



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

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

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



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

## **Independent Auditor's Report on the 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 ANNUAL ACCOUNTS**

#### **Opinion**

---

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

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

#### **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 Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the 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 annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of investments in Group companies and associates

See notes 4 a) and 5 to the annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2021 the Company has investments in Group companies amounting to Euros 2,938,093 thousand, for which related impairment of Euros 874,404 thousand has been recognised, and has extended loans to Group companies totalling Euros 3,945,507 thousand, with related impairment of Euros 55,325 thousand.</p> <p>The recoverable amount of these investments in Group companies and the loans extended thereto is determined, for those companies in which there is objective evidence of impairment, by applying valuation techniques which often require the exercising of judgement by the Directors and the use of assumptions and estimates.</p> <p>Due to the uncertainty associated with these estimates, this has been considered a key audit matter.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"><li>- We assessed the design and implementation of the key controls relating to the valuation process and we evaluated the existence of indications of impairment identified by the Company.</li><li>- We assessed the reasonableness of the methodology and assumptions used by the Company in estimating the recoverable amount of investments in Group companies and associates. We involved our valuation specialists to assess the reasonableness of the main assumptions used by the Company.</li><li>- We also assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.</li></ul>

## Other Information: Directors' Report

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

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

- Determine, solely, whether 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.



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

- b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the 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 directors' report is consistent with that disclosed in the annual accounts for 2021, 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 Annual Accounts**

---

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

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

The Audit and Sustainability Committee is responsible for overseeing the preparation and presentation of the annual accounts.

## **Auditor's Responsibilities for the Audit of the Annual Accounts**

---

Our objectives are to obtain reasonable assurance about whether the 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 annual accounts.



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

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 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with Corporación Acciona Energías Renovables, S.A.'s Audit and Sustainability Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity'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 entity, we determine those that were of most significance in the audit of the 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.



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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **European Single Electronic Format**

---

We have examined the digital file of Corporación Acciona Energías Renovables, S.A. for 2021 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

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

Our responsibility consists of examining the digital file prepared by the Company's Directors, 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 annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

### **Additional Report to the Audit and Sustainability Committee**

---

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

### **Contract Period**

---

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

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

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

Ana Fernández Poderós

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

23 February 2022

# **CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES S.A.**

**Annual Accounts for the financial year ended  
31 December 2021 and Directors' Report**

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

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

ASSETS	NOTES	2021	2020
<b>Non-current investments in group enterprises and associates</b>	5 & 15	5,034,415	3,496,427
Equity instruments		2,063,689	1,806,984
Loans to companies		2,970,726	1,689,443
<b>NON-CURRENT ASSETS</b>		<b>5,034,415</b>	<b>3,496,427</b>
<b>Trade and other receivable</b>	6	<b>52,433</b>	<b>15,418</b>
Clients, group companies and associates	15	52,403	15,418
Other tax credits	11	30	--
<b>Current investments in group companies and associates</b>	5 & 15	<b>957,462</b>	<b>504,126</b>
Loans to companies		919,457	504,126
Other financial assets		38,005	--
<b>Current accruals</b>		<b>1,588</b>	<b>--</b>
<b>Cash and cash equivalents</b>		<b>32,836</b>	<b>--</b>
Cash and banks		32,836	--
<b>CURRENT ASSETS</b>		<b>1,044,319</b>	<b>519,544</b>
<b>TOTAL ASSETS</b>		<b>6,078,734</b>	<b>4,015,971</b>
EQUITY & LIABILITIES	NOTES	2021	2020
<b>SHAREHOLDERS' EQUITY</b>		<b>4,523,439</b>	<b>2,435,801</b>
Share capital		329,251	329,251
Share premium		2,599,690	2,599,690
<b>Reserves</b>		<b>46,524</b>	<b>27,883</b>
Legal and statutory		46,444	27,883
Other reserves		80	--
<b>Treasury stock</b>		<b>(1,696)</b>	<b>--</b>
<b>Tax loss carryforwards</b>		<b>(539,584)</b>	<b>(606,631)</b>
<b>Other shareholder contributions</b>		<b>1,858,768</b>	<b>--</b>
<b>Profit for the year</b>		<b>230,486</b>	<b>185,608</b>
<b>Interim dividend</b>		<b>--</b>	<b>(100,000)</b>
<b>EQUITY</b>	7	<b>4,523,439</b>	<b>2,435,801</b>
<b>Payable to group companies and associates</b>	9	<b>--</b>	<b>256,474</b>
<b>NON-CURRENT LIABILITIES</b>		<b>--</b>	<b>256,474</b>
<b>Payable to Group companies and associates</b>	9 & 15	<b>1,519,788</b>	<b>1,305,378</b>
Other financial liabilities		9,271	100,923
Payable to Group companies		1,510,517	1,204,455
<b>Trade and other payable</b>	10	<b>35,507</b>	<b>18,318</b>
Payable to suppliers: group companies and associates	15	24,476	18,236
Sundry payables		1,334	80
Personnel expenses		5,532	--
Other taxes payable	11	4,165	2
<b>CURRENT LIABILITIES</b>		<b>1,555,295</b>	<b>1,323,696</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,078,734</b>	<b>4,015,971</b>

Notes 1 through 18 of the enclosed report and the annexes are an inseparable part of the 2021 Annual Accounts.



CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

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

	NOTES	2021	2020
<b>Net revenue</b>	12.a) & 15	<b>222,989</b>	<b>126,387</b>
Interest income		113,167	86,473
Provision of services		60,822	33,914
Dividend income		49,000	6,000
<b>Personnel expenses</b>	12.b)	<b>(10,689)</b>	--
Wages, salaries and similar		(10,559)	--
Employee benefits		(130)	--
<b>Other operating expenses</b>		<b>(65,400)</b>	<b>(34,059)</b>
External services	12.c)	(62,174)	(34,058)
Taxes		(3,226)	(1)
<b>Impairment and profit/loss on disposal of financial instruments</b>	5	<b>58,974</b>	<b>158,393</b>
Impairment and losses		58,974	158,393
<b>OPERATING PROFIT</b>		<b>205,874</b>	<b>250,721</b>
<b>Financial expenses</b>		<b>(17,879)</b>	<b>(59,956)</b>
Payable to group companies and associates	15	(17,879)	(59,956)
<b>Translation differences</b>	13	<b>73,335</b>	--
<b>FINANCIAL INCOME</b>		<b>55,456</b>	<b>(59,956)</b>
<b>PROFIT BEFORE TAX</b>		<b>261,330</b>	<b>190,764</b>
Corporate income tax expense	11 & 15	(30,844)	(5,156)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>230,486</b>	<b>185,608</b>
<b>PROFIT FOR THE YEAR</b>		<b>230,486</b>	<b>185,608</b>

Notes 1 through 18 of the enclosed report and the annexes are an inseparable part of the 2021 Annual Accounts.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

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

STATEMENT OF RECOGNISED INCOME AND EXPENSES

	NOTES	2021	2020
Profit for the year (I)		230,486	185,608
Income and expense recognised directly in equity (II)		--	--
Transfers to the income statement (III)		--	--
<b>TOTAL RECOGNISED INCOME (EXPENSE) (I+II+III)</b>		<b>230,486</b>	<b>185,608</b>

Notes 1 through 18 of the enclosed report and the annexes are an inseparable part of the 2021 Annual Accounts.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

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

	Share capital	Issue premium	Legal reserves	Other reserves	Treasury stock	Tax loss carry-forwards	Other shareholder contributions	Profit for the year	Interim dividend	Total
<b>Balance at 01/01/2020</b>	329,251	2,599,690	19,066	(18)	--	(611,153)	--	88,357	(75,000)	2,350,193
<b>Total recognised income and expenses</b>	--	--	--	--	--	--	--	185,608	--	185,608
<b>Transactions with the sole shareholder</b>	--	--	8,835	--	--	4,522	--	(88,357)	(25,000)	(100,000)
- Distribution of profit (loss)	--	--	8,835	--	--	4,522	--	(88,357)	(25,000)	(100,000)
<b>Balance at 31/12/2020</b>	329,251	2,599,690	27,901	(18)	--	(606,631)	--	185,608	(100,000)	2,435,801
<b>Total recognised income and expenses</b>	--	--	--	--	--	--	--	230,486	--	230,486
<b>Transactions with shareholders or owners</b>	--	--	18,561	80	(1,696)	67,047	1,858,768	(185,608)	(100,000)	1,857,152
- Distribution of profit (loss)	--	--	18,561	--	--	67,047	--	(185,608)	100,000	--
- Transactions with treasury stock (net)	--	--	--	80	(1,696)	--	--	--	--	(1,616)
- Other changes	--	--	--	--	--	--	1,858,768	--	--	1,858,768
<b>Balance at 31/12/2021</b>	329,251	2,599,690	46,462	62	(1,696)	(539,584)	1,858,768	230,486	--	4,523,439

Notes 1 through 18 of the enclosed report and the annexes are an inseparable part of the 2021 Annual Accounts.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

CASH FLOW STATEMENTS FOR FINANCIAL YEARS 2021 AND 2020 (thousands of euros)

	NOTES	2021	2020
<b>CASH FLOWS FROM OPERATIONS (I)</b>		<b>(37,805)</b>	<b>70,389</b>
<b>Pre-tax profit for the year</b>		<b>261,330</b>	<b>190,764</b>
<b>Adjustments to profit</b>		<b>(276,597)</b>	<b>(184,909)</b>
Adjustment due to impairment	5	(58,974)	(158,393)
Financial income (in net revenue)		(162,167)	(86,473)
Financial expenses		17,879	59,956
Translation differences	13	(73,335)	--
<b>Changes in working capital</b>		<b>(43,910)</b>	<b>8,610</b>
Trade and other receivables		(38,601)	22,975
Corporate tax		(15,560)	--
Other current assets		2	55,000
Trade and other payables		17,185	10,837
Other current liabilities		(6,936)	(80,202)
<b>Other cash flows from operations</b>		<b>21,371</b>	<b>55,924</b>
Interest paid	9 & 15	(27,086)	(61,363)
Collection of dividends	9 & 15	12,000	--
Interest received	9 & 15	136,457	117,287
Dividend payments		(100,000)	--
<b>Cash flows from investments (II)</b>		<b>(276,858)</b>	<b>-</b>
<b>Payments for investments</b>		<b>(276,858)</b>	<b>--</b>
Investments in group companies and associates		(274,235)	--
Other financial assets		(2,623)	--
<b>Cash flows from financing (III)</b>		<b>347,499</b>	<b>(70,389)</b>
<b>Collections and payments on financial liabilities</b>		<b>347,499</b>	<b>(70,389)</b>
Debt issues by Group companies	9 & 15	649,373	1,544,468
Repayments and amortisations with group and associates		(301,874)	(1,614,857)
<b>Change in cash and cash equivalents (I+II+III)</b>		<b>32,836</b>	<b>--</b>
<b>Opening balance of cash and cash equivalents</b>		<b>--</b>	<b>--</b>
<b>Closing balance of cash and cash equivalents</b>		<b>32,836</b>	<b>--</b>

Notes 1 through 18 of the enclosed report and the annexes are an inseparable part of the 2021 Annual Accounts.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2021**

**(Expressed in thousands of euros)**

**1. ABOUT THE COMPANY**

Corporación Acciona Energías Renovables, S.A.U., hereinafter the Company, was founded in Madrid on 12 June 2008. On 5 March 21, the Sole Shareholder at that time, Acciona, S.A., agreed to transform the company into a public limited company. The process was finalised on 10 March 2021 and registered in the Commercial Registry. Its registered offices and headquarters are located in Alcobendas (Madrid), Avda. de Europa, 10. The Company is registered under number 6420 in the National Classification System of Economic Activities (CNAE).

