Wind power	Removed	Group
Ecovista Wind, LLC	USA	Wind power	Removed	Group
Energia de Vila Pouca, Unipessoal, Lda	Portugal	Solar power	Added	Group
Energia do Alqueva, Unipessoal, Lda	Portugal	Solar power	Added	Group
Energía Renovable del Sur S.A.	Peru	Wind power	Purchase	Group

Company	Country	Core business	Amendment	Consolidation method
Esco France S.A.S.U.	France	Energy efficiency	Purchase	Group
Ferral Energia Real, Unipessoal, Lda	Portugal	Solar power	Added	Group
Gestión de Recursos Corporativos, S.L.U.	Spain	Other	Purchase	Group
Heartland Windpower, LLC	USA	Wind power	Removed	Group
Infraestructuras San Serván 220, S.L.	Spain	Solar power	Added	Shareholding
Irrigation Solar Farm, S.L.U.	Spain	Solar power	Purchase	Group
Loxton Wind Facility 1 Pty. Ltd.	South Africa	Wind power	Purchase	Group
Macintyre UJV Operator Pty Ltd	Australia	Wind power	Added	Group
Pacific Renewable Energy Generation, LLC	USA	Wind power	Removed	Group
Pofadder Wind Facility 1 Pty. Ltd.	South Africa	Wind power	Purchase	Group
Rec Energy Solutions, S.L.	Spain	Energy point top-offs	Purchase	Group
Solar PDV, Spa	Chile	Solar power	Purchase	Group
Table Mountain Wind, LLC	USA	Wind power	Removed	Group
Terranova Energy Corp.	USA	Holding company	Removed	Group
Tolchén Transmisión, Spa	Chile	Wind power	Sales	Group
Wind Farm 66, LLC	USA	Wind power	Removed	Group
Wind Farm Bear Creek, LLC	USA	Wind power	Removed	Group
Wolseley Wind Farm Pty. Ltd.	South Africa	Wind power	Purchase	Group
Zurich Wind Power GP Inc	Canada	Wind power	Removed	Group
Zurich Wind Power LP	Canada	Wind power	Removed	Group

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:

Asset Type	Consolidated MW operated by the Group	Net present value (NPV) (millions of euros)	Return on investment (thousands of €/MW/yr)	Annual variable remuneration (millions of euros)	Regulatory end of life
IT-00079	1.2	6.4	717.9	0.9	2032
IT-00635	4.0	0.8	87.4	0.3	2028
IT-00636	3.0	0.9	97.5	0.3	2029
IT-00654	268.2	0.0	0.0	0.0	2024
IT-00655	426.9	0.1	0.0	0.0	2025
IT-00656	219.7	0.2	0.0	0.0	2026
IT-00657	636.1	0.4	15.2	9.7	2027
IT-00658	128.0	0.7	53.6	6.9	2028
IT-00659	412.4	0.8	66.0	27.2	2029
IT-00660	70.6	0.9	78.4	5.5	2030
IT-00661	127.5	0.9	65.2	8.3	2031
IT-00662	63.0	0.9	63.2	4.0	2032
IT-00663	39.0	1.0	61.2	2.4	2033
IT-00675	0.3	0.6	118.1	0.0	2025
IT-00699	1.2	0.2	0.0	0.0	2023
IT-00700	4.2	0.3	12.1	0.1	2024
IT-00702	7.3	0.5	56.2	0.4	2026
IT-00706	4.9	0.9	96.9	0.5	2030
IT-00760	5.9	0.4	11.0	0.1	2032
IT-00812	24.8	0.3	0.0	0.0	2032
IT-00834	30.2	1.0	135.1	4.1	2030
IT-00839	16.0	1.6	178.3	2.9	2035
IT-00840	15.0	1.8	190.6	2.9	2036
Other smaller plants (Solar PV)	1.06	--	622.6	0.7	--
Total		21.62		76.97	

(*) Based on the draft Order to update the compensation parameters for the regulatory half-period starting on 1 January 2023, published on 28 December 2022, the estimated compensation for investment is considerably lower than it was using the parameters regulated in the last Order.

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 other European countries, America, Australia and other regions. The Americas region includes: Mexico, Chile, The United States, Canada, Costa Rica, Dominican Republic, Brazil, Colombia, Peru and Argentina; Rest of Europe: Germany, Portugal, Italy, Croatia, Poland, Ukraine, Hungary, France and the United Kingdom; Other regions: South Africa and India, primarily.

- Technologies. Wind, photovoltaic, hydraulic, biomass thermosolar and others. Other assets include the biofuel and retail businesses, primarily.

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", "cost of goods sold", "personnel expenses", "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. The detailed reconciliation is itemised in Note 14 - Equity the consolidated report. It is calculated by taking the following consolidated balance sheet items: Current and non-current "Debt securities and other marketable securities", current and non-current "Bank borrowings", current and non-current "Lease obligations", less "Cash and cash equivalents" and "Other current financial assets".

Net financial debt excluding IFRS 16: defined as net financial debt less non-current and current "Lease obligations" on the balance sheet.

Financial debt: shows the gross debt assumed by the Group, i.e. without deducting the asset items from net financial debt.

Financial debt excluding IFRS 16: defined as financial debt less non-current and current "Lease obligations" in the balance sheet.

Project debt: refers to debt without corporate guarantees in which recourse is limited to the debtor's cash flows and assets. A reconciliation is shown in the section on Net Financial Debt.

Corporate debt: refers to debt with some type of corporate guarantee. It is calculated as Financial Debt minus Project Debt.

Gearing ratio: reflects the ratio between the Group's net debt and its equity. It is calculated as follows: "Net financial debt" (calculated as explained above) divided by "Equity".

Net financial debt/EBITDA: shows the ratio of the Group's net debt to its equity. It is calculated as follows: "Net financial debt" (calculated as explained above) divided by "EBITDA" (explained above).

Gross ordinary investment: The amount invested during the period in acquisitions of property, plant and equipment, intangible assets, investments carried by the equity method, and financial instruments, necessary for the maintenance and growth of operations. It reflects the Group's ability to grow as a result of increasing its cash-generating capacity and earnings from investments in fixed assets for operations. A reconciliation is shown in the Cash Flow section.

Operating cash flow: represents the ability of assets to generate funds in terms of net financial debt. A reconciliation is shown in the Cash Flow section.

Net cash flow from investments: This is defined as Gross Ordinary Investment plus/minus the change in "other payables" associated with suppliers of fixed assets and other related changes that are not cash flows. A reconciliation is shown in the Cash Flow section.

Cash flows from financing and other: Generally, represents the change in Net Financial Debt (excluding IFRS 16) due to causes other than operating and investing activities. A reconciliation is shown in the Cash Flow section.

Management uses these APMs for financial, operational and planning decisions, and 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.

If there are APMs that require additional reconciliation, the reconciliation of those APMs would be shown based on the source of the information as follows:

Item	Meaning
PL	Consolidated profit and loss statement
BCE	Consolidated balance sheet
EFE	Consolidated cash flow statement
Note xx	Reference to the Note to the Consolidated Financial Statements
DNO	Data not directly observable in the Financial Statements/Report

1. Executive Summary

Main milestones of the period

- The results obtained by ACCIONA Energía in 2022 show strong growth as a result of the generalised environment of high energy prices, appropriate commercial and risk management, and stable financial costs. The positive results strengthen the company's s financial position in a more complex global context characterised by the need for hefty investment in decarbonisation and reducing energy dependence.
- Revenues totalled €4,351 million (+76.0%); EBITDA was €1,653 million (+52.2%) and Net Attributable Profit was €759 million (+109.0%). These results are also driven by the effects of eliminating the adjustment for market price deviations (regulatory banding mechanism) for all standard assets that are subject to the Spanish regulatory framework, except those pertaining to the biomass business.
- Regarding key ESG indicators, from a social perspective the number of women in management and executive positions increased to 26.0%, there was a significant increase in projects with a social impact and the accident frequency rate was 0.39, which was down from 2021. In terms of environmental indicators, CAPEX was nearly 100% aligned with the Taxonomy, and CO2 emissions and water usage decreased by 39.5% and 2.5%, respectively. ACCIONA Energía is the most sustainable company in the Spanish utilities sector and the second most sustainable in the world, according to the analysis conducted by S&P through its Global Corporate Sustainability Assessment Questionnaire (CSA). Moreover, MSCI, Sustainalytics and CDP all analysed ACCIONA Energy for the first time in 2022, situating the company in an unprecedented leadership position in its first year in the sector.
- In its first full year as a listed company, the stock was included in such relevant stock market indices as the S&P Global Clean Energy index, IBEX 35 and the Stoxx Europe 600, among others.
- In terms of the most relevant operating figures, total installed capacity was 11,826 MW at December 2022 compared to 11,245 MW at the end of the previous year, a net increase of 581 MW. This reflects the addition of 706 MW of new capacity on the one hand and the reduction of 124 MW on the other due to changes in the scope of consolidation and the end of a hydro concession in Spain. In consolidated terms, capacity stood at 9,884 MW, a net increase of 715 MW, with 622 MW of new capacity, 99 MW due to changes in scope, and a reduction of 5 MW due to the end of the hydro concession mentioned above.
- At 31 December 2022 there were 2.2 GW of capacity under construction, including the MacIntyre wind farm in Australia (912 MW under construction) and nearly 1.2 GW of photovoltaic generation in the United States (Fort Bend, High Point, Union and Red Tailed Hawk).
- ACCIONA Energía's total output fell by 2.6% to 23,910 GWh during the year, mainly due to a general decline in resources, particularly hydro, but also due to curtailments and some assets with low availability due to technical incidents. Consolidated production fell by 2.2% to 19,657 GWh. In the Spanish market, consolidated production fell by 3.0%, with wind down by 1.2% and hydro by 11.7%, in a year that has been extremely dry, even more than the year before. Consolidated international production fell by 1.5%. Overall, 2022 was the worst year for resources in its 50-year history.
- The average generation price rose by 51.0% to €114.0/MWh (€75.5/MWh the year before).
- Revenue from the power generation business rose by 47.7% to €2,240 million, while revenue, mainly from the trading business, increased by 120.9% to €2,111 million. ACCIONA Energía's reported total revenue of €4,351 million, an increase of 76.0% over the year before.