The Company is currently the parent of the group of companies named Grupo Corporación Acciona Energías Renovables, S.A. and Subsidiaries (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 for submission to the pertinent authorities. The Group's consolidated annual accounts for 2020 were prepared by the Directors at the Board of Directors Meeting held on 18 February 2021 and filed with the Madrid Commercial Registry after being approved at the General Meeting of Shareholders held on 30 June 2021.

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

The Company is part of the Energy Division of the Acciona Group whose parent company is Acciona, S.A., with registered offices at Avenida de Europa, 18 Alcobendas (Madrid). The Acciona Group's consolidated annual accounts for 2020 were prepared by the Directors of Acciona, S.A. at the Board of Directors Meeting held on 18 February 2021 and filed with the Madrid Commercial Registry after being approved at the General Meeting of Shareholders held on 30 June 2021.

At the 2021 year end, the Sole Shareholder of the Parent Company is Acciona, S.A., a company whose stock trades on Spanish Stock Exchange Interconnection System in Madrid, Barcelona, Valencia and Bilbao. The balance, transactions and operations with Acciona, S.A are described in note 14 a).

The Company's corporate purpose is as follows:

- 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 included in the corporate purpose 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 fiscal year begins on the first of January and ends on the thirty-first of December each year.

The company's operating currency is the euro.

## COVID-19

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

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

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

In the first half of 2021, the strategy of governments in the fight against COVID-19 has been aimed at maintaining lockdown measures to control the pandemic, albeit less restrictive than in financial year 2020, combined with efforts to immunize the population with the vaccine, although this did not happen as quickly as anticipated. As of the second quarter of 2021, restrictions in most European countries have been easing as the pace of vaccination has accelerated.

As far as the Group's business is concerned, most of the negative effects from last year have been mitigated, as the strategies mentioned above have been successful. Nevertheless, electricity demand has not returned to pre-pandemic levels at the national or international level. Between the different variants of the virus that may emerge and the uneven distribution of vaccines worldwide, there continues to be uncertainty about the future and the economic and financial impacts on the Group's business in 2021.

As of the date of these financial statements for the period ended 31 December 2021, COVID-19 has not had a significant impact on the Group's assets.

## **2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS**

### **a) Regulatory framework for financial reporting applicable to the Company**

These annual accounts were prepared by the Directors according to the regulatory framework for financial reporting applicable to the Company, as established in:

- 1) Commerce Code and other mercantile legislation.
- 2) General Accounting Plan approved by Royal Decree 1/2021 and sector-specific adaptations.
- 3) The mandatory standards approved by the Accounting and Auditing Institute in development of the General Accounting Plan and implementing regulations.
- 4) All other applicable Spanish accounting laws.

#### New regulations in 2021

Royal Decree 1/2021 of 12 January, which amended the Spanish Chart of Accounts approved by Royal Decree 1514/2007 of 16 November, was published on 30 January 2021. The changes to the Spanish Chart of Accounts apply to financial years beginning on or after 1 January 2021 and focus on recognition criteria, valuation and breakdown of income from the delivery of goods and services, financial instruments, hedge accounting, valuation of commodities by intermediaries that trade in them and the definition of fair value.

The Resolution of 10 February 2021 of the Spanish Accounting and Auditing Institute (*Instituto de Contabilidad y Auditoría de Cuentas*) was published on 13 February 2021, issuing rules for recording, measuring and preparing annual accounts for the recognition of income from the delivery of goods and services.

### **b) True image**

These annual accounts for 2021, expressed in thousands of euros, were obtained from the Company's accounting records and are prepared by the Company's Directors in accordance with the applicable regulatory financial reporting framework as specified in note 2. a) and, in particular, the accounting principles and criteria contained therein, so as to give a true and fair view of the Company's net worth, financial position, operations, changes in equity and cash flows for the corresponding financial year.

The Company's 2020 annual accounts were approved by the Sole Shareholder on 5 March 2021. The Company's Directors estimate that the 2021 annual accounts, which were drawn up on 23 February 2022, will be approved without changes.



**c) Non-mandatory accounting principles**

Only the mandatory accounting principles in force on the date of these annual accounts were applied, taking into account all of the mandatory accounting standards and principles which have a significant effect. There are no statutory accounting principles that have not been applied.

**d) Comparison of the information**

For comparative purposes only and for each item in the balance sheet, income statement, statement of change in equity and cash flow statement, the Company has included, in addition to the amounts for 2021 those corresponding to the previous year, which were taken from the 2020 annual accounts approved by the Sole Shareholder on 5 March 2021.

The accounting principles and the valuation standards used by the Company to prepare the annual accounts for this year are the same as the ones used for the financial year ended December 31, 2020, except for the adoption of Royal Decree 1/2021 and the Resolution of 10 February 2021 of the Spanish Accounting and Auditing Institute, which establishes rules for recording, measuring and preparing financial statements for the recognition of revenue from the delivery of goods and the provision of services.

The impacts on the Company arising from the adoption of Royal Decree 1/2021 are:

**Measurement and classification of financial assets and liabilities**

Royal Decree 1/2021 replaces the previous classification of financial assets, which means they are now classified according to the applicable business model and the characteristics of the contractual cash flows. The previous categories of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets are eliminated.

The new standard largely retains the previously existing requirements for the classification and measurement of financial liabilities, changing only the names of the categories.

The Company has applied the classification and measurement requirements retrospectively, including financial assets in the following categories:

- **Financial assets at amortised cost:** Financial assets that are held within a business model whose objective is to hold the assets to obtain contractual cash flows, and whose contractual terms give rise to cash flows on specific dates that are exclusively payments of principal and interest on the outstanding balance.
- **Financial assets at cost:** These include investments in the equity of group companies, jointly-controlled entities and associates and other investments in equity instruments whose fair value cannot be reliably estimated.

- Financial assets at fair value through equity: Equity instruments represent investments that the Company intends to hold in the long term for strategic purposes. At the time of the initial recognition, the Company makes an irrevocable decision to place them in this category.
- Financial assets at fair value through profit or loss: Included in this category are financial assets that do not meet the conditions for classification in the previous categories.

Except for the changes to the names of the financial asset categories, Royal Decree 1/2021 did not have any impact on the Company's equity. The reconciliation of the classification of financial assets based on the new standard is shown below (the valuation has not been affected):

Prior classification	Current classification
<b>Non-current investments in group enterprises and associates</b>	
Equity instruments	Financial assets at cost
Loans to companies	Financial assets at amortised cost
Other financial assets	Financial assets at amortised cost
<b>Trade and other receivable</b>	
Clients, group companies and associates	Financial assets at amortised cost
Other taxes payable	Financial assets at amortised cost

The categorisation of the Company's financial liabilities has not changed with respect to the 2020 annual accounts, except for the name which has been changed to "Financial liabilities at amortized cost", without affecting the previously applied valuation standards.

#### e) Grouping of items

Certain items on the balance sheet and the income statement, the statement of change in financial position and the cash flow statement are grouped together to make them easier to understand. However, to the extent that it is significant, the information has been included separately in the pertinent notes to the financial statements.

#### f) Accounting estimates and judgments

When preparing the annual accounts, the Company's Board of Directors used certain estimates to assess the value of some assets, liabilities, income, expenses and commitments. These estimates basically refer to:

- The assumptions used to calculate the recoverable value of the investments in group companies and associates (equity instruments and loans to Group companies).

Whilst these estimates were made based on the best information available at 31 December 2021, it is possible that they may have to be modified (upward or downward) in future fiscal years due to events that may take place in the future, as provided for under the law.

**g) Changes in estimates, accounting criteria and correction of errors**

There were no significant changes in the accounting standards used by the Company in 2021 compared to 2020.

No material errors were detected while preparing these 2021 annual accounts which would require the figures included in the 2020 annual accounts to be restated.

**3. PROPOSED DISTRIBUTION OF PROFIT AND LOSS**

The proposal to for distributing the company's 2021 results that will be presented by the Board of Directors to the General Meeting for its approval is as follows, in euros:

	2021
<b>Available for distribution:</b>	
Profit (loss) for the year	230,485,739.22
<b>Distribution:</b>	
Legal reserves	19,387,185.60
Voluntary reserves	118,908,388.70
Complementary dividend	92,190,164.92

**4. RECOGNITION AND MEASUREMENT STANDARDS**

The key measurement and valuation standards used by the Company when drawing up the 2021 and 2020 annual accounts, in accordance with those stipulated in the General Accounting Plan, are as follows:

**a) Financial instruments**

**Financial assets**

The Company classifies its financial assets according to their valuation category, which is determined on the basis of the business model and the characteristics of the contractual cash flows, and only reclassifies financial assets if and when it changes the business model used to manage such assets.

Purchases and sales of investments are recognised on the date of the trade date, i.e. the date on which the Company makes a commitment to buy or sell the asset. Purchases are classified in one of the following categories:

Financial assets at cost

Included in this category are the investments in the equity of group companies and associates, as well as investments in equity instruments whose fair value cannot be determined by reference to a quoted price on an active market for an identical instrument or cannot be reliably estimated.

They are measured at the acquisition cost, which is the fair value of the consideration paid plus direct transaction costs, or the fair value in the case of investments acquired through a business combination, and the recoverable value, whichever is less. The recoverable value is understood as the fair value minus the sale costs or the current value of the future cash flows arising from the investment, whichever is greater. Except where there is better evidence of the recoverable amount, the equity of the investee will be assumed, corrected by the unrealised capital gains existing on the valuation date. The value adjustment and, where appropriate, its reversal, are reflected in the income statement for the year in which they arise.

Financial assets at amortised cost

These are non-derivative financial assets held for the collection of contractual cash flows when those cash flows represent payments of principal and interest only. They are included in current assets, except for maturities longer than twelve months after the balance sheet date, which are classified as non-current assets.

Trade payables are initially recognised at fair value and subsequently valued at amortised cost using the effective interest rate method. Interest income on these financial assets is included in financial income; gains or losses arising on derecognition are recognised directly in the Company's income statement; and impairment losses are presented as a separate item in the annual income statement.

**Financial liabilities**

Financial liabilities at amortised cost

Bank borrowings are initially recognised at fair value, net of the transaction costs incurred. Any difference between the amount received and the repayment value is recognised in the income statement over the amortisation period of the loan using the effective interest rate method, subsequently classifying financial liabilities as measured at amortised cost.

In the event of a contractual modification to a liability at amortised cost that does not result in derecognition, the carrying value of the financial liability is adjusted by the costs or fees incurred. After that, the amortised cost of the financial liability is determined by applying the effective interest rate, which equates the carrying value of the financial liability with the cash flows to be paid according under new conditions.

The difference between the carrying value of a financial liability that is cancelled and the consideration paid is recognised in profit and loss for the period.

Financial liabilities are classified as current unless they mature more than twelve months after the balance sheet date or include tacit renewal clauses to be exercised by the Company.

Trade and other current payables are short-term financial liabilities that are initially measured at fair value, do not accrue interest and are recorded at their face value. Non-current liabilities are those maturing in more than twelve months.

**b) Cash and cash equivalents**

Cash and other equivalent liquid assets include the cash on hand and the cash and deposits at banks. Also included under this heading are other highly liquid, short term investments that can easily be converted to cash and are subject to negligible exchange rate risk. Investments maturing less than three months from the acquisition date are included in this category.

The Company shows the payments and receipts on high turnover financial assets and liabilities in the cash flow statement. A high turnover financial asset or liability is one where the time between acquisition and maturity is six months or less.

**c) Provisions and contingencies**

When preparing the annual accounts, the Company's Directors differentiate between:

- a) Provisions. Credit balances that cover current obligations derived from past events, the cancellation of which is likely to give rise to an outflow of resources but whose amount and/or time of cancellation is undetermined.
- b) Contingent liabilities: a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

The enclosed balance sheet includes all provisions for which it is more likely than not that the Company will have to fulfil an obligation. Contingent liabilities are not recognised on the balance sheet; rather, those which are not considered remote are reported in the notes to the financial statements.

Provisions are recorded at the current value of the best possible estimate of the amount needed to settle or transfer the obligation, based on the information available on the event and its consequences, and recording the adjustments that arise when the provisions are updated are recorded as financial expenses as they accrue.

The compensation to be received from a third party when the obligation is settled, provided there is no doubt about the compensation actually being received, is recorded as an asset except when there is a legal reason why part of the risk has been externalised by virtue of which the Company is not liable. The compensation is taken into account when estimating the amount of the provision that may be needed.

**d) Recognition of income and expenses**

The holding of investments in group companies and associates is considered to be the Company's most relevant ordinary activity and the one from which it obtains recurring income. According to the standard promoted by the Accounting and Auditing Institute in relation to determining the revenue for holding companies (in response to consultation no. 2 published in the Official Gazette number 79), both dividends and interest paid by group companies and associates on loans extended to group companies and associates are recognised revenue. "Impairment and profit/loss on the disposal of financial instruments" are included under Operating Results.

Interest income is recognised using the effective interest rate method. Dividends earned are recognised when the Company acquires the right to receive them, which is usually the moment when the dividend payment is approved by the governing body responsible for them. If the distributed dividends clearly derive from profits generated before the date of acquisition of the investee, the carrying value of the investment is reduced instead of recognising the income in the income statement.

Income is calculated at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied and services rendered in the normal course of the activity, less discounts, VAT and other sales-related taxes.

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.

**e) Current salaries and wages**

The Company recognises the expected cost of short-term compensation in the form of paid leave as it accrues to the employees over time. If leave time cannot be accrued, the expense is recognised as the leave is taken.

The Company recognises the expected cost of profit-sharing or employee incentive plans when there is a present legal or constructive obligation as a result of past events and the amount of the obligation can be reliably estimated.

### **Corporación Acciona Energías Renovables, S.A. Incentive Plan**

The Company records the cost accrued in the year on the income statement under "Personnel expenses." The cost estimate is based on the evolution of the variables that give rise to a right to receive the variable compensation, which is settled once the shares have been delivered to the employee. In those cases where the shares delivered are for shares of the Group's majority shareholder, the cost is recorded against an account payable with Acciona, S.A.

The different share delivery plans approved by Corporación Acciona Energías Renovables Group at the date of these financial statements and the characteristics and scope of such plans within the different levels of the personnel structure are detailed below.

#### **2021 Performance Share Plan and delivery of shares to the Executive Directors of Corporación Acciona Energías Renovables, S.A. for Long-Term Incentives Linked to the Creation of Value.**

The Company has in place a long-term incentive plan linked to the growth and sustainability objectives established in the Business Plan for the period 2021-2025, which is called "2021 Directors' Plan". It was approved at the Extraordinary General Shareholders' Meeting of the Grupo Corporación Acciona Energía Renovables at the meeting held on 26 May 2021, within the context of its IPO.

The data obtained from the measurement metrics (financial and sustainability) will be quantified in 2026, with the aggregate data for the five-year period 2021-2025, and will be compared with the targets for each of these metrics in the Business Plan. The ratio between the actual data for each metric and its corresponding target will indicate, as a percentage, the degree to which the target established for each metric has been achieved.

Subject to certain conditions, 80% of the shares will be delivered in 2026 after the Annual General Meeting for that year. The remaining 20% of the shares will be delivered on a deferred basis in 2027 after the Annual General Meeting for that year and after at least one year has elapsed from the date on which the initial 80% of the shares were delivered.

#### **2021 Performance Share Plan and delivery of shares to the Executive Directors of Corporación Acciona Energías Renovables, S.A. for Long-Term Incentives Linked to the Creation of Value:**

The Company has in place a long-term incentive plan linked to the growth and sustainability targets in the Business Plan for the period 2021-2025, which is called "2021 Directors' Plan". It was approved by the Board of Directors at the meeting held on 31 May 2021.

The beneficiaries of the plan are the Directors of Grupo Corporación Acciona Energía Renovables and others who were invited to participate following a report from the Appointments and Remuneration Committee to the Board of Directors.

The length of the plan, the metrics used to measure the degree of achievement of the objectives and calculation of the incentive" are similar to the "2021 Directors' Plan". The shares will be delivered in 2026 after the Ordinary General Shareholders' Meeting for that year.

**f) Corporate tax**

The corporate tax income or expense includes both the current and deferred portions of corporate income tax income and expense.

Current tax is the amount of income taxes payable by the Company on taxable profit for the year. Current tax is reduced by tax deductions and other tax credits, excluding withholdings and payments on account, and the application of tax losses carried forward.

Deferred tax expense or income refers to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences identified as the amounts that the Group expects to be payable or recoverable as a result of differences between the carrying values of assets and liabilities and their taxable bases, as well as tax loss carryforwards and tax credits not applied for tax purposes. These amounts are recorded by applying to the temporary difference or tax credit the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are recognised for all temporary tax differences with the exception of those derived from the initial recognition of goodwill or other assets and liabilities in transactions that do not affect tax results or carrying results and are not business combinations.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities arising from transactions with direct debits or credits to equity are recorded with a balancing entry in equity.

At the year end, the deferred assets are reconsidered and corrections are made accordingly if there are doubts about their future recovery. Also at the end of each year, the deferred tax assets not recorded on the balance sheet are evaluated and recognised to the extent that it is likely that they will be recovered with future tax profits. No deferred tax assets or liabilities were recognised in 2020 or 2019.



The Company has been authorised by the tax authorities to file its corporate income taxes as part of a tax consolidation group whose parent company is Acciona, S.A. The tax group number is 30/96.

**g) Activities affecting the environment**

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

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

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

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

Given the nature of the Company's business, it does not have a significant impact on the environment. Therefore, no details are included in this report on the subject.

**h) Cash flow statements**

In the cash flow statements prepared according to the indirect method, the following expressions are used with the following meanings:

- 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.
- Investment activities: the acquisition, sale or disposal by other means of non-current assets and other investments not included in cash and cash equivalents.
- Financing: activities that lead to changes in the size and composition of equity and liabilities that are not part of operations.

**i) Accounting standards for related party transactions**

All of the Company's related party transactions are arm's length. In addition, since the transfer prices are properly supported, the Directors do not believe there is any significant risk in this regard out of which considerable liabilities could arise in the future.

**j) Current and non-current items**

Current assets are those related with the normal operating cycle which, generally speaking, is deemed to be one year, as well as other assets whose maturity, disposal or realisation is expected to occur in the short term from the closing date of the financial year and cash and other equivalent net assets. Assets that do not meet these requirements are classed as non-current.

Similarly, current liabilities are those linked to the normal operating cycle and in general all obligations whose maturity or disposal are expected to occur in the short term. Otherwise, they are classified as non-current.

**k) Foreign currency transactions**

Transactions in foreign currency are translated to euros using the exchange rates in force at the transaction dates. Foreign exchange gains and losses resulting from the settlement of these transactions and translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

**l) Going concern principle**

At 31 December 2021 the Company had 514,101 thousand of euros in negative working capital (804,152 thousand of euros in negative working capital at 31 December 2020), as current liabilities exceeded current assets, largely due to the financing received from the investee company, Acciona Energía Financiación Filiales S.A.U. (whose sole shareholder is the Company). The balance of 1,147,124 thousand of euros has a short term maturity date (see note9).

The Directors have prepared these annual accounts according to the going concern principle, since short-term debts with Group companies will only come due to the extent that they do not jeopardise the normal progress of the Company's business. In the opinion of the Company's Directors, no problems are anticipated for renewal at maturity.

## 5. CURRENT AND NON-CURRENT INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

The classification of investments in group companies and associates by category at 31 December 2021 and 31 December 2020 is as follows (in thousands of euros):

	2021		2020	
	Cost	Amortised cost	Cost	Amortised cost
Equity instruments	2,063,689	--	1,806,984	--
Loans to companies	--	2,970,726	--	1,689,443
<b>Non-current investments</b>	<b>2,063,689</b>	<b>2,970,726</b>	<b>1,806,984</b>	<b>1,689,443</b>
Loans to companies	--	919,457	--	504,126
Other financial assets	--	38,005	--	--
<b>Current investments</b>	<b>--</b>	<b>957,462</b>	<b>--</b>	<b>504,126</b>

The balance under this heading and the changes in 2021 are shown below (in thousands of euros):

### Non-current investments

Non-current investments	Opening balance at 31/12/2020	Additions and funding	Transfers	Removals and reversals	Closing balance at 31/12/2021
<b>Cost:</b>					
Equity instruments	2,663,858	274,235	--	--	2,938,093
Loans to companies	1,818,147	1,954,447	(107,572)	(638,971)	3,026,051
<b>Total cost</b>	<b>4,482,005</b>	<b>2,228,682</b>	<b>(107,572)</b>	<b>(638,971)</b>	<b>5,964,144</b>
<b>Impairment:</b>					
Equity instruments	(856,874)	--	--	(17,530)	(874,404)
Loans to companies	(128,704)	--	(3,125)	76,504	(55,325)
<b>Total impairment</b>	<b>(985,578)</b>	<b>--</b>	<b>(3,125)</b>	<b>58,974</b>	<b>(929,729)</b>
<b>Total non-current investments</b>	<b>3,496,427</b>	<b>2,228,682</b>	<b>(110,697)</b>	<b>(579,997)</b>	<b>5,034,415</b>

### Current investments

Current investments	Opening balance at 31/12/2020	Additions and funding	Transfers	Removals	Closing balance at 31/12/2021
Loans to companies	507,251	489,277	107,572	(184,643)	919,457
Other financial assets	--	38,005	--	--	38,005
<b>Total cost</b>	<b>507,251</b>	<b>527,282</b>	<b>107,572</b>	<b>(184,643)</b>	<b>957,462</b>
<b>Impairment:</b>					
Loans to companies	(3,125)	--	3,125	--	--
<b>Total impairment</b>	<b>(3,125)</b>	<b>--</b>	<b>3,125</b>	<b>--</b>	<b>--</b>
<b>Total current asset investments</b>	<b>504,126</b>	<b>527,282</b>	<b>110,697</b>	<b>(184,643)</b>	<b>957,462</b>

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

The balances in these accounts and the changes in 2020 were as follows (in thousands of euros):