- The Group EBITDA was €1,653 million, which was 52.2% more than the year before. EBITDA for the generation business was €1,708 million (+53.2%), with negative EBITDA -€55 for trading and other (-€29 million in 2021).
- In Spain, EBITDA stood at €1,253 million (+135%) compared to €531 million in 2021.
- The average Spanish pool price in 2022 was €167.5/MWh compared to €111.9/MWh in 2021. The entry into force on 14 June 2022 of the so-called Iberian mechanism for the temporary adjustment of production costs to reduce the price of electricity in the wholesale market - the gas cap - had a depressing effect on wholesale prices during the second half of the year, with average monthly prices from July to December falling below the average prices for the same period the year before.
- The average price captured by ACCIONA Energía in the Spanish market - including hedging, regulated revenue, the regulatory banding mechanism, and the gas rebate - was €167.6/MWh compared to €83.6/MWh a year earlier. The regulatory banding mechanism contributed €10.2/MWh (€94 million) to the average price, mainly due to the effect of eliminating the adjustment for market price deviations - banding adjustment - for all standard assets subject to the Spanish regulatory framework, except biomass.
- International EBITDA fell by 28.3% to €400 million, mainly due to the non-recurrence of high prices in Texas, lower prices in Chile, and the negative impact which the war in Ukraine had on the business there. Results improved in Mexico and Australia.
- The Group recorded a €21 million impairment loss in the income statement, comprising impairments of €74 million on certain international and domestic generation and development assets, as well as the reversal of impairments totalling €53 million on certain generation assets in Spain. Of particular note is the impairment of more than 60% of the capital invested in generation assets in Ukraine due to the war raging in that country (€35 million).
- The income statement also includes the gain on the disposal of non-current assets as well as other gains and losses totalling €27 million arising from the sale of investments in associates in Spain and the cancellation of a lease on a generation asset in the USA.
- The change on the income statement in the fair value of certain international energy hedging contracts resulted in a loss of €64 million compared to a gain of €16 million in 2021, as a result of the high energy price environment.
- Net investment cash flow for the year was €1,279 million. Worthy of note here is the construction of generation assets in the United States, Australia and Spain. Gross capex was €1,640 million, whilst the net effect of working capital boosted cash flow by €362 million.
- Net financial debt at the year-end stood at €2,021 million, which is identical to the figure in December 2021 (€1,989 million) thanks to operating cash flow for the year covering almost all the investment and the distributed dividend. The net debt/EBITDA ratio fell to 1.22x at December 2022 from 1.83x at the end of the previous year.
    - In terms of sustainable financing, the company issued its second green public bond (€500m) in January and its first private placement in the US (USPP) in green format ($200 million) in April. Also noteworthy are two innovative recourse banking transactions closed in December, both of which have a dual impact - green format with an added local impact element - totalling AUD 1.5bn, primarily aimed at financing the MacIntyre wind project in Australia. The instrument is an AUD 400 million, three-year bank syndicate, and the second is a syndicated transaction secured under Cesce's new AUD 1.1bn green investment policy with a term of approximately 16 years. ACCIONA Energía also closed a new €450 million, three-year revolving credit facility in Club Deal format which is linked to sustainability targets.

Consolidated income statement aggregates

(Millions of euros)	2,022	2,021	% Change
Sales	4,351	2,472	76.0%
EBITDA	1,653	1,087	52.1%
Profit before tax	795	393	102.3%
Net profit of parent	759	363	109.1%

Balance sheet aggregates

(Millions of euros)	2022	2021	% Change
Equity	6,261	5,354	16.9%
Net financial debt	2,021	1,989	1.6%
Net debt excluding IFRS 16	1,617	1,582	2.2%
Net financial debt/EBITDA	1.22x	1.83x	- 0.61x

Operating aggregates

	2022	2021	% Change
Total installed capacity (MW)	11,826	11,245	5.2%
Consolidated installed capacity (MW)	9,884	9,169	7.8%
Total production (GWh)	23,910	24,541	-2.6%
Consolidated production (GWh)	19,657	20,093	-2.2%
Average number of employees	2,355	1,762	33.7%

Breakdown of installed capacity (MW)

	FY 2022 Capacidad Instalada (MW)					FY 2021 Capacidad Instalada (MW)					Var MWs		
31-dic-22	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Neto
España	**5.796**	**4.775**	**499**	**-31**	**5.243**	**5.736**	**4.496**	**600**	**-29**	**5.067**	**61**	**279**	**176**
Eólico	4.681	3.674	493	-29	4.138	4.782	3.557	593	-27	4.124	-102	116	14
Hidráulico	868	868	0	0	868	873	873	0	0	873	-5	-5	-5
Solar Fotovoltaica	186	172	6	0	178	19	5	7	0	11	167	167	167
Biomasa	61	61	0	-2	59	61	61	0	-2	59	0	0	0
Internacional	**6.030**	**5.109**	**394**	**-716**	**4.787**	**5.509**	**4.672**	**358**	**-719**	**4.312**	**521**	**437**	**475**
Eólico	**4.100**	**3.815**	**69**	**-634**	**3.250**	**4.005**	**3.804**	**48**	**-634**	**3.217**	**95**	**11**	**32**
México	1.076	1.076	0	-150	925	1.076	1.076	0	-150	925	0	0	0
EEUU	1.062	990	4	-142	851	1.062	990	4	-142	851	0	0	0
Australia	603	539	32	-68	504	592	528	32	-68	492	11	11	11
India	164	164	0	-21	142	164	164	0	-21	142	0	0	0
Italia	156	156	0	-39	117	156	156	0	-39	117	0	0	0
Canadá	181	141	0	-35	106	181	141	0	-35	106	0	0	0
Sudáfrica	138	138	0	-81	57	138	138	0	-81	57	0	0	0
Portugal	120	120	0	-36	84	120	120	0	-36	84	0	0	0
Polonia	101	101	0	-25	76	101	101	0	-25	76	0	0	0
Costa Rica	50	50	0	-17	32	50	50	0	-17	32	0	0	0
Chile	312	312	0	-11	301	312	312	0	-11	301	0	0	0
Croacia	30	30	0	-8	23	30	30	0	-8	23	0	0	0
Hungría	24	0	12	0	12	24	0	12	0	12	0	0	0
Vietnam	84	0	21	0	21	0	0	0	0	0	84	0	21
Solar Fotovoltaica	**1.676**	**1.040**	**325**	**-66**	**1.299**	**1.441**	**804**	**310**	**-68**	**1.046**	**235**	**235**	**253**
Chile	610	610	0	0	610	610	610	0	0	610	0	0	0
Sudáfrica	94	94	0	-55	39	94	94	0	-55	39	0	0	0
Portugal	46	0	30	-8	23	46	0	30	-10	20	0	0	2
México	405	0	202	0	202	405	0	202	0	202	0	0	0
Egipto	186	0	93	0	93	186	0	78	0	78	0	0	15
Ucrania	100	100	0	-3	97	100	100	0	-3	97	0	0	0
EE.UU.	177	177	0	0	177	0	0	0	0	0	177	177	177
Rep. Domincana	58	58	0	0	58	0	0	0	0	0	58	58	58
Solar Termoeléctrica (EE.UU.)	**64**	**64**	**0**	**-16**	**48**	**64**	**64**	**0**	**-16**	**48**	**0**	**0**	**0**
Almacenamiento (EE.UU.)	**190**	**190**	**0**	**0**	**190**	**0**	**0**	**0**	**0**	**0**	**190**	**190**	**190**
Total capacidad instalada	**11.826**	**9.884**	**893**	**-747**	**10.030**	**11.245**	**9.169**	**958**	**-748**	**9.378**	**581**	**715**	**651**
Total Eólico	8.781	7.489	561	-663	7.388	8.787	7.361	641	-661	7.341	-6	128	47
Total otras tecnologías	3.045	2.395	332	-84	2.642	2.458	1.807	317	-87	2.037	587	587	605