Non-current investments

Non-current investments	Opening balance at 31/12/2019	Additions and funding	Transfers	Removals and reversals	Closing balance at 31/12/2020
<b>Cost:</b>					
Equity instruments	2,663,858	--	--	--	2,663,858
Loans to companies	1,565,642	600,000	4,237	(351,732)	1,818,147
<b>Total cost</b>	<b>4,229,500</b>	<b>600,000</b>	<b>4,237</b>	<b>(351,732)</b>	<b>4,482,005</b>
<b>Impairment:</b>					
Equity instruments	(915,830)	--	(52,541)	111,497	(856,874)
Loans to companies	(228,141)	--	52,541	46,896	(128,704)
<b>Total impairment</b>	<b>1,143,971</b>	<b>--</b>	<b>--</b>	<b>158,393</b>	<b>(985,578)</b>
<b>Total non-current investments</b>	<b>3,085,529</b>	<b>600,000</b>	<b>4,237</b>	<b>(193,339)</b>	<b>3,496,427</b>

Current investments

Current investments	Opening balance at 31/12/2019	Additions and funding	Transfers	Removals	Closing balance at 31/12/2020
Loans to companies	912,695	36,115	(4,237)	(437,322)	507,251
Other financial assets	55,000	--	--	(55,000)	--
<b>Total cost</b>	<b>967,695</b>	<b>36,115</b>	<b>(4,237)</b>	<b>(492,322)</b>	<b>507,251</b>
<b>Impairment:</b>					
Loans to companies	(3,125)	--	--	--	(3,125)
<b>Total impairment</b>	<b>(3,125)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(3,125)</b>
<b>Total current asset investments</b>	<b>964,570</b>	<b>36,115</b>	<b>(4,237)</b>	<b>(492,322)</b>	<b>504,126</b>

**a) Equity instruments**

The details of the cost and impairment of equity instruments at 31 December 2021 and 2020, in thousands of euros, are as follows:

	2021		2020	
	Cost	Impairment (note5 d))	Cost	Impairment (note5 d))
Ceatesalas, S.L.	983,583	(598,627)	983,583	(598,627)
Ineuropa de Cogeneración, S.A.	28,962	(27,162)	28,962	(27,162)
Acciona Generación Renovables, S.A.	1,146,380	--	1,146,380	--
Acciona Eólica de Galicia, S.A.	17,389	--	17,389	--
KW Tarifa, S.A.	8,134	(4,435)	8,134	(4,435)
Álabe Sociedad de Cogeneración, S.A.	301	--	301	--
Corporación Acciona Hidráulica, S.L.	65,003	(65,003)	65,003	(65,003)
Corporación Acciona Eólica, S.L.	343,503	(108,574)	343,503	(108,574)
Acciona Saltos de Agua, S.L.	70,603	(70,603)	70,603	(53,073)
Acciona Energía Financiación Filiales, S.A.	274,221	--	--	--
Acciona Administración Energía, S.L.	3	--	--	--
Acciona Administración Energía Dos, S.L.	3	--	--	--
Acciona Administración Energía Tres, S.L.	3	--	--	--
Acciona Desarrollo Corporativo Energía, S.L.	3	--	--	--
Apoderada Corporativa General, S.A.	2	--	--	--
<b>Total</b>	<b>2,938,093</b>	<b>(874,404)</b>	<b>2,663,858</b>	<b>(856,874)</b>

The following companies were incorporated in 2021: Acciona Energía Financiación de Filiales, S.A, Acciona Administración Energía, S.L., Acciona Administración Energía Dos, S.L., Acciona Administración Energía Tres, S.L., Acciona Desarrollo Corporativo Energía, S.L. y Apoderada Corporativa General, S.A. There were no changes in equity instruments in 2020. The most salient information regarding the Group undertakings in which the Company has a direct holding at the end of the 2021 financial year, obtained from the annual accounts, is detailed in Annex I.

**b) Loans to companies**

This balance sheet item includes loans granted by the Company to its investees, as well as accrued and uncollected interest at year-end. The details of the loans granted to Group and associated companies at 31 December 2021 is as follows, in thousands of euros:

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

	2021				
	Non-current		Current		
	Credit facilities	Impairment (note5 d))	Credit facilities	Interest	Impairment (note5 d))
Acciona Generación Renovables, S.A	755,859	--	31,707	10,156	--
Corporación Acciona Eólica, S.L.U.	380,001	--	--	111,430	--
Corporación Acciona Hidráulica, S.L.U.	352,960	(46,278)	85,411	27,356	--
Acciona Energía Internacional, S.A.	251,579	--	48,102	54	--
P.Eolico San Gabriel, SPA	261,704	--	--	15,395	--
Avenir El Romero SPA	172,891	--	--	5,255	--
Acciona Green Energy Development, S.L.	--	--	166,750	468	--
Acciona Energía Global S.L.	--	--	161,605	503	--
Acciona Saltos de Agua, S.L.U.	159,386	(9,047)	--	25,343	--
Tolpan Sur SPA	138,091	--	--	9,938	--
MT Gellibrand Wind Farm PTY LT	126,136	--	7,081	--	--
Malgarida II SPA	97,850	--	--	3,883	--
Ceatesalas, S.L.U.	--	--	92,441	241	--
Mortlake South Wind Farm Pty.	78,994	--	--	--	--
Pyrenees W. Energy Dev. PTY LTD	62,170	--	9,170	--	--
Almeyda SPA	50,528	--	--	2,457	--
Acciona Eólica Cesa S.L.	--	--	51,108	133	--
Usya SPA	45,415	--	--	3,729	--
Gunning W. Energy Development PTY LTD	32,180	--	2,140	--	--
KW Tarifa S.A.	31,034	--	--	44	--
Alabe Proyectos Eólicos	15,888	--	77	23	--
Malgarida I SPA	13,385	--	--	796	--
Solar Bolarque S.L.	--	--	9,780	2	--
Sistemas Energéticos Valle del Sedano, S.A.	--	--	8,012	38	--
Acciona ESCO, S.L.	--	--	6,957	14	--
Acciona Biomasa, S.L.	--	--	4,441	12	--
Desarrollos Energéticos Eólicos Solares	--	--	4,219	8	--
Energías Alternativas de Teruel	--	--	3,688	6	--
Parque Eólico el Chaparro S.L.	--	--	2,585	10	--
Biomasa Miajadas, S.L.	--	--	2,060	17	--
Acciona Energía Financiación Filiales, S.A.	--	--	2,026	1	--
Desarrollos Renovables Norte, S.L.	--	--	805	2	--
Eólico Alijar, S.A.	--	--	777	12	--
Civerzba ITG, S.L.	--	--	595	--	--
EV Efrato ITG, S.L.	--	--	592	--	--
Renewables del Penedés	--	--	--	2	--
<b>Total loans to Group companies and associates</b>	<b>3,026,051</b>	<b>(55,325)</b>	<b>702,129</b>	<b>217,328</b>	

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

The details of the loans extended to group companies and associates at 31 December 2020 are shown below, in thousands of euros:

	2020				
	Non-current		Current		
	Credit facilities	Impairment	Credit facilities	Interest	Impairment
Acciona Energía, S.A.U.	755,858	--	--	8,473	--
Corporación Acciona Eólica, S.L.U.	483,095	--	--	105,926	--
Corporación Acciona Hidráulica, S.L.U.	352,960	(128,704)	--	17,402	--
Acciona Saltos de Agua, S.L.U.	159,386	--	--	29,865	(3,125)
Acciona Energía Global S.L.	--	--	166,511	1,486	--
Alabe Sociedad de Cogeneración S.A.	30,568	--	--	191	--
Ceatesalas, S.L.U.	--	--	92,568	945	--
Acciona Eólica Cesa S.L.	--	--	50,728	518	--
Biomasa Miajadas, S.L.	--	--	13,080	158	--
Acciona Eólica de Galicia, S.A.	--	--	2,226	30	--
Parque Eólico el Chaparro S.L.	--	--	5,046	58	--
Ineuropa de Cogeneración, S.A.	1.500	--	--	353	--
Energea Servicios y Mantenimiento, S.L.	--	--	1,782	--	--
Parque Eólico Ciudad Real S.L.	--	--	1,585	15	--
Acciona Biomasa, S.L.	--	--	4,437	45	--
Renovables del Penedés S.A.	--	--	1,554	20	--
KW Tarifa S.A.	34,780	--	--	249	--
Energea Servicios y Mantenimiento, S.L.	--	--	--	7	--
Acciona Solar, S.A.	--	--	414	--	--
Saltos y Centrales de Catalunya, S.A.	--	--	261	--	--
Alsubh Solar Energy Holdings S.A.	--	--	338	--	--
Acciona Biocombustibles, S.A.	--	--	433	1	--
Other group companies and associates	--	--	497	49	--
<b>Total loans to Group companies and associates</b>	<b>1,818,147</b>	<b>(128,704)</b>	<b>341,460</b>	<b>165,791</b>	<b>(3,125)</b>

There are no material differences between the book value and the fair value.

Most of the loans and credits facilities extended by the Company at 31 December 2021 have one-year maturity dates but are tacitly renewable. They are therefore classified as long-term since the purpose of these loans is the structural financing of the Company's subsidiaries.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

The characteristics of the non-current loans granted by the Company at 31 December 2021 are as follows:

Granted on	Drawn down at 31.12.2021	Contractual maturity date:	Company
30/03/2011	755,859	31/12/2025	Acciona Generación Renovables, S.A
30/11/2011	202,960	31/12/2017 (*)	Corporación Acciona Hidráulica, S.L.U.
01/01/2014	150,000	31/12/2017 (*)	Corporación Acciona Hidráulica, S.L.U.
07/04/2011	206,972	30/04/2029	Corporación Acciona Eólica, S.L.U.
01/01/2013	81,648	31/12/2017 (*)	Corporación Acciona Eólica, S.L.U.
31/12/2015	36,482	31/12/2017 (*)	Corporación Acciona Eólica, S.L.U.
19/10/2016	54,899	30/04/2029	Corporación Acciona Eólica, S.L.U.
07/04/2011	17,470	30/04/2029	Acciona Saltos de Agua S.L.U.
01/01/2014	25,000	31/12/2017 (*)	Acciona Saltos de Agua S.L.U.
19/10/2016	116,916	30/04/2029	Acciona Saltos de Agua S.L.U.
08/02/2018	15,888	01/01/2029	Álabe Sociedad de Cogeneración S.A.U.
15/02/2018	31,034	01/01/2029	KW Tarifa S.A.
11/03/2016	251,579	11/03/2026	Acciona Energía Internacional, S.A.
27/02/2019	50,528	31/12/2022(**)	Almeyda SPA
15/04/2016	172,891	31/12/2022(**)	Avenir El Romero SPA
11/01/2019	32,180	10/01/2024	Gunning W. Energy Development PTY LTD
24/09/2020	3,019	31/12/2023(**)	Malgarida I SPA
30/09/2020	10,366	31/12/2025	Malgarida I SPA
24/09/2020	23,825	31/12/2023(**)	Malgarida II SPA
30/09/2020	74,024	31/12/2025	Malgarida II SPA
24/10/2018	78,994	30/09/2035	Mortlake South Wind Farm Pty.
17/08/2019	126,136	30/09/2034	MT Gellibrand Wind Farm PTY LT
26/02/2019	112,931	31/12/2022(**)	P.Eolico San Gabriel, SPA
29/09/2020	148,773	31/12/2025	P.Eolico San Gabriel, SPA
11/01/2019	62,170	10/01/2024	Pyrenees W. Energy Dev. PTY LTD
27/02/2019	79,436	31/12/2022(**)	Tolpan Sur SPA
30/09/2020	58,655	31/12/2025	Tolpan Sur SPA
24/09/2019	45,416	31/12/2022(**)	Usya SPA

(\*) These contracts specify that the maturity date may be extended for consecutive one-year periods. The Directors have stated that they will not call the loans due at maturity and therefore since they will not mature in the next year, they are classified as long-term.

(\*\*) These contracts specify that the maturity date may be extended for consecutive one-year year, up to a maximum of five years. The Directors have stated that they will not call the loans due at maturity and therefore since they will not mature in the next year, they are classified as long-term.



CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

The composition of the non-current loans granted by the Company 31 December 2020 was as follows:

Granted on	Drawn down at 31.12.2020	Contractual maturity date:	Company
30/03/2011	755,859	31/12/2025	Acciona Energía, S.A.U.
30/11/2011	202,960	31/12/2017 (*)	Corporación Acciona Hidráulica, S.L.U.
01/01/2014	150,000	31/12/2017 (*)	Corporación Acciona Hidráulica, S.L.U.
07/04/2011	206,972	30/04/2029	Corporación Acciona Eólica, S.L.U.
01/01/2013	81,648	31/12/2017 (*)	Corporación Acciona Eólica, S.L.U.
31/12/2015	32,191	31/12/2017 (*)	Corporación Acciona Eólica, S.L.U.
19/10/2016	162,284	30/04/2029	Corporación Acciona Eólica, S.L.U.
07/04/2011	17,470	30/04/2029	Acciona Saltos de Agua S.L.U.
01/01/2014	25,000	31/12/2017 (*)	Acciona Saltos de Agua S.L.U.
19/10/2016	116,916	30/04/2029	Acciona Saltos de Agua S.L.U.
08/02/2018	30,568	01/01/2029	Álabe Sociedad de Cogeneración S.A.U.
15/02/2018	34,780	01/01/2029	KW Tarifa S.A.
31/03/2014	1.500	31/12/2017 (*)	Ineuropa de Cogeneración, S.A.

(\*) These contracts specify that the maturity date may be extended for consecutive one-year periods. The Directors have stated that they will not call the loans due at maturity and therefore since they will not mature in the next year, they are classified as long-term.

Average interest rates for the year is 3.5% for 2021 (4% for 2020).

The main changes in 2021 under the heading of "Non-current loans to Group companies" are as follows:

- On 22 March 2021, Acciona, S.A., agrees to assign its credit rights in the amount of 1,858,768 thousand of euros, including the principal and interest under the loan agreements entered into between Acciona, S.A. as lender and certain Group companies as borrowers, the details of which are below:

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

Company	Principal	Interest	Shareholder/Owner Contributions
Mortlake South Wind Farm Pty.	73,827	468	74,295
MT Gellibrand Wind Farm PTY LT	141,733	967	142,700
Pyrenees W. Energy Dev. PTY LTD	82,849	533	83,382
Gunning W. Energy Development PTY LTD	37,658	242	37,900
Usya SPA	43,181	2,108	45,289
Tolpan Sur SPA	131,298	5,159	136,457
Malgarida I SPA	3,366	298	3,664
Avenir El Romero SPA	170,609	532	171,141
Malgarida II SPA	24,953	1,097	26,050
Almeyda SPA	48,043	784	48,827
P.Eolico San Gabriel, SPA	248,830	6,601	255,431
Acciona Energía Internacional, S.A.	323,051	409	323,460
Eolico Alíjar, S.A.	1,639	15	1,654
Acciona Eólica Santa Cruz, S. de R.L. de C.V.	172,075	801	172,876
Parques Eólicos de San Lázaro, S.A. de C.V.	89,921	546	90,467
Energía Renovable del Istmo II de C.V.	216,080	2,448	218,528
Acciona Energía Global, S.L.	25,800	229	26,029
Valdivia Energía Eólica, S.A.	609	9	618
<b>Total Loans Granted</b>	<b>1,835,522</b>	<b>23,246</b>	<b>1,858,768</b>

In 2021 the most significant changes under this heading in 2021 were as follows:

Company	Opening balance	Additions	Repayment	Balance at 31.12.2021
Mortlake South Wind Farm Pty.	73,827	5,165	--	78,992
MT Gellibrand Wind Farm PTY LT	141,733	--	(8,516)	133,217
Pyrenees W. Energy Dev. PTY LTD	82,849	--	(11,509)	71,340
Gunning W. Energy Development PTY LTD	37,658	--	(3,337)	34,321
Usya SPA	43,181	2,234	--	45,415
Tolpan Sur SPA	131,298	6,793	--	138,091
Malgarida I SPA	3,366	10,019	--	13,385
Avenir El Romero SPA	170,609	8,509	(6,226)	172,892
Malgarida II SPA	24,953	72,896	--	97,849
Almeyda SPA	48,043	2,486	--	50,529
P.Eolico San Gabriel, SPA	248,830	12,874	--	261,704
Acciona Energía Internacional, S.A.	323,051	15,487	(38,857)	299,681
Eolico Alíjar, S.A.	1,639	--	(863)	776
Acciona Eólica Santa Cruz, S. de R.L. de C.V.	172,075	528	(172,603)	--
Parques Eólicos de San Lázaro, S.A. de C.V.	89,921	45,176	(135,097)	--
Energía Renovable del Istmo II de C.V.	216,080	2,508	(218,588)	--
Acciona Energía Global, S.L.	25,800	--	(25,800)	--
Valdivia Energía Eólica, S.A.	609	--	(609)	--
<b>Total Loans Granted</b>	<b>1,835,522</b>	<b>184,675</b>	<b>(622,005)</b>	<b>1,398,192</b>

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

- Partial cancellation in the amount of 118,115 thousand of euros of the long-term loan granted by the Company to Corporación Acciona Eólica, S.L under the contract dated 19 October 2016, with a total limit of 809,000 thousand of euros. At 31 December 2021, the balance drawn down was 54,899 thousand of euros (162,284 thousand of euros in 2020) thus cancelling 107,385 thousand of euros of principal and 10,730 thousand of euros of accrued interest according to the terms of the contract (fixed rate of 4% from 1 January to 30 September; Euribor 1 month + 2% from 1 October to 31 December).
- On 8 February 2018, the Company granted a line of credit to Alabe Sociedad de Cogeneración, S.A.U. with a limit of 51,200 thousand of euros. This interest rate on this line of credit is referenced to the Euribor plus a spread in accordance with market conditions and the final maturity date is 1 January 2024 (although the parties may agree to a 5-year extension). The line of credit was partially repaid in 2021 in the amount of 14,680 thousand of euros, leaving an outstanding balance of 15,888 thousand of euros.
- Total repayment in the amount of 1,500 thousand of euros of the long-term loan granted by the Company to Ineuropa Proyectos Renovables under the agreement dated 1 April 2014 in the amount of 1,500 thousand of euros.
- On 30 November 2021, the loans of Acciona Eólica Santa Cruz, S. de R.L. de C.V., Parques Eólicos San Lázaro, S.A. de C.V. and Energía Renovable del Istmo II de C.V. were assigned in turn to Acciona Energía Financiación de Filiales, S.A.

The main changes in 2020 under the heading of "Non-current loans to Group companies" are as follows:

- On 8 February 2018, the Company granted a line of credit to Alabe Sociedad de Cogeneración, S.A.U. with a limit of 51,200 thousand of euros. This interest rate on this line of credit is referenced to the Euribor plus a spread in accordance with market conditions and the final maturity date is 1 January 2024 (although the parties may agree to a 5-year extension). The line of credit was partially repaid in 2020 in the amount of 7,760 thousand of euros, leaving an outstanding balance of 30.568 thousand of euros.
- Loan in the amount of 548,712 thousand of euros granted against the long-term subordinated loan extended by the Company to Acciona Energía, S.A.U. under the agreement dated 31 December 2011 with a limit of 800,000 thousand of euros, which was novated on 1 July 2014, increasing the credit limit to 850,000 thousand of euros. At 31 December 2020 the balance drawn down was 755,859 thousand of euros.
- Partial cancellation in the amount of 217,445 thousand of euros of the long-term loan subordinated loan granted by the Company to Corporación Acciona Eólica, S.L.U. under the contract dated 30 November 2011, with a total limit of 781,386 thousand of euros. At 31 December 2020, the balance drawn down was to 202,960 thousand of euros.
- Partial cancellation in the amount of €99,285,000 of the long-term loan granted by the Company to Corporación Acciona Eólica, S.L under the contract dated 19

## CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

October 2016, with a total limit of €809,000,000. At 31 December 2020, the balance drawn down was to €162,284,000.

### Short-term loans

The Company operates as a liquidity manager to satisfy the occasional cash requirements of its subsidiaries. Therefore, most of the short-term loans are reciprocal credit lines (cash pooling) with the member companies of the Group. "Cash-pooling" balances:

	Loans	Interest
Acciona Green Energy Development, S.L.	166,750	468
Acciona Energía Global S.L.	161,605	503
Ceatesalas, S.L.U.	92,441	241
Corporación Acciona Hidráulica, S.L.U.	85,411	248
Acciona Eólica Cesa S.L.	51,108	133
Acciona Energía, S.A.U.	31,707	257
Solar Bolarque S.L.	9,780	2
Sistemas Energéticos Valle del Sedano, S.A.	8,012	38
Acciona ESCO, S.L.	6,957	14
Acciona Biomasa, S.L.	4,441	12
Desarrollos Energéticos Eólicos Solares	4,219	8
Energías Alternativas de Teruel	3,688	6
Parque Eólico el Chaparro S.L.	2,585	10
Biomasa Miajadas, S.L.	2,060	17
Desarrollos Renovables Norte, S.L.	805	2
Renewables del Penedés	--	2
<b>Total loans to Group companies and associates</b>	<b>631,568</b>	<b>1,959</b>

The reciprocal credit line was formalised on 30 July 2014 with an initial limit of 506,600 thousand of euros between the Company and some of its subsidiaries, maturing on 30 July 2015, renewable annually. According to the last addendum signed on 19 October 2016, the total joint limit was increased to 2,634,000 thousand of euros. This line of credit was cancelled on 5 July 2021, on the same date as a new reciprocal credit line was formalized between Acciona Energía Financiación de Filiales S.A.U. and Corporación Acciona Energías Renovables, S.A. with a limit of 2,634,000 thousand of euros, as part of the centralised cash pooling system.

The additions to the current balance of "Short-term loans to companies" arise from the interest accrued in 2021 and the increased drawdowns under the reciprocal credit line agreement.

### **c) Other financial assets**

At 31 December 2021, there are approved dividends from subsidiaries pending disbursement in the amount of 37,000 thousand of euros, including 30,000 thousand of euros from Corporación Acciona Eólica, S.A. and 7,000 thousand of euros from Acciona Eólica de Galicia, S.A.

Also included under this heading by virtue of the Liquidity Agreement is the current account between Bestinver Sociedad de Valores, S.A. as Financial Intermediary and Corporación Acciona Energías Renovables, S.A. as Issuer, whereunder the Financial Intermediary will operate on behalf of the Issuer for the purchase and sale of the latter's own shares for the sole purpose of promoting the liquidity and regularity of the stock, within the limits established in the authorisation granted to the Issuer for this purpose by the shareholders. The agreement is subject to the laws in force and, in particular, to the CNMV Circular, and must be interpreted at all times in accordance therewith.

**d) Impairment**

Impaired investments of Group companies amounting to 933,729 thousand of euros in 2021 (988,703 thousand of euros in 2021) arising in prior years are mainly due to the effects of the regulatory changes in Spain in 2013, especially those introduced by Legislative Royal Decree 9/2013, which had a material impact on the results of the renewable energy companies in which the Company has holdings. At the end of the 2013 financial year, the facilities of the investee companies of Corporación Acciona Energías Renovables, S.A. re-estimated and revalued their income, impairment tests and other indicators considering the new compensation model introduced by the Royal Decree, recording the resulting impairments based on the new model. These impairments in turn gave rise to significant provisions in the Company's portfolio and loans.