Breakdown of consolidated production (GWh)

	FY 2022 Producción (GWh)					FY 2021 Producción (GWh)					Var % GWh		
31-dic-22	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Neto
España	**11.720**	**9.278**	**1.186**	**-80**	**10.385**	**12.218**	**9.561**	**1.285**	**-78**	**10.768**	**-4%**	**-3%**	**-4%**
Eólico	9.713	7.285	1.181	-60	8.405	10.033	7.376	1.285	-58	8.602	-3%	-1%	-2%
Hidráulico	1.532	1.532	0	0	1.532	1.735	1.735	0	0	1.735	-12%	-12%	-12%
Solar Fotovoltaica	24	11	6	0	17	5	5	0	0	5	434%	150%	275%
Biomasa	450	450	0	-19	430	445	445	0	-20	426	1%	1%	1%
Internacional	**12.191**	**10.378**	**802**	**-1.696**	**9.485**	**12.323**	**10.532**	**765**	**-1.763**	**9.534**	**-1%**	**-1%**	**-1%**
Eólico	**9.162**	**8.709**	**109**	**-1.548**	**7.270**	**9.301**	**8.909**	**86**	**-1.602**	**7.394**	**-1%**	**-2%**	**-2%**
México	2.887	2.887	0	-474	2.413	3.137	3.137	0	-484	2.653	-8%	-8%	-9%
EEUU	2.067	1.985	5	-245	1.745	1.873	1.764	6	-253	1.517	10%	13%	15%
Australia	1.075	940	68	-186	822	1.149	1.030	59	-203	887	-6%	-9%	-7%
India	354	354	0	-46	308	371	371	0	-49	322	-5%	-5%	-4%
Italia	240	240	0	-60	180	253	253	0	-63	190	-5%	-5%	-5%
Canadá	524	395	0	-99	297	476	353	0	-88	265	10%	12%	12%
Sudáfrica	303	303	0	-178	125	322	322	0	-189	132	-6%	-6%	-6%
Portugal	276	276	0	-83	193	285	285	0	-87	197	-3%	-3%	-2%
Polonia	217	217	0	-54	163	204	204	0	-51	153	6%	6%	6%
Costa Rica	226	226	0	-79	147	254	254	0	-89	165	-11%	-11%	-11%
Chile	817	817	0	-27	790	856	856	0	-25	831	-5%	-5%	-5%
Croacia	70	70	0	-17	52	81	81	0	-20	61	-14%	-14%	-14%
Hungría	40	0	20	0	20	42	0	21	0	21	-5%	n.a	-5%
Vietnam	67	0	17	0	17	0	0	0	0	0	n.a	n.a	n.a
Solar Fotovoltaica	**2.936**	**1.577**	**693**	**-125**	**2.145**	**2.924**	**1.525**	**679**	**-137**	**2.067**	**0%**	**3%**	**4%**
Chile	1.321	1.321	0	0	1.321	1.229	1.229	0	0	1.229	7%	7%	7%
Sudáfrica	182	182	0	-107	75	201	201	0	-118	83	-10%	-10%	-10%
Portugal	88	0	58	-14	43	91	0	60	-15	45	-3%	n.a	-3%
México	836	0	418	0	418	872	0	436	0	436	-4%	n.a	-4%
Egipto	435	0	217	0	217	436	0	183	0	183	0%	n.a	19%
Ucrania	74	74	0	-3	71	95	95	0	-3	91	-22%	-22%	-23%
EE.UU.	0	0	0	0	0	0	0	0	0	0	n.a	n.a	n.a
Rep. Domincana	0	0	0	0	0	0	0	0	0	0	n.a	n.a	n.a
Solar Termoeléctrica (EE.UU.)	**93**	**93**	**0**	**-23**	**70**	**98**	**98**	**0**	**-24**	**73**	**-5%**	**-5%**	**-5%**
Almacenamiento (EE.UU.)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**
Total Producción	**23.910**	**19.657**	**1.988**	**-1.775**	**19.870**	**24.541**	**20.093**	**2.049**	**-1.841**	**20.302**	**-3%**	**-2%**	**-2%**
Total Eólico	18.876	15.994	1.289	-1.608	15.675	19.334	16.285	1.371	-1.660	15.996	-2%	-2%	-2%
Total otras tecnologías	5.035	3.663	699	-167	4.195	5.207	3.808	679	-181	4.306	-3%	-4%	-3%

2. Consolidated Income Statement

Revenue

(Millions of euros)	2022	2021	Change	Change (%)
Spain	3,197	1,502	1,695	112.8%
Rest of Europe	364	231	133	57.6%
America	642	605	37	6.1%
Australia	73	59	14	23.7%
Other zones	75	75		
Total revenue	4,351	2,472	1,879	76.0%

(Millions of euros)	2022	2021	Change	Change (%)
Wind power	2,013	1,324	689	52.0%
Photovoltaic power	76	105	(29)	(27.6%)
Hydraulic	309	172	137	79.7%
Biomass and solar thermal	96	84	12	14.3%
Other	1,857	787	1,070	136.0%
Total revenue	4,351	2,472	1,879	76.0%

Revenue increased by 76.0% to €4,351 million, mainly due to the trading activity in Spain (volume and prices) and energy generation, primarily wind (prices).

Spain

Revenue in Spain came in at €3,197 million for the year, 113.0% higher than 2021, as a result of the higher volumes and prices in the trading business and high prices in power generation (mainly wind).

The factors behind the performance of revenue are summarised below:

- Consolidated installed capacity in Spain was 4,775 MW at 31 December 2022 compared to 4,496 MW at 31 December 2021.
- Consolidated production was down by 3.0% for the year (9,278 GWh).
- The average Spanish pool price in 2022 was €167.5/MWh compared to €111.9/MWh in 2021. The entry into force on 14 June 2022 of the so-called Iberian mechanism for the temporary adjustment of production costs to reduce the price of electricity in the wholesale market - the gas cap - had a depressing effect on wholesale prices during the second half of the year, with average monthly prices from July to December falling below the average prices for the same period the year before.
- The average price captured by ACCIONA Energía in the Spanish market - including hedging, regulated revenue, the regulatory banding mechanism, and the gas rebate - was €167.6/MWh compared to €83.6/MWh a year earlier.
    - The average price of energy sales on the market was €166.9/MWh.
    - Price hedges subtracted €17.8/MWh from the average price, less than the year before (-€27.0/MWh), mainly due to a smaller difference between the average price of the hedges and the market price in 2022.
    - Regulated revenue of €77 million added €8.3/MWh in 2022 compared to €20.8/MWh, or €199 million, in 2021 as a result of the extraordinary adjustment of regulatory parameters in 2022.

- The regulatory banding mechanism contributed €10.2/MWh (€94 million) to the average price, mainly due to the effect of eliminating the adjustment for market price deviations - banding adjustment - for all standard assets subject to the Spanish regulatory framework, except biomass. This is due to the fact that practically all of the company's standard assets will cease to receive remuneration on the investment at least during the next regulatory period 2023-25. In addition, based on the anticipated evolution of energy prices, it is expected that the regulatory Net Asset Value of the relevant standard assets will be depleted before the end of their regulated useful lives.

International

Revenue from international business increased by 18.7%, thanks to higher retail prices, whilst power generation revenue declined, with reductions in Chile and the US. The decrease in power generation revenue is mainly due to the non-recurrence of the high prices recorded in Texas in 2021 (US), lower prices in Chile, and the negative consequences of the war on business in Ukraine. Results improved in Mexico and Australia.

The factors behind the performance of revenue are summarised below:

- Consolidated international installed capacity at 31 December 2022 was 5,109 MW.
- Total consolidated production decreased by 1.5% to 10,378 GWh.
- Except for extraordinary prices in Texas in the first quarter of 2021, and declining prices in Chile, all markets experienced price increases. The average international price fell by 3.2%, with prices in the US and Chile decreasing by 36.8% and 49.1%, respectively. The exchange rate has been a positive contributor to the average price.