At the year end, the Company analyses the evolution of the yields on investees' assets, assessing compliance or the appearance of deviations in the main assumptions and estimates underlying the impairment tests, as well as the existence of relevant changes vis-a-vis the regulatory, economic or technological environment in the markets where these assets operate, in order to accurately update the recoverable value of these investments.

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 ruling, the amounts unduly paid were refunded to the affected operators along with the corresponding late interest at the end of 2021 and early January 2022. Corporación Acciona Hidráulica, S.L. received €82 million and the subgroup, Acciona Saltos del Agua, S.L., received €6 million.

In addition, throughout the 2021 financial year, in order to mitigate the adverse effects of the price hikes that occurred in the wholesale market in the last four-month period, the Government has introduced several urgent measures in Royal Decree 17/2021 and 23/2021 to mitigate the impact of the natural gas price hikes in the retail gas and electricity markets. According to these rules, the compensation of non-emitting infra-marginal facilities that meet certain characteristics is reduced. On the other hand, following the meeting of the Council of Ministers on 1 June 2021, the Government launched a public consultation process on a draft bill that modifies the electricity market regulations to limit the recent increase in electricity prices. This process resulted in a draft bill, currently making its way through the Congress, which, among other measures,

is intended to act on the compensation of non-emitted CO<sub>2</sub> in the electricity market and which is expected to take effect in the second half of 2022.

Consequently, in 2021 the Company updated its calculation of the recoverable value of the investments and receivables in Group companies linked to investments in hydroelectric power generation assets located in Spain. As a result, the Company proceeded to recognise a net reversal in the amount of 58,974 thousand of euros of the impairment provision recorded in previous years in the hydraulic investments of Corporación Acciona Hidráulica, S.L. (82,426 thousand of euros reversed) and Acciona Saltos del Agua, S.L. (23,452 thousand of euros funded).

As a result of this analysis, in 2020 the Company reversed 158,393 thousand of euros in respect of the wind power investments of Acciona Energía, S.A., Corporación Acciona Eólica, S.L., Ceatesalás, S.L.U. and KW Tarifa, S.A., due primarily to the change in the useful life of the wind power assets from 25 to 30 years.

In 2021 and 2020 the recoverable amount was determined using the present value of future cash flows of the investees and associates. The main assumptions used to determine cash flows are as follows:

- Production associated with each facility, which 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;
- the long-term energy sale price curves for each of market in which the relevant facility operates. Management's estimates in this case are based on the average annual prices quoted on each market, and for those very long-term periods for which there is no quote or no liquid quote, a price curve based on variations in the quoted prices of gas and other components is used. 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, 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.
- useful lives of power generation assets.

- The discount rates used to discount the future cash flows of the assets are between 5% and 7%, depending on the geographical location of the assets involved. The discount rates for each country or regulatory environment have been adjusted to the level of each company, based on the level of risk associated with the captured price, whether these are market risks, regulated tariffs, sale and purchase contracts or hedging of long-term energy prices.

The present value of future cash flows of investees and associates calculated in this way is reduced net financial debt, including bank borrowings and debt with Group companies, and is compared with the net book value of each financial investment, understood as the sum of both the value of the equity instruments and the credits or loans, delivered to or received from each direct investee company.

## 6. TRADE AND OTHER RECEIVABLE

The composition of the balance under this heading at 31 December 2021 and 2020, in thousands of euros, was as follows:

	2021	2020
Customers, group companies and associates (notes 12a) and 14)	52,403	15,418
<b>Total Trade and other receivable</b>	<b>52,403</b>	<b>15,418</b>

The breakdown by company is as follows (in thousands of euros):

	2021	2020
Acciona Energía, S.A.	52,354	15,373
Other group companies and associates	49	45
<b>Total group companies and associates</b>	<b>52,403</b>	<b>15,418</b>

This caption includes the Company's balance receivable at 31 December 2021 from Group and associated companies arising from commercial transactions for services rendered to its subsidiaries.

## 7. EQUITY

### a) Capital

At 31 December 2021, the Company's capital is divided into 329,250,589 fully subscribed and paid-up shares with a par value of one euro each.

At 31 December 2021 the majority shareholder of the Company is Acciona, S.A. As mentioned in note 1, on 1 July 2021, a portion of the Company's shares was admitted to trading on the Spanish Stock Exchange Interconnection System (SIBE - Madrid, Barcelona, Valencia and Bilbao Stock Exchanges). At the date of these annual accounts, the majority shareholder of Corporación Acciona Energías Renovables is Acciona, S.A., with 82.75% of the shares. The remainder is freely traded on the stock exchange. At 31 December 2020, Acciona, S.A. owned 100% of the Company's shares.

Transactions and balances held with Acciona, S.A. at 31 December 2021 are detailed in note14.

**b) Legal reserves**

Under the Revised Text of the Capital Companies Act, 10% of the year's net profit must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserves may only be used to increase capital. Except for the purpose mentioned above, and as long as they do not exceed 20% of the capital, these reserve may only be used to offset losses, provided that there are no other reserves available for this purpose.

At 31 December 2021 and 2020, these reserves were not fully funded.

**c) Share premium**

The balance under "Share premium" at 31 December 2021 and 2020 is 2,599,690 thousand of euros as a result of the issue of new shares in April 2016, which is described in note7.a), with a €4 premium per share. Article 296 of the Consolidated Text of the Capital Companies Act explicitly permits the use of the balance of the share premium to increase capital and does not establish any specific restriction as to the availability of this balance.

**d) Treasury stock in special situations**

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

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

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



In 2021, the positive result recorded in reserves from transactions with treasury stock carried out under the liquidity agreement totalled 80 thousand of euros.

**e) Shareholder/owner contributions**

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 millions of euros of the financial debt held with Acciona Group companies at that date and in particular of that held with Acciona Financiación de Filiales, S.A., through a non-monetary contribution of the credit rights with this subsidiary made by the Company's shareholder (Acciona, S.A.). Previously, Acciona Financiación de Filiales, S.A. transferred these credit rights to Acciona S.A. under a purchase and sale agreement entered into on the same date. The carrying value of these credit rights does not differ significantly from the fair value.

This contribution was consistent with the provisions of the General Accounting Plan approved by Royal Decree 1514/2007 of 16 November 2007. It is recorded in account 11, "Shareholder/Owner Contributions" and included in caption 11 (Reserves and other equity instruments) (see note5).

The credit rights are transferred without any consideration for the transferor in order to strengthen the Company's equity, and is irrevocable.

**f) Interim dividend**

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

**8. RISK MANAGEMENT POLICY**

The Company's business is exposed to certain financial risks that are effectively managed by applying systems designed to identify, measure and evaluate the different types of risks.

In keeping with the general policy of the Acciona Group, risk management is a part of the overall management policy which comprises a set of specific procedures intended to identify, evaluate and mitigate risks, backed by an insurance scheme to guarantee that when situations occur in which those risks do materialise, they do not jeopardise the Company's financial solvency.

Each one of the Acciona Group's business areas, and specifically the Energy Division to which the company pertains, evaluates and controls the risks to which it is exposed. The Acciona Group establishes the maximum risks that can be assumed by each business and coordinates with each area to ensure the consistency and uniformity of the global risk management system, thereby ensuring that the exposure to risk assumed by the Group is known at all times.

Financial risk management objectives

The principal functions of the Company's treasury include: providing service to the business, coordinating access to domestic and international financial markets and supervising and managing operating risks.

To do so, the Company analyses the exposure, level and magnitude of the financial risks. These include market risks (which in turn encompass interest rate and price risks), credit risks and liquidity risks.

Interest rate risk

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

The interest rate of reference on the Company's debt is primarily the Euribor. The Company does not regularly resort to external markets to raise financing, its main source of financing being the reciprocal credit line agreement between the Company and the Group company Acciona Energía Financiación de Filiales S.A.U. dated 5 July 2021, with a limit of 2,634,000 thousand of euros (see notes 5, 9 and 14).

Credit risk and risk management

Credit risk refers to the risk that a counterparty to an agreement may breach its contractual obligations thereby causes the Company to sustain economic losses. The Company has no significant exposure to this risk with any of its customers, most of which are Group companies or associate who do business with companies of recognised solvency in the field of electricity distribution.

Liquidity risk and risk management

The guiding principle of the Company's liquidity risk management is prudence, maintaining sufficient amounts of cash and cash equivalents and credit facilities in amounts that are sufficient to satisfy its cash requirements.

The ultimate responsibility for managing liquidity risk lies with the Acciona Group's Economic-Financial General Management, where an appropriate framework is in place to control the Group's liquidity needs in the short, medium and long term. The Company manages its liquidity by maintaining adequate reserves, appropriate banking services and the availability of loans and credit by constantly supervising the forecasts and the actual flow of funds and pairing these with the maturity profiles of the financial assets and liabilities.

At 31 December 2021 the Company had 514,101 thousand of euros in negative working capital (804,152 thousand of euros in negative working capital at 31 December 2020), as current liabilities exceeded current assets, largely due to the financing received from the Group, specifically Acciona Energía Financiación Filiales S.A.U. (whose sole shareholder is the Company). The balance of 1,147,124 thousand of euros matures in 2021.

As indicated in note 4.j), the Company's Directors do not anticipate any problems vis-a-vis the continuity of operations as a result of the renewal of the Group's at maturity.

## 9. CURRENT AND NON-CURRENT PAYABLES TO GROUP COMPANIES AND ASSOCIATES

The details of the financial debt with Group and associated companies at 31 December 2021 and 2020, in thousands of euros, is shown below:

	2021		2020	
	Non-current	Current	Non-current	Current
Acciona Energía Financiación Filiales, S.A.	--	1,147,124	--	--
Acciona Financiación Filiales S.A	--	--	256,474	947,858
Acciona Energía, S.A.	--	--	--	3,672
Biodiesel Caparroso S.L	--	8,273	--	7,782
Empordavent, S.L.U.	--	5,545	--	1,399
Salto del Nansa, S.A.U.	--	9,999	--	3,088
Corporación Acciona Hidráulica, S.L.U.	--	--	--	1,211
Biomasa Sangüesa S.L	--	711	--	701
Des.Renov.Eólicos Solares S.L	--	--	--	2,762
Eólica de Rubio S.A	--	3,050	--	1,396
Energea Serv. y Mantenimiento S.L	--	3,509	--	--
Generación de Energías Renovables S.A	--	4,663	--	1,674
Acciona Eólica de Galicia S.A	--	20,377	--	--
Ceólica Hispania, S.L.	--	126,501	--	102,090
Energías Eólicas Cataluña S.A.	--	8,164	--	4,492
Corporación Acciona Eólica, S.L.U.	--	103,852	--	45,715
Acciona Eólica Castilla La Mancha, S.L.	--	11,089	--	4,977
Sistemas Energéticos Valle Sedano S.A.	--	--	--	1,979
Acciona Solar, S.A.	--	131	--	--
Acciona Green Energy Development, S.L.	--	--	--	63,700
Parque Eólico Ciudad Real S.L.	--	3,873	--	--
Sierra de Selva, S.L.U.	--	7,122	--	1,072
Ineuropa de Cogeneración, S.A.U.	--	--	--	2,727
Terranova Energy Corporation, S.A.	--	685	--	597
Acciona Saltos de Agua S.L	--	13,466	--	875
Distributed Generation S.L	--	792	--	887
Salto y Centrales de Cataluña, S.A	--	6,301	--	--
Acciona Biocombustible, S.A	--	5,595	--	--
Other Group companies and associates	--	19,695	--	3,801
<b>Total owed to Group companies and associates</b>	<b>--</b>	<b>1,510,517</b>	<b>256,474</b>	<b>1,204,455</b>

Debt with Group companies and associates recognised at amortised cost There are no material differences between the book value and the fair value.

## CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

This balance sheet caption refers mainly to the financial debt recognised with the Group company Acciona Energía Financiación de Filiales, S.A.U. (Acciona Financiación de Filiales, S.A.U. in 2020), as well as accrued and unpaid interest at year-end. The average annual interest rates are 2% in 2021 and 4% in 2020.

Regarding the reciprocal credit (cash pooling) agreement signed by the Company and Acciona Financiación de Filiales, S.A.U. on 30 September 2014, it should be noted that this line was increased to 2,634,000 thousand of euros under an agreement dated 19 October 2016.

This line of credit was cancelled on 5 July 2021, on the same date as a new reciprocal line of credit was formalized between Acciona Energía Financiación de Filiales S.A.U. and Corporación Acciona Energías Renovables, S.A. with a limit of 2,634,000 thousand of euros, as part of the centralised cash pooling system (see note5).

All the Company's financing is received from member companies of the Group.

### Other financial liabilities

On 31 December 2020, the joint directors of Corporación Acciona Energías Renovables, S.L.U. agreed to pay an interim dividend of 100,000 thousand of euros against 2020 profits. This dividend was paid on 13 April 2021.

Additionally, at 31 December 2021, this heading includes the balance owed by the Company to the Acciona, S.A. as a result of being a member of the consolidated tax group of which Acciona, S.A. is the parent (see note4.d), in the amount of 9,271 thousand of euros (923 thousand of euros at 31 December 2020).

## 10. TRADE AND OTHER ACCOUNTS PAYABLE

The composition of the balance under this heading at 31 December 2021 and 2020, in thousands of euros, was as follows:

	2021	2020
Suppliers, group companies and associates (note15)	24,476	18,236
Sundry payables	1,333	80
Personnel expenses	5,532	-
Other taxes payable	4,165	2
<b>Total</b>	<b>35,506</b>	<b>18,318</b>

This caption includes mainly the debt with Acciona, S.A. for the provision of management and administration services in accordance with the service provision agreement.

The information required under the second additional provision of Law 31/2014 of 3 December is detailed below, prepared in accordance with the terms of the Resolution of the Accounting and Audit Institute dated 29 January 2016. This information refers to Spain only, which is the geographical scope of application of the law:

Payments made and payments outstanding at the end of the fiscal year	2021	2020
	Days	Days
Average days to pay suppliers	99	100
Proportion of operations paid	108	114
Proportion of outstanding payments	19	73
	Amount (in thousand euro)	Amount (in thousand euro)
Total payments made	65,234	30,049
Total outstanding payments	6,823	15,819

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.

## 11. TAX SITUATION

### e) Taxes and social security

The details of the tax and social security balances at 31 December 2021 and 2020 were as follows:

	2021	2020
<b>Debit balance:</b>	<b>30</b>	<b>--</b>
Tax withholdings receivable	30	--
<b>Credit balances:</b>	<b>4,165</b>	<b>2</b>
VAT payable	745	2
Tax withholdings payable	248	--
Withholding tax due on foreign payments	3,152	--
Social Security taxes payable	20	--

The captions "Tax withholdings payable" and "Social Security taxes payable" include the balances due in connection with the employee added to payroll on 1 May 2021 (see note 12 b).

The caption "Withholding tax due on foreign payments" reflects the balance due to the Australian Treasury for having gone public with operations in the State of Victoria. The tax will be paid in 2022.

The Company files its taxes as part of the Acciona consolidated tax group whose parent company is Acciona, S.A. (see notes 4.f), 5 and 15).

#### b) Reconciliation of carrying results and taxable base

The reconciliation of the carrying result and the taxable base for corporate income tax purposes is as follows (in thousands of euros):

	2021	2020
Profit for the year before corporate tax	261,330	190,764
<b>Permanent differences</b>		
Dividends from companies in tax group (95% in 2021) (note 6)	(46,550)	(6,000)
Impairment losses on capital holdings/tangible and intangible assets/investment properties Article 13.2.a LIS)	17,530	(111,497)
Impairment losses judgments credit facilities insolvencies other receivables (Article 13. 1° 2 LIS)	(76,504)	(46,896)
Double taxation exemption (Article 21 LIS) interest on participating loans (dividends)	(4,687)	(5,746)
<b>Taxable base (tax result)</b>	<b>151,119</b>	<b>20,625</b>
Adjusted carrying result	151,119	20,625
<b>Tax rate</b>	<b>25%</b>	<b>25%</b>
<b>Adjusted tax expense</b>	<b>37,780</b>	<b>5,156</b>
Deductions applies in the year	--	--
Adjustments	(6,936)	--
<b>Corporate tax expense</b>	<b>30,844</b>	<b>5,156</b>

In 2021, the Company took a pending deduction for double taxation as allowed under Transitory Provision 23 of the Corporate Tax Law for the 2018 and 2019 financial years, for a total amount of 6,936 thousand of euros, booked against the current account of Acciona, S.A. for corporate income tax.

This deduction is related to the dividends received by the Company from Acciona Generación Renovable, S.A. in 2018 and 2019 and the taxation of the former shareholders for the capital gains generated on the sale of their holdings to Acciona, S.A. The justifying documentation to support this tax deduction was obtained during the year.

No deferred taxes were recognised by the Company in 2021 or 2020.

At 31 December 2021 and 2020, the Company has no tax loss carryforwards from the years prior to joining the consolidated Tax Group and no pending deductions. In addition, at 31 December 2021 and 2020, the Company does not have any tax impairment losses pending reversal.

**c) Breakdown of corporate tax expense**

The breakdown of income tax payable/receivable in 2021 and 2020 is as follows (in thousands of euros):

	2021	2020
Current year	30,844	5,156
<b>Income tax payable/(receivable)</b>	<b>30,844</b>	<b>5,156</b>

**d) Tax returns subject to audit**

According to tax law, tax returns are not considered final until they have been audited by tax authorities or until the four-year prescription period has elapsed.

In the notice dated 22 June 2021, the inspection services of the Central Office for Large Taxpayers notified Acciona, S.A, in its capacity as parent company, of the commencement of a general inspection of the tax group's corporate tax returns from 2013 to 2017 and of the VAT Group for the period 06-12/2017. The possibility of significant liabilities arising from such proceedings is remote.

The Company's corporate tax returns from the last five years are open to inspection and those from the last four years for all other taxes.

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 liabilities arising from such proceedings is remote

According to the terms of Article 93 of LRD 4/2004 (Consolidated Text of the Corporate Income Tax Law), the information required for transactions that are eligible for the special tax rules governing mergers, takeovers, contributions of assets and exchanges of securities that took place in previous financial years is included in the corresponding annual accounts approved after such transactions were concluded.

**12. INCOME AND EXPENSES****a) Distribution of revenue**

The breakdown of revenue for 2021 and 2020, all of which came from Spain, is as follows:

	2021	2020
Interest on Group loans	113,167	86,473
Provision of Services	60,822	33,914
Dividends	49,000	6,000
<b>Total</b>	<b>222,989</b>	<b>126,387</b>

In 2021 and 2020, most of the Company's activities were those of a holding company. As such, the Company has no significant commercial activity of its own, and therefore has no business segments. The amounts shown under this heading on the income statement refer mainly to the provision of services to Group companies, as well as income from dividends received from subsidiaries and financial income associated with the financing the subsidiaries.

**b) Personnel expenses**

The details of personnel expenses in 2021 and 2020 are as follows:

	2021
Wages, salaries and similar	10,559
Social Security paid by company	129
Other employee benefits	1
<b>Total personnel expenses</b>	<b>10,689</b>

The average headcount in 2021, by professional category and gender, was as follows:

	2021	
	Men	Women
Directors	8	4
Management	--	1
<b>Total headcount</b>	<b>8</b>	<b>5</b>

In 2021 and 2020, the Company had no employees with a disability of 33% or more.



## c) External services

The details are as follows:

	2021	2020
Leases and royalties	10	--
Professional services	4,147	96
Insurance premiums	466	--
Bank services	3	10
Other expenses	57,548	33,952
<b>Total</b>	<b>62,174</b>	<b>34,058</b>

## 13. BALANCE AND TRANSACTIONS IN FOREIGN CURRENCY

At 31 December 2021, the details of the financial assets with group companies and associates (credits) denominated in foreign currency are as follows (in thousands of euros) (see note5b):

	2021			
	Currency	Non-current	Current	
		Credit facilities (Euros)	Credit facilities (Euros)	Interest (Euros)
Acciona Energía Internacional, S.A.	USD and CAD	251,579	48,102	54
P.Eolico San Gabriel, SPA	USD	261,704	--	15,395
Avenir El Romero SPA	USD	172,891	--	5,255
Tolpan Sur SPA	USD	138,091	--	9,938
MT Gellibrand Wind Farm PTY LT	AUD	126,136	7,081	--
Malgarida II SPA	USD	97,850	--	3,883
Mortlake South Wind Farm Pty.	AUD	78,994	--	--
Pyrenees W. Energy Dev. PTY LTD	AUD	62,170	9,170	--
Almeyda SPA	USD	50,528	--	2,457
Usya SPA	USD	45,415	--	3,729
Gunning W. Energy Development PTY LTD	USD	32,180	2,140	--
Malgarida I SPA	AUD	13,385	--	796
<b>Total loans to Group companies and associates</b>		<b>1,330,923</b>	<b>66,493</b>	<b>41,507</b>

In 2021, the Company recognised 73,335 thousand of euros in exchange rate differences in connection with the aforementioned financial instruments.

**14. THIRD PARTY GUARANTEES AND OTHER CONTINGENT LIABILITIES**

At 31 December 2021, the Company had provided guarantees to financial institutions covering the entire amount of the bank borrowings of the Group company Acciona Energía Financiación de Filiales, S.A. At 31 December 2021, the balance owed by Acciona Energía Financiación de Filiales, S.A. is 1,627,628 thousand of euros.

**15. RELATED PARTY TRANSACTIONS AND BALANCES****a) Transactions and balances with Acciona, S.A.**

The table below details the balances and transactions between Corporación Acciona Energías Renovables, S.A. and Acciona, S.A. in 2021 and 2020. (in thousands of euros):

	2021			2020		
	Trade operations	Corporate tax account	Dividends	Trade operations	Corporate tax account	Dividends
Debit balances (notes 5 and 6)	38	--	--	38	--	--
Credit balances (notes 9 and 10)	(16,062)	(9,271)	--	(17,455)	(923)	(100,000)
Expenses	(38,157)	--	--	(22,510)	--	--
Income	--	--	--	1,382	--	--

**b) Transactions and balances with Group companies and associates**

The details of the most significant transactions and balances with Group companies and associated in 2021 and 2020 are shown below (in thousands of euros), excluding the transactions and balances with Acciona, S.A.:

	2021			2020		
	Trade operations	Financial operations	Dividends	Trade operations	Financial operations	Dividends
Debit balances (notes 5 and 6)	52,365	3,822,184	37,000	15,380	2,141,028	--
Credit balances (notes 9 and 10)	(8,414)	(1,510,517)	--	(781)	(1,460,929)	--
Expenses	(19,308)	(37,535)	--	(8,889)	(59,956)	--
Income	60,822	260,553	49,000	30,352	86,473	6,000

In both years, the transactions are mainly related to:

- Interest receivable on loans granted to Group companies (see note6).
- Interest payable on debt contracted mainly with Acciona Energía Financiación de Filiales S.A.U. (see note9).