Gross Operating Revenue (EBITDA)

(Millions of euros)	2022	2021	Change	Change (%)
Spain	1,253	531	722	136.0%
Rest of Europe	60	111	(51)	(45.9%)
America	252	358	(106)	(29.6%)
Australia	37	30	7	23.3%
Other zones	51	57	(6)	(10.5%)
Total EBITDA	1,653	1,087	566	52.1%

(Millions of euros)	2022	2021	Change	Change (%)
Wind power	1,396	891	505	56.7%
Photovoltaic power	38	89	(51)	(57.3%)
Hydraulic	200	96	104	108.3%
Biomass and solar thermal	39	34	5	14.7%
Other	(20)	(23)	3	(13.0%)
Total EBITDA	1,653	1,087	566	52.1%

EBITDA grew by 52% thanks to the business in Spain, while the contribution from international business was reduced, mainly due to the extraordinary positive impact of the storm in Texas in 2021 and poor results in Chile. EBITDA in Spain increased by 136% to €1,253 million. EBITDA in Spain in 2021 included a one-time gain of €77 million from the refund of hydraulic fees ordered by a court. EBITDA for the international business as a whole decreased by -28% to €400 million.

Operating profit (EBIT)

- EBIT stood at €1,225 million compared to €696 million in 2021, an increase of 76%, mainly due to the increase in EBITDA, and despite higher depreciation and amortisation due to higher investment.

Profit before taxes

(Millions of euros)	2022	2,021	Change	Change (%)
Spain	1,217	423	794	187.7%
Rest of Europe	(36)	72	(108)	(150.0%)
America	(113)	66	(179)	(271.2%)
Australia	(9)	(6)	(3)	50.0%
Other zones	(2)	8	(10)	(125.0%)
Total pre-tax profit	1,057	563	494	87.7%

(Millions of euros)	2022	2,021	Change	Change (%)
Wind power	1,006	474	532	112.2%
Photovoltaic power	(76)	29	(105)	(362.1%)
Hydraulic	161	73	88	120.5%
Biomass and solar thermal	16	15	1	6.7%
Other	(50)	(28)	(22)	78.6%
Total pre-tax profit	1,057	563	494	87.7%

Profit before tax (PBT) was up by 87.8% compared to 2021, primarily due to growth in operating profit, whilst financial expenses remained relatively stable, and despite the negative impact from the change in fair value of certain international energy hedging contracts. This resulted in a €64 loss in pre-tax profit, compared to a gain of €16 million in 2021 as a result of the high energy price environment at the end of 2022.

- The Group recorded a €21 million impairment loss in the income statement, comprising impairments of €74 million on certain international and domestic generation and development assets, as well as the reversal of impairments totalling €53 million on certain generation assets in Spain. Of particular note is the impairment of more than 60% of the capital invested in generation assets in Ukraine due to the war raging in that country (€35 million).

- The income statement also includes the gain on the disposal of non-current assets as well as other gains and losses totalling €27 million arising from the sale of investments in associates in Spain carried by equity and the cancellation of a lease on a generation asset in the USA.

Attributable net profit

Attributable net profit amounted was €759 million, 109.0% higher than the year before.

3. Consolidated balance sheet, Cash flow and Investment:

Attributable equity

ACCIONA's attributable equity at 31 December 2022 is €5,780 million, 18% higher than at 31 December 2021.

Net financial debt

(Millions of euros)	2022	2021	Change €M	Change (%)
Project debt	550	713	(163)	(22.9%)
Corporate debt	1,879	1,666	213	12.8%
Financial debt excluding IFRS 16	2,429	2,379	50	2.1%
Cash + Current financial assets	(812)	(797)	(15)	1.9%
Net financial debt excluding IFRS 16	1,617	1,582	35	2.2%
Net financial debt	2,021	1,989	32	1.6%

(Millions of euros)	*Source of information*	2022	2021	Change €M	Change (%)
Non-current non-recourse bank borrowings	Note 16 a)	311	436	(125)	(28.7%)
Current non-recourse bank borrowings	Note 16 a)	45	81	(36)	(44.4%)
Debentures and bonds of Mexican subsidiaries	Note 16 b)	194	196	(2)	(1.0%)
Project debt		550	713	(163)	(22.9%)

The change in the gearing ratio is as follows:

	2022	2021
Gearing ratio (NFD/Net equity) (%)	32%	37%

Cash flows

(Millions of euros)	2022	2021	Change €M	Change (%)
Cash flows from operations	1,344	792	552	69.7%
Net cash flows from investments	(1,279)	(819)	(460)	56.2%
Cash flows from financing and other	(100)	1,693	(1,793)	(105.9%)
Change in net financial debt ex. IFRS 16 + reduction/increase	(35)	1,666	(1,701)	-102.1%

Net financial debt at 31 December 2022 stood at €2,021 million (including €404 million of IFRS16 liabilities), a small increase of €32 million compared to December 2021. Net financial debt at the year-end closed at similar levels to December 2021 due to a combination of the following factors:

- €1,344 million in operating cash flow, which includes a change in positive working capital of €178 million.

- Net cash flows from investments of -€1,279 million, of which -€1,640 million is gross ordinary investment. The net investment cash flow also reflects +€362 million of net deferred investment flows.

- Cash flow from financing and other was -€100 million, mainly as a result of the €92 million in dividends distributed on 21 April 2022.

The reconciliation of the above APMs is shown below:

(Millions of euros)	Origin	2022	2021	Change €M	Change (%)
EBITDA	APM	1,653	1,087	566	52.1%
Current financial income and expense	EFE	(87)	(117)	30	(25.6%)
Changes in inventory	EFE	(13)	(16)	3	(18.8%)
Changes in current assets/liabilities	EFE	283	79	204	258.2%
Profit of companies carried by the equity method	EFE	(110)	(63)	(47)	74.6%
Other profit not involving the movement of funds	EFE	(20)	(9)	(11)	122.2%
Dividends received from associates and other non-current financial investments	EFE	83	35	48	137.1%
Corporate tax receivable/payable	EFE	(312)	(13)	(299)	2,300.0%
Changes in non-current operating assets/liabilities	EFE	(97)	(102)	5	(4.9%)
Dividends paid to external shareholders	EFE	(35)	(161)	126	(78.3%)
Other cash flows from operations	DNO	(1)	(41)	40	(97.6%)
Other (Purchase additional % in AEI)*	Note 2.2.g 2021 consolidated annual accounts		113	(113)	(100.0%)
Cash flows from operations		1,344	792	552	69.7%

(Millions of euros)	Origin	2022	2021	Change €M	Change (%)
Gross ordinary investment:	APM	(1,640)	(614)	(1,026)	167.1%
Changes in "Fixed asset suppliers"	Note 19	381	(311)	692	(222.5%)
Other (Purchase additional % in AEI)*	Note 2.2.g 2021 consolidated annual accounts		113	(113)	(100.0%)
Translation differencesand other **	DNO	(20)	(7)	(13)	185.7%
Net cash flows from investments		(1,279)	(819)	(460)	56.2%

(Millions of euros)	Origin	2022	2021	Change €M	Change (%)
Exchange rate debt ***	DNO	(5)	(14)	9	(64.3%)
Dividend payments	EFE	(92)	(100)	8	(8.0%)
Group debt capitalisation	Note 14 2021 Consolidated Annual Accounts		1,859	(1,859)	(100.0%)
Lease payments	EFE	(24)	(23)	(1)	4.3%
Change in consolidation scope and other ****	DNO	21	(29)	50	(172.4%)
Cash flows from financing and other		(100)	1,693	(1,793)	-105.9%

**Payment shown in line item "Payments to external partners" in the Consolidated Cash flow Statement This was not a dividend distribution, but rather a consideration for the additional acquisition of equity instruments and is therefore presented within Net cash flow from investments.*
***Represents other changes that are not directly observable in the Consolidated Financial Statements/Notes and do not result in changes to Net Financial Debt excluding IFRS16; mainly changes due to gains/losses on exchange.*
****Represents other changes that are not directly observable in the Consolidated Financial Statements/Notes and that do not result in changes in Net Financial Debt excluding IFRS16; mainly changes in Net Financial Debt excluding IFRS16 due to gains/losses on exchange.*
*****For the most part these are inflows and outflows of Net Financial Debt excluding IFRS16 arising from companies entering/exiting Group's scope of consolidation as a result of the acquisition or disposal of subsidiaries.*

Financial

(Millions of euros)	2022	2021	Change €M	Change (%)
Spain	243	75	168	224.0%
America	902	311	591	190.0%
Australia	338	104	234	225.0%
Rest of Europe	104	10	94	940.0%
Other zones	53	1	52	5,200.0%
Purchase 8.33% shareholding AEI		113	(113)	(100.0%)
Gross ordinary investment	1,640	614	1,026	167.1%

Gross ordinary investments totalled €1,640 million, mostly in projects under construction in Australia (MacIntyre), the US (Red Tailed Hawk, Fort Bend, High Point and Union) and Spain (Extremadura and Bolarque), as well as the acquisition of Cunningham battery energy storage project (BESS) in the US (190 MW, with a capacity of 380 MWh per cycle).

(Millions of euros)	Origin	2022	2021	Change €M	Change (%)
Change under:					
Property, plant, and equipment	BCE	(1,246)	(426)	(820)	192.5%
Other intangible assets	BCE	(93)	(6)	(87)	1,450.0%
Non-current financial assets	BCE	10	(15)	25	(166.7%)
Investments carried using the equity method	BCE	(121)	46	(167)	(363.0%)
Corrections to changes in balances:					
Amortisation funding PPE and intangible assets	Notes 4, 6	(394)	(350)	(44)	12.6%
Results of asset impairment PPE and intangible assets	Notes 4, 6	(21)	(2)	(19)	950.0%
Profit/(loss) of companies consolidated by equity	PL	110	63	47	74.6%
Profit/(loss) on disposal of non-current assets	PL	9	1	8	800.0%
Gains(losses) on exchange due to exchange rate fluctuations PPE and intangible assets	Notes 4, 6	171	268	(97)	(36.2%)
Dividends from associates	Note 7	(93)	(31)	(62)	200.0%
Other corrections/adjustments:					
Other (Purchase % addition in AEI)*	Note 2.2.g 2021 consolidated annual accounts		(113)	113	(100.0%)
Other*	DNO	28	(49)	77	(157.1%)
Gross ordinary investment		(1,640)	(614)	(1,026)	167.1%

**Represents changes in the above headings that are not directly observable in the consolidated financial statements/notes and do not represent gross investment; these are primarily other changes related to tax effect and gains/loss on exchange under the heading of Investments accounted for using the equity method, included in "Tax effect and other changes" in Note 7. Investments in associates.*

4. Relevant events for the year

- 19 January 2022: ACCIONA Energía submits details of the transactions under the Liquidity Agreement between 19/10/2021 and 18/01/2022.
  - These details refer to the transactions for the first quarter of the contract (from 19 October 2021 to 18 January 2022.
- 9 February 2022: ACCIONA Energía publishes a press release Spanish and English in connection with the purchase of a photovoltaic project in the United States.
- 17 February 2022: ACCIONA Energía issues a press release on the construction of a wind farm in Peru. ACCIONA Energía will invest approximately US$180 million (€158 million) in the new wind farm located in San Juan de Marcona, in the Ica region.
- 23 February 2022: The Board of Directors of ACCIONA, S.A., on the recommendation of the Appointments and Remuneration Committee, today approved the following share award plans for ACCIONA Energy employees and executives:

- “Shareholders’ Plan” which applies to all employees who have their tax residence in Spain. Under the plan, employees can choose to have some of their fixed and/or variable compensation replaced with ordinary shares of ACCIONA Energía, up to the following limits; (i) a maximum limit of €12,000; (ii) a minimum of €500 euros; (iii) a maximum limit of the Beneficiary's total in kind remuneration or 30% of annual remuneration; and (iv) a guaranteed monthly salary that meets the monthly interprofessional minimum wage.
- The “Bonus-for-Shares Replacement Plan” aimed at the management of the Company and its Group which will allow beneficiaries to substitute some or all of their variable cash remuneration for ordinary shares of Acciona Energía, with the tax incentive associated with such substitution. Once the amount of recipients’ annual cash bonus has been determined, the Board of Directors, on the recommendation of the Appointments and Remuneration Committee may, at its entire discretion, approve the replacement option and decide who the beneficiaries will be.

- 23 February 2022: Corporación Acciona Energías Renovables, S.A. ("Acciona Energía") attaches a presentation for the conference call to be held tomorrow, 24 February, at 10:00 am (CET). The presentation can be followed via webcast on Acciona Energía’s website.
- 28 February 2022: ACCIONA Energía informs reports on the resumption of the liquidity agreement after the completion of the purchase and sale of equity stock in a block trade:
  - ACCIONA Energía informs that 200,000 shares of the Company’s stock were acquired today as direct treasury stock in a block trade transaction represent 0.06% of the capital for a price of €30.12€ per share.
  - These shares are acquired in order to meet the obligations under the bonus plans approved by the Company for the Executive Director and other executives and employees of Acciona Energía. Details of these bonus plans were disclosed to the market (OIR 14256) and in the listing prospectus, which is available on the Company's website.
- 28 February 2022: ACCIONA Energía announces the temporary suspension of the Liquidity Agreement entered into on 19 October 2021 with Bestinver, S.V., S.A. (OIR number 12246) to enable the purchase by ACCIONA Energía of up to 200,000 treasury shares, representing 0.06% of the share capital, in a block trade of Company securities to fulfil the obligations under the variable remuneration plans involving the delivery of shares, approved by the Company for the Executive Director and other employees and executives of ACCIONA Energía.
- 23 March 2022: On the recommendation of the Appointments and Remuneration Committee, the Board of Directors of Acciona Energía has today approved a Savings Plan exclusively for the Executive Director (the "Savings Plan").
  - The Savings Plan provides a survival benefit and covers total, absolute and major permanent disability and death and is intended to supplement his public Social Security benefits, pursuant to the terms and conditions set out in the Plan Regulations.
- 7 April 2022: At the Ordinary General Meeting of Shareholders held today on first call with 94.14% of the capital in attendance (including treasury stock), each and every one of the proposed resolutions put up for a vote was approved by at least 92.81% of the voting capital in attendance at the Meeting. The documentation made available to the shareholders coincide with the proposed resolutions that were notified to the National Securities Market Commission on 4 March 2022, with registration number 14821, and which are indicated in the text below.

- 11 April 2022: The Company informs that the payment of a dividend for the 2021 financial year was approved at the Ordinary General Meeting of Shareholders held on 7 April 2022, payable on 21 April 2022 through the participating entities of Sociedad de Gestión de los Sistemas de Registro Compensación y Liquidación de Valores. The relevant dates for the distribution of the dividend are as follows:
    - Last Trading Date: 14 April 2022
    - ExDate: 19 April 2022
    - Record Date: 20 April 2022
    - Payment Date: 21 April 2022
- It is also reported that the gross dividend of €0.28 per share approved at the General Meeting of Shareholders was increased slightly to € 0.28011126 per share due to the adjustment made for direct treasury stock.
- 20 April 2022: ACCIONA Energía publishes information on liquidity contract transactions between 19/01/2022 and 19/04/2022.
    - These details refer to the transactions for the second quarter of the contract (from 19 January 2022 to 19 April 2022).
- 6 May 2022: ACCIONA Energía reports on persons in management positions pursuant to the terms of article 3.1.(25)(B) of Regulation (EU) No. 596/2014 on Market Abuse.
- 11 July 2022: Fitch Ratings reaffirms the long-term rating of Acciona Energía and gives issued debt instruments a "BBB-" rating with a stable outlook.
- 21 July 2022: ACCIONA Energía submits details of the transactions under the Liquidity Agreement between 20/04/2022 and 20/07/2022, inclusive.
    - These details refer to the transactions for the second quarter of the contract (from 20 April 2022 to 20 July 2022).
- 1 September 2022: DBRS Ratings GmbH (DBRS Morningstar) confirms the "BBB (high)" rating of ACCIONA Energía and its short-term rating of "R-2 (high)", both with a stable outlook. These are Investment Grade ratings.
- 15 September 2022: ACCIONA Energía issues a press release on the acquisition of a stake in The Blue Circle.
    - This is a strategic agreement with The Blue Circle as a platform to develop, build and operate its portfolio of projects in the region. The Blue Circle has 84MW in operation and 3.8GW of wind projects under development in Vietnam, Thailand, the Philippines, Cambodia, Indonesia, Laos, and Sri Lanka.
- 24 October 2022: ACCIONA Energía submits details of the transactions under the Liquidity Agreement between 21/07/2022 and 21/10/2022.
    - These details refer to the transactions for the fourth quarter of the contract (from 21 July 2022 to 21 October 2022).
- 13 December 2022: ACCIONA Energía announces the agreement reached for the acquisition of a portfolio of battery energy storage projects in the United States.

5. Share capital

At 31 December 2022, the share capital of Grupo Corporación Acciona Energías Renovables is €329,250,589 divided into 329,250,589 ordinary shares with a par value of one euro (€1) each.

At 31 December 2022, the Group holds 130,951 shares of treasury stock, which accounts of 0.039% of the total.

The changes in treasury stock in 2022 are as follows:

	2022	
	Number of shares	Cost (millions of euros)
Opening balance	53,937	2
Additions	3,785,996	137
Disposals	(3,708,982)	(135)
Closing balance	130,951	4

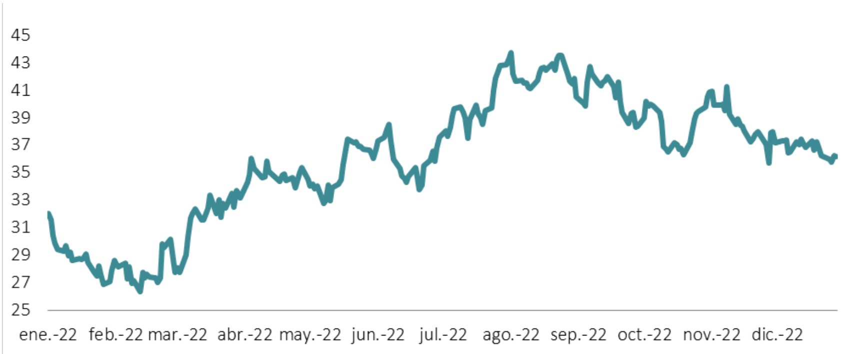
6. Interim dividend

The payment of a dividend for the 2021 financial year in the amount of €0.28 per share for a total amount of €92 million was approved at the Annual General Meeting of Shareholders held on 7 April 2022, payable on 21 April 2022.

The Board of Directors proposes the distribution of a dividend in the amount of €230 million (€0.70 per share).

7. Stock price and performance

Stock market capitalisation



Key stock market data

Price at 30 December 2022 (€/share)	36.14
Price at 30 December 2021 (€/share)	32.58
FY22 low (14/02/2022)	26.80
FY22 high (03/08/2022)	32.58
Average daily volume (shares)	250,923.00
Average daily volume (€)	9,154,829
Number of shares	329,250,589
Market capitalisation 30/12/22 (millions of €)	11,899.0

Part II - Business risks and uncertainties.

Grupo 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.

A large part of the Group's electricity generation business in Spain is subject to the regulatory framework initially established in LRD 9/2013, and the new compensation scheme established in Royal Decree 413/2014, which was published on 6 June 2014, regulates electricity production using renewable energy sources, co-generation, and waste. The remuneration model in place aims to provide predictable income for the plants and mitigate their exposure to variations in market prices by reviewing this remuneration parameter every three years (regulatory half-period). The regulation also provides for the possibility of adjusting the parameters for determining the future remuneration of the plants every six years (full regulatory period) which, if modified, could affect the results of the operations subject to this regulation.

Starting in 2019, Legislative Royal Decree 17/2019 extends the reasonable remuneration of the first regulatory period to the next two periods (through 2032). By setting this long-term target return (7.398%), many of the uncertainties associated with the review of the rest of the remuneration parameters are eliminated as the return for existing assets is guaranteed.

Given the current energy price situation, mainly due to the Russian invasion of Ukraine, the Spanish government has implemented a series of measures to contain electricity market prices and other costs associated with electricity bills:

- An extraordinary update of the parameters of the special remuneration scheme for generation assets using renewable resources.

- A mechanism for reducing the remuneration of assets that that do not emit greenhouse gases, including renewable technologies. These temporary measures has been extended and will be in place through 31 December 2023.

- A production cost adjustment mechanism to reduce the price of electricity in the wholesale market. At the same time, and insofar as the measures provided for in LRD 10/2022 affect the Iberian electricity market as a whole, "Decree-Law no. 33/2022 of 14 May" was enacted in Portugal with the same measures, thus standardising the direction of the reforms.
  In both regulations, known as the "Iberian Exception", a cost adjustment mechanism is introduced, applicable during the year following publication of the LRD with the aim of reducing energy prices by limiting the gas cost component included in the electricity sale price at any given time.

Therefore, what is clear from the current regulatory framework and the extraordinary price increase that has occurred since the first half of 2021, which affected the national energy market basically as a result of the increase in gas prices at international level, is that a significant part of the Group's renewable assets, especially wind power technology launched before 2004, will no longer receive additional compensation at market price, which means they are exposed to price fluctuations in the electricity market starting with the next regulatory half-period (2023-2025).

Of the Group's total attributable production in the national electricity market, approximately 35% is subject to regulated remuneration (56.6% of production in 2021), 52% is covered by different pricing mechanisms (41% of production in 2021) and the rest is remunerated at market prices.

The Group is trying to reduce its market-risk exposure through private purchase agreements (PPAs) whereby future sale prices are arranged with third parties for an agreed period of time, thus reducing the exposure to potential rate changes in the market.

Overall, with regard to price risk in the electricity markets of the countries in which the Grupo Corporación Acciona Energías Renovables operates, approximately 59% of its production is under a long-term price contract agreement established with a third party (PPA or hedge), 12% under regulation or feed-in tariff structures and the remainder through free market sales. Almost all 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. PPA contracts that are not settled by physical delivery (hedge) are measured by the Group at fair value with changes in profit and loss or equity if hedging criteria are applied.

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.

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. This risk is mitigated through hedging operations by the contracting derivatives (mainly interest rate swaps, IRS).

Based on the estimates of Grupo 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 Grupo Corporación Acciona Energías Renovables is mainly Euribor for operations in euros and Libor for operations in USD, both in the United States 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.

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.

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.

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, Grupo Corporación Acciona Energías Renovables has been rated "Investment grade" by two rating agencies (Fitch and DBRS) with BBB and BBB (high) ratings and a long-term stable outlook, which shows the Group's ability to meet its financial obligations.

Liquidity risk - Grupo Corporación Acciona Energías Renovables has a prudent risk management system based on maintaining sufficient amounts of cash and cash equivalents. The ultimate responsibility for managing liquidity risk lies with the Group’s Corporate Finance Department, which devises an appropriate framework for controlling the Group’s cash 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

Corporación Acciona Energías Renovables encourages the adoption of ambitious global targets for the decarbonisation of the economy. The Company's business model and its Risk Management System include the management of risks and opportunities related to climate change. This is reported in accordance with the European Commission's climate reporting guidance and the recommendations of the Financial Stability Board through its Task Force on Climate-related Financial Disclosures (TCFD).

Climate change governance is the responsibility of the Board of Directors' Audit and Sustainability Committee, which performs the following functions, among others:

- Identify and guide the Group's climate change policies, objectives, best practices, and programmes.
- Evaluate, monitor, and review the implementation plans of the strategies drawn up by the Group's executives.
- Periodically review internal control systems and manage the degree of compliance with the strategies implemented.
- Submit the climate change policies, objectives, and programmes to the Board of Directors as the estimated budget for their implementation.

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.

Different tools are used to identify climate risks and opportunities. For example, the Group uses a digital climate change mode which monitors historical and projected climate variables at all job locations under different temperature increase scenarios and with different time horizons as foreseen in the latest IPCC reports. This instrument supervises production and financial variables, the generation of emissions and energy usage and includes references to the climate policies and carbon markets in each region. In addition, tools not integrated in the digital model are used to identify legal requirements and the expertise of the members of the climate change risk assessment group is 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 location, type of business and vulnerability, which are characterised and quantified using a series of key indicators.

The climate scenarios most commonly used to identify risk situations are those provided by the latest IPCC reports, as well as those generated within the Network for Greening the Financial System (NGFS) proposed by the "Network of Central Banks and Supervisors for the Greening of the Financial System". Corporación Acciona Energías Renovables prioritises the NGFS "Current Policies" scenario (for physical risks) and the NGFS "Delayed Transition" or "Divergent Net Zero" scenarios (for transitional risks) for the assessment of its climate risks.

Climate risk situations with a higher probability of occurrence and economic-financial and/or reputational consequences are considered material and require the preparation of specific treatment sheets that inform the company's decision-making bodies of the current situation and options for managing the risk (mitigation, adaptation, transfer or acceptance of the risk and estimated cost).

Finally, identified, and analysed climate risk situations are integrated into the Group's general Risk Management System, where their tolerability is determined based on the structure presented above.

As part of its low-carbon business strategy, Corporación Acciona Energías Renovables assesses the most significant climate risks and opportunities for the company annually. In 2022, climate risks were identified by business line along with their potential impact, time horizon and geographical scope, and actions were taken to manage them.

The most significant physical climate change risks identified are: a potential increase in the cost of capital due to a possible decoupling of the company's performance in relation to its public decarbonisation targets (in the short to medium term); a decrease in hydroelectric production in Spain as a result of variations in seasonal rainfall patterns (high probability of occurrence in the medium term); and lower wind power generation in Spain due to variations in wind patterns (in the medium to long term).

None of the risks identified has a material impact on the Group’s financial performance.

Generally speaking, it can be concluded that Grupo Corporación Acciona Energías Renovables is resilient to climate changes, with a moderately low impact in terms of risk, and high in terms of opportunities.

In preparing the consolidated annual accounts at 31 December 2022, the Acciona Energías Renovables Group has considered the impact of climate change in the key assumptions of its accounting estimates and judgements. It did not identify any impairment losses on tangible or intangible assets, changes in the valuation of financial instruments, or additional obligations other than the ones already recognised.

Supply-chain risk

The Group is exposed to the global supply chain disruption caused by the pandemic and aggravated by the impact of the war in Ukraine. This disruption, coupled with a sharp rise in inflation, has driven raw material and freight prices up and exacerbated the risk of supply delays, mainly for international activities.

During the year, shipping problems and delays were common at ports and airports in key countries such as China due to the lockdowns caused by the pandemic, along with the container shortages in the main European ports due to the war in Ukraine. Domestically, events such as the shipping strike have also impacted the supply chain.

In addition to these measures taken by government agencies, the Group’s Purchasing and Contract Management areas have managed these risks in a continuous and coordinated fashion.

From the Purchasing area, by planning and forecasting the Group’s purchasing needs and keeping the lines of communication open with suppliers, continuously monitoring and reporting on the evolution of indices related to raw materials and optimising logistics routes. This heavier focus on logistics management was reinforced by the implementation of a common platform where suppliers and logistics agents are integrated with the Group for better anticipation of risks and traceability of the flow of goods.

The Contract Management area works in coordination with Purchasing to negotiate price review formulas in the offer phase with customers, as well as active contract management during the performance phase to enable the sharing of cost overruns derived from the increases in raw materials and to more adequately reflect the real price increases and impacts derived from the pandemic and the war in Ukraine.

During the second half of the year, a downward trend began to emerge for some raw materials (e.g. steel, copper, aluminium, nickel). Besides continuing to work on the measures mentioned above, special focus will be placed on monitoring the gas supply situation in Europe, the evolution of inflation and the search for technical alternatives to optimise the use of the most heavily affected materials or replace them with different ones.

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.

In 2022, the main criminal risks identified by the Group based on the type of work it does are classified as medium risk (to be monitored), e.g., public corruption and business corruption, and crimes against natural resources and the environment, with the rest of the criminal risks classified as low risk (to be contained).

The Group also has management systems in place in the areas of quality, occupational risk prevention, sustainability and taxation, among others, which mitigate the specific risks in these areas. 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 2022 or its present or future activities.

Part IV - Future outlook

The global economy is experiencing a series of turbulent problems. The highest inflation in decades, tightening financial conditions in most regions, Russia's invasion of Ukraine and the persistence of the COVID-19 pandemic are weighing heavily on the outlook. The easing of monetary and fiscal policies that provided unprecedented support during the pandemic is cooling demand as policymakers seek to bring inflation back to the target level. However, an increasing number of economies are experiencing slowing growth or outright contraction. The future health of the global economy essentially depends on the appropriate calibration of monetary policy, the course of the war in Ukraine and the possibility of further pandemic-related supply-side shocks, for example in China.

Global growth is projected to decline from 3.4% in 2022 and 2.9% in 2023 before rebounding to 3.1% in 2024. The forecast for 2023 is 0.2 percentage points higher than predicted in the October 2022 edition of the World Economic Outlook (WEO), but below the historical average of 3.8% (2000-19). Rising central bank interest rates to combat inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China slowed growth in 2022, but the recent reopening has cleared the way for a faster-than-anticipated recovery. Global inflation is projected to decline from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still higher than the pre-pandemic levels of around 3.5% (2017-19).

The risk scale is still tilting downward, but adverse risks have moderated since the October 2022 WEO Report. On the upside, a stronger boost from pent-up demand in many economies or a faster decline in inflation are plausible. On the downside, severe public health developments in China could dampen the recovery, Russia's war in Ukraine could intensify, and a tightening of global financing conditions could exacerbate debt overhang tensions. Financial markets could also suddenly reprice in response to adverse inflation developments, while geopolitical fragmentation could slow economic progress.

Faced with the cost-of-living crisis, the priority in most economies remains is to achieve sustained disinflation. With tighter monetary conditions and slower growth potentially impacting financial and debt stability, macroprudential tools must be used and frameworks for debt restructuring need to be strengthened. Accelerating COVID-19 vaccination in China would protect the recovery, with positive spillovers across borders. Fiscal support should be better targeted to the groups most affected by high food and energy prices, and broad-based fiscal easing measures should be withdrawn. Closer multilateral cooperation is essential to preserve the benefits of the rules-based multilateral system and to mitigate climate change by limiting emissions and promoting green investment.

For advanced economies, projected growth for 2023 is 1.2% and 1.4% in 2024. For the United States, growth of 1.4% is projected for 2023 (0.6 percentage points below the 2022 figure) and 1.0% for 2024, while in Japan a variation of 1.8% is expected for 2023 and 0.9% for 2024.

In the Eurozone, a combined growth figure of 0.7% is expected for 2023 and 1.6% for 2024. Spain is expected to be the Eurozone country with the highest growth rate in 2023 (+1.1%). Spain’s economy is expected to continue growing above the European average in 2024 (+2.4%, compared to an estimated +1.6% for the

Eurozone). In the United Kingdom, after an expected increase of 4.1% in 2022, it is projected that the economy will grow by 0.6% in 2023 and 0.9% in 2024.

The economies in emerging markets as a whole are expected to grow by 4.0% in 2023 and 4.2% in 2024, with broad disparities from one country to another. The Chinese economy is project to grow by +5.2% in 2023 and +4.5% in 2024. India is also expected to rebound strongly in 2023 (+6.1%) and 2024 (+6.8%). Within this context, Latin America and the Caribbean as a whole are projected to grow by 1.8% in 2023 and 2.1% in 2024. Brazil's economy is expected to grow by 1.2% in 2023 and 1.5% in 2024, while the Mexican economy will grow by 1.7% and 1.6%, respectively. The Russian economy is projected to see 0.3% growth in 2023 due to the fact that Russia's crude oil exports are not expected to be substantially affected by the current G7 oil price cap, and Russia continues to redirect its trade away from countries that have imposed sanctions towards those that have not.

Part V - Sustainability highlights

ACCIONA Energía's workforce increased by 33.6% due to organic growth and the inclusion of EROM, the company that provides operations and maintenance services for part of ACCIONA Energía's domestic assets. The number of women in management and executive positions has increased thanks to the programmes implemented in recent years to hire and promote female talent, such as the "Sustainable 50:50" projects.

The percentage of people with disabilities in Spain increased slightly to 3.6%. Two new programmes were launched in 2022: "People =" in Mexico" and "+ Diverse + Capable" for the inclusion of people with intellectual disabilities.

The frequency rate of accidents involving employees and contractors declined sharply thanks to the Company's strong risk prevention culture, its ISO 45001 certified management system and the various programmes under development in recent years, such as Built Safe, Act Safe and Drive Safe (recognised by the European Union).

The scope of application of the Social Impact Management (SIM) methodology has been extended to include the development phase of projects, thus covering the entire life cycle. This methodology has been used in 114 projects in 13 countries, with the measures implemented directly benefitting 193,979 people.

The decarbonisation plan has enabled the company to reduce Scope 1 and 2 emissions by 40% compared to 2021, mainly due to increasing the use of renewable energy and also, albeit to a lesser extent, projects such as the progressive electrification of the vehicle fleet. The company continues to maintain emissions at a level that is keeping it on track to attain the defined SBTi targets (60% reduction by 2030 compared to the 2017 base year), with emissions having decreased by 80% since 2017.

We have reduced the waste sent to landfill by recovering sludge, which is treated as wastewater, and by reusing 100% of legally recoverable slag and ash generated in biomass plants.

As part of the voluntary planting programme, 123,134 trees have been planted in various countries where ACCIONA Energy has operations. In Spain, 12,894 trees were planted to restore a coal mine waste dump in Castilla y León, which had a positive impact on the habitat of the Cantabrian brown bear.

Alignment with the European taxonomy of sustainable activities

Climate change mitigation:	Alignment	Eligibility
CAPEX	99.8%	98.34%
OPEX	96.8%	86.8%
REVENUE	96.6%	57.4%

Ineligible revenue under the taxonomy refers to the activities of representing and trading energy for and on behalf of third parties. Although 100% of the energy traded comes from renewable sources, trading activities are not eligible as part of the European taxonomy.

The alignment percentage is calculated on the eligible percentage.

ESG Ratings

Several ESG rating and analysis agencies, including MSCI, Sustainalytics and CDP, analysed ACCIONA Energía for the first time in 2022. The company managed to position itself in an unprecedented leadership position in its first year in the sector:

ACCIONA Energía ranked the second-best company in the electricity sector - S&P.

- ACCIONA Energía is the most sustainable company in the Spanish utilities sector and the second most sustainable in the world, according to the analysis conducted by S&P through its Global Corporate Sustainability Assessment Questionnaire, which evaluates the economic, environmental, and social performance of each company. ACCIONA Energía earned a score of 90 out of a total of 100 points on the questionnaire and ranked first in the environmental category due to its performance in "operational eco-efficiency" (reduction of polluting emissions, energy efficient consumption, waste management, etc.).

- Thanks to the results obtained in this assessment, ACCIONA Energía has also been recognised in S&P's Sustainability Yearbook 2023, which aims to distinguish companies that stand out in their sectors for the strength and consistency of their corporate sustainability strategies. S&P has evaluated more than 7,800 international companies in 61 sectors, selecting the 708 companies with the best results.

- ACCIONA Energía is one of only six companies in the Electric Utilities sector to make it into the Top 5%, consolidating its global leadership in sustainability.

Presence in sustainability indices

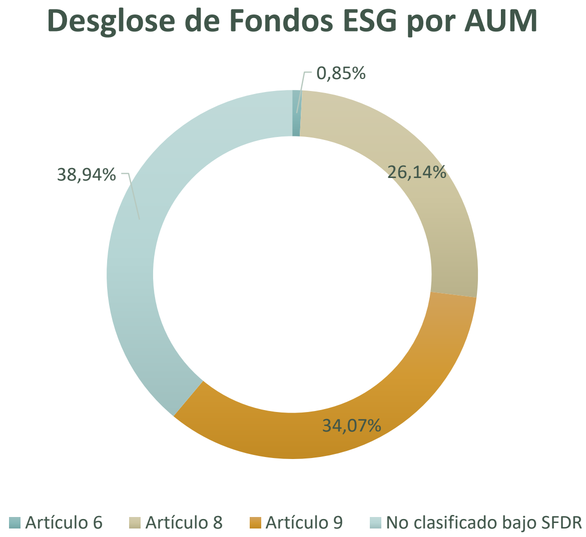
Supplier	Name of index
S&P, Fidelity, Solactive, Bloomberg	S&P Global Clean Energy Index Solactive Active Net Zero Global Clean Energy Index NTR WilderHill Wind Energy Index (USD) WilderHill Hydrogen Economy Index (USD) Bloomberg World Energy Alternative Source Index IBEX 35 ENERGY Index Fidelity Clean Energy ESG Tilted Index NR Bloomberg World Energy Index BI European Pure-Play Renewable Power Generator Valuation Peers Bloomberg EMEA Energy-Alternate Sources Index Bloomberg Europe 500 Energy Index

Other sustainability recognitions

Acknowledgement	Company	Position	Details
Europe's Climate Leaders 2022	Financial Times	Among the 300 most decarbonised companies	Ranking of companies with the greatest reduction in emissions intensity between 2015 and 2020
ESG Evaluation	S&P Global Ratings	No. 1 in the world	For the second year running, ACCIONA Energía has been named number one in environmental, social, and corporate governance (ESG) in the global energy sector in a cross-sector evaluation conducted by S&P Global Ratings, with a score of 87 out of 100 (one point higher than in 2021).
New Energy Top 100 Green Utilities	Energy Intelligence	No. 1 utility in the world	ACCIONA Energía has retained its position as the world's "greenest" electricity generation company for the eighth year in a row.
EcoVadis Scorecard	EcoVadis	Among the TOP 1%	ACCIONA Energía held onto its leading position with a score of 73/100. It has been awarded an EcoVadis Platinum Medal for this achievement. This result places ACCIONA Energy among the top 1% of companies evaluated by EcoVadis.

ESG funds at ACCIONA Energía

Of the total free float (the portion of equity not held by ACCIONA, S.A.), 62%[2] is held by funds with ESG attributes, a sign of investor confidence in the company's sustainable strategy. 34% of these ESG funds are classified under Article 9 of SFDR, the most stringent classification. This is defined as "a fund whose purpose is sustainable investment or the reduction of carbon emissions". As the regulation of ESG fund classification continues to develop, ACCIONA Energía is actively engaging with investors to provide the necessary information on Principal Adverse Impacts (PAI) in an exercise of full transparency.



Additional information on SFDR regulations and fund classification: https://www.eurosif.org/policies/sfdr/

[2] Source: Bloomberg (31.12.2022)

Maximising the capacity of sustainable finance reinforces the value of the company and the competitive advantage of the regenerative power of its projects. ACCIONA Energía promotes innovative sustainable financing solutions that provide its projects with distinctive and clearly beneficial features, while taking advantage of the interest of the capital markets in financing the gaps in meeting the Sustainable Development Goals.

ACCIONA Energía uses two sustainable financing mechanisms: one focuses on financing projects aligned with the taxonomy (green financing or green use of proceeds), and the other on financing general corporate needs that involve commitments to improve ESG performance throughout the company (sustainability-linked financing).

Sustainable financing transactions

Type of financing	Total outstanding financing instruments	Financing transactions signed in 2022	Total amount (€m)*
Green finance	5	4	2,142
Sustainability-linked financing	2	1	2,950
Total	**7**	**5**	**5,092**

Note: For transactions in currencies other than the euro, the amounts are converted at the prevailing exchange rates at the end of 2022. Includes the principal of issued bonds as well as the initial amounts of loans and lines of credit. The outstanding amount, between issued bonds and available limits on loans and lines of credit, is €3.8 billion.

Green financing

The ACCIONA Group has a Green Financing Framework which includes ACCIONA Energía, whose eligible activities are those aligned with the European Taxonomy of Sustainable Activities. ACCIONA Energía's financing instruments issued under this framework totalled €2.1 billion at 31 December 2022.

The green financing framework was reviewed by Sustainalytics, which issued a second party opinion (SPO) confirming alignment with Green Bond Principles and Green Loan Principles of ICMA and LMA.

Sustainability-linked financing

ACCIONA Energía receives corporate financing linked to meeting enhanced environmental, social and governance performance targets. At present, as part of its Sustainability Lending Framework, ACCIONA Energía is committed to meeting three sustainable performance targets linked to this financing for an initial amount of €2.95 billion, with an outstanding balance of €1.7 billion at 31 December 2022.

The scope of the framework was expanded this year with a new indicator:

- KPI 3: Hours of technical and vocational education and training for women, vulnerable and under-represented minorities. The company has made a commitment to provide certified technical and vocational training to people in the local communities where ACCIONA Energía operates, paying

special attention to vulnerable groups such as women and youth with no vocational training and people at risk of social exclusion, the aim being to improve the quality of life of the communities in the countries where it operates.
The Club Deal (line of credit) involves 11,811 hours of technical and vocational education and training for women, vulnerable and underrepresented minorities.

More information on sustainable financing instruments, commitments and funded projects: https://www.acciona-energia.com/es/accionistas-inversores/informacion-bursatil/financiacion-sostenible

Weighted average days to pay suppliers

According to articles 262.1 of Legislative Royal Decree 1/2010 of 2 July, which approved the Revised Text of the Capital Companies Act (hereinafter “LSC”), the information on the weighted average days to pay suppliers is shown in note 33 of the Consolidated Report. This information, which is part of the Consolidated Directors' Report, is also available on the Group's website (www.acciona-energia.com)

Annual Corporate Governance Report

The full Annual Corporate Governance Report, which is part of this Consolidated Directors' Report, is available on the website of the Spanish Securities and Exchange Commission (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 Report on Directors’ Remuneration

The complete Annual Report on Directors’ Remuneration is available on the website of the National Securities Market Commission (www.cnmv.es) and on the Group’s website (www.acciona-energia.com)

The Board of Directors Annual Compensation Report is filed with the CNMV as Other Relevant Information.

Non-Financial Statement

The Non-Financial Statement, drafted pursuant to Law 11/2018 of 28 December transposing Directive 2014/95/EU of the European Parliament to the Spanish legal system, is part of this Consolidated Directors’ Report and is available in its entirety 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.

In accordance with Royal Decree 1362/2007 of 19 October (article 8.1 b), the Directors of Corporación Acciona Energías Renovables S.A. issue the following statement:

That to the best of their knowledge, the consolidated annual accounts prepared in accordance with applicable accounting principles present a true image of the financial position and results of the issuer and consolidated companies taken as a whole and that the directors' report includes a fair analysis of the performance and results of the business and position of the issuer and consolidated companies taken as a whole, together with a description of the principal risks and uncertainties which they face.

In witness whereof, all members of the Board of Directors of Corporación Acciona Energías Renovables S.A. have prepared the Consolidated Annual Accounts and Consolidated Directors' Report for the 2022 financial year at the meeting held on 27 February 2023:

José Manuel Entrecanales Domecq
Chairman

Rafael Mateo Alcalá
CEO

Juan Ignacio Entrecanales Franco
Member

Ms. Sonia Dulá
Member

Juan Luis López Cardenete
Member

Ms. Karen Christiana Figueres Olsen
Member

Alejandro Mariano Werner Wainfeld
Member

Ms. Inés Elvira Andrade Moreno
Member

Ms. Maria Salgado Madriñán
Member

Rosauro Varo Rodríguez
Member

Ms. María Fanjul Suárez
Member

Acknowledgement to the effect that it was impossible for the director, Karen Christiana Figueres Olsen, to sign the Statement of Liability but gave her consent for it to be signed on her behalf by the Secretary of the Board, Jorge Vega-Penichet López, following the director's explicit instructions.