**c) Directors and Officers Compensation**

**A. Board of Directors**

In the 2021 financial year, the compensation paid to the members of the Company's Board of Directors, and considering that such compensation remuneration is taken from the perspective of the parent company and subsidiaries, was as shown in this note, in euros.

Pursuant to Article 29 of the Company's Articles of Association, the compensation of the Board of Directors for acting in their capacity as such consists of a fixed annual allowance determined for sitting on the Board and Board committees. The compensation which the Company may pay to all Board Members for sitting on the Board of Directors and Board committees is determined at the General Shareholders' Meeting and remains in force until such time as it is modified by the shareholders at the General Meeting, although the Board of Directors may reduce the amount for any financial year as it deems appropriate.

The exact amount to be paid within this limit and its distribution among the different Board Members is determined by the Board of Directors, considering the functions and responsibilities of each Board Member, their board committees and other objective circumstances it deems relevant.

The provisions of the preceding paragraph notwithstanding the compensation of Board members is compatible with any other remuneration (salaries, bonuses for the achievement of business and/or corporate objectives and/or personal performance objectives; severance pay when a director is terminated for reasons other than breach of their duties; social welfare systems; deferred remuneration items, etc.) which, on the recommendation of the Appointments and Remuneration Committee and by resolution of the Board of Directors may be paid to the Director for the performance of other functions in the Company, including executive functions of senior management or others, but excluding the supervisory and collegiate decision-making functions they perform as members of the Board.

Subject to a resolution of the General Shareholders' Meeting and to the extent allowed by law, executive directors' compensation may also take the form of shares or stock options or any other remuneration system linked to the value of the shares.

Article 43 of the Board Regulations stipulates that it is up to the Board of Directors to decide on the compensation system for Board Members within the framework established in the Articles of Association. The Board will take the report of the Appointments and Remuneration Committee into account in making its decision.

The Board of Directors will make every effort to ensure that the compensation paid to the Directors is commensurate with the compensation being offered on the market by companies of a similar size for the same type of work.

The remuneration system for independent directors must be sufficient to compensate them for their efforts without compromising their independence. The remuneration of proprietary directors must be proportionate to that of the other directors and must not entail favourable treatment in the remuneration of the shareholder that appointed them. The remuneration system must be based on comparable compensation for comparable functions.

With regard to the remuneration of executive directors, Article 44 of the Regulations provides that the Board of Directors must also ensure that the remuneration policies in force from time to time include, for variable remuneration, technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other circumstances of this kind. Director remuneration must be transparent.

The General Shareholders' Meeting approved the Remuneration Policy for Directors which shall apply as of the effective date of admission to trading of the shares on 1 July 2021 and remain in force until 2024, notwithstanding the fact that the amendments introduced by the Policy will apply to the remuneration accrued from the approval date of the Policy and pursuant to the provisions of Article 529 novodecies of the Capital Companies Act and Article 29 of the Articles of Association of Corporación Acciona Energías Renovables, S.A., which establish the obligation to approve the directors' remuneration policy at least every three years, as a separate agenda item. All remuneration paid to Directors shall be in accordance with the Directors' Remuneration Policy in force at any given time, except as otherwise expressly agreed at the General Shareholders' Meeting.

The current Remuneration Policy establishes that the maximum annual remuneration to be paid to all directors in their capacity as such is 1,750 thousand of euros 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:

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

Assignment	Amount (in thousands of euros)
Members of the Board of Directors (*)	100
Additional amount for Chairman of the Board of Directors	--
Member of Audit and Sustainability Committee	70
Additional amount for Chairman of Audit and Sustainability Committee	18
Member of Appointments and Remuneration Committee	55
Additional amount for Chairman of Appointments and Remuneration Committee	14
Additional amount for members of Executive Committee (if there is one)	55
Additional amount for Independent Director Coordinator	30

(\*) Except Executive Directors

The Appointments and Remuneration Committee considered that the proposed remuneration is in line with what is paid in the market by companies of a comparable size and scope, that the remuneration is similar for comparable functions and dedication, and that without compromising their independence it adequately incentivises the directors on the different committees.

The total remuneration of the Board of Directors for the performance of its duties as the Company's governing body during in 2021 financial year was €671.3 thousand of euros, broken down as follows:

	Amounts in thousands of euros		
	Fixed compensation	Allowance for sitting on Board committees	2021 (*)
José Manuel Entrecanales Domecq	--	--	--
Juan Ignacio Entrecanales Franco	--	--	--
Rafaél Mateo Alcalá (Executive Director)	--	--	--
Sonia Dulá	50.4	35.3	85.7
Juan Luis López Cardenete	50.4	27.7	78.1
Karen Christiana Figueres Olsen	50.4	27.7	78.1
Alejandro Mariano Werner Wainfeld	50.4	27.7	78.1
Inés Elvira Andrade Moreno	50.4	34.8	85.2
Maria Salgado Madriñán	50.4	44.3	94.7
Rosauro Varo Rodríguez	50.4	35.3	85.7
María Fanjul Suárez	50.4	35.3	85.7
<b>Total</b>	<b>403.2</b>	<b>268.1</b>	<b>671.3</b>

(\*) Remuneration accrued by the members of the Board of Directors of Corporación Acciona Energías Renovables, S.A. since it was admitted to trading on 1 July 2021 in their capacity as directors.

In 2021, proprietary directors who perform executive functions for the parent company did not receive any remuneration for acting in their capacity as such.

The monetary remuneration of the Executive Director for the performance of executive senior management functions and for sitting on the Board totalled to 610 thousand of euros in 2021. In addition, he received in kind compensation in the amount of €15,000 in 2021 and 440 thousand of euros in consolidated earnings per share as a bonus at the time of the IPO. The executive director's remuneration is the amount actually paid since his

appointment as such to compensate him for his services as the executive director of the Company.

The total remuneration of the members of the Board of Directors of Corporación Acciona Energías Renovables, S.A., including remuneration for executive functions performed, totalled 1,736 thousand of euros in 2021.

The Group has no obligations to the members of the Board of Directors in respect of pension plans, life insurance premiums or equity instrument based payments. Premiums for directors' liability insurance are paid by the Majority Shareholder, Acciona, S.A. No advances, loans or guarantees were extended to members of the governing body.

## B. Senior management

Persons who held senior management positions in the Group (including the parent company and subsidiaries) in 2021 were as follows:

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

Persons who held senior management positions in the Group (including the parent company and subsidiaries) in 2020 were as follows:

Name	Title (s)
Rafael Mateo Alcalá	Managing Director, Acciona Energía Division
Joaquín Javier Ancín Viguiristi	Managing Director, Engineering and Construction Area, Acciona Energía
Joaquín Castillo García	Managing Director of Development, Acciona Energía
Juan Otazu Aguerri	Managing Director of Production, Acciona Energía

The compensation paid to the members of senior management of the Group in 2021 and 2020 is summarised below:

	2021	2020
Number of people	22	4
Compensation (thousands of euros)	11,738	2,076

In 2021, the Executive Director of Corporación Acciona Energías Renovables, S.A. received a total of 16,462 ordinary shares of the Company in recognition of his contribution to the IPO of Corporación Acciona Energías Renovables, S.A.

#### **Corporación Acciona Energías Renovables, S.A. Incentive Plan**

The Company has in place a long-term incentive plan linked to the growth and sustainability objectives established in the Business Plan for the period 2021-2025, which is called the “2021 (Executive) Directors’ Plan”. It was approved at the Extraordinary General Shareholders' Meeting of Grupo Corporación Acciona Energía Renovables at the meeting held on 26 May 2021, within the context of its IPO.

The Company has in place a long-term incentive plan linked to the growth and sustainability targets in the Business Plan for the period 2021-2025, which is called “2021 Directors’ Plan”. It was approved by the Board of Directors at the meeting held on 31 May 2021.

At 31 December 2021, the incentive accrued under both plans totalled 3,147 thousand of euros and is recorded under "Personnel expenses" on the balance sheet.

#### **Acciona, S.A. Share-Based Incentive Plan**

The different share delivery plans approved by Acciona, S.A. as of the date of these annual account and the scope and characteristics of such plans within the different levels of the personnel structure of Grupo Corporación Acciona Energías Renovables are detailed below.

#### **Share delivery plan**

At the General Shareholders' Meeting of Acciona, S.A. held on 24 June 2014 it was agreed to the extend the term of the Share and Stock Option Plan for executives of the Acciona group, including the Executive Directors, approved at the General Shareholders'

Meeting of Acciona, S.A. on 4 June 2009 for application in financial years 2014 through 2020, increasing the maximum number of shares available by 200,000.

The beneficiaries of the plan are the Group's directors. For other beneficiaries who are not Executive Directors, the Board of Directors, upon the recommendation of the Appointments and Remunerations Committee, will approve the individual bonuses to be paid in the form of Acciona shares, for each year and to each one of the beneficiaries of the 2014 Plan, other than executive directors.

The bonus may be calculated as a number of shares or a particular cash value. In the latter case, it will be specified in terms of the number of shares based on the closing price on the last trading day in March of the year in which the Board of Directors decides on the bonus. Under no circumstances may the number of shares assigned in this way, together with the other shares assigned under the 2014 Plan, exceed the maximum number approved at the General Shareholders Meeting.

Treasury shares delivered to these beneficiaries are subject to a buy-back right in favour of Acciona which may be exercised if the beneficiary who acquired the shares in this way ceases to work for Acciona or the Group before 31 March of the third year after the shares were received by the beneficiary for a reason ascribable to him or her. The Board of Directors may include a small group of executives in the system for assigning performance shares and /or shares reserved for Executive Directors with certain modifications regarding provisions allocation, taxation, targets, interim milestones and delivery dates on the recommendation of the Appointments and Remunerations Committee, in order to strengthen their motivation to build greater long-term value and stability for the Group and the reinforce their loyalty and continuation in the Group. The 2014 Plan does not include the possibility of selling the delivered shares to pay the taxes owed by the beneficiary as a result of receiving the shares. The cost of the income prepayment under the Plan 2014 will not be passed on to the beneficiaries. The Company assumes the tax cost of this prepayment in the personal taxation of the beneficiaries, up to the established limits.

Finally, under Share Delivery Plan, the number of Acciona, S.A. shares delivered to the Beneficiaries who are not executive directors, in consideration of the payment of part of their 2020 variable remuneration and the maturity of the 2017-2020 long-term incentive plan in financial year 2021, amounts to 16,581 shares delivered to 17 Acciona Energía executives with a fair market value of 2,093 thousand of euros.

#### Plan to substitute cash bonuses for shares

On 18 February 2021, the Board of Directors of Acciona, S.A., on the recommendation of the Appointments and Remuneration Committee, given the limited number of beneficiaries of the previous Plan and in order to reinforce and extend the objectives of loyalty and retention to the Group's executives, approved the "Plan to Substitute Cash Bonuses for Shares" aimed at the management of ACCIONA and its group" (the Substitution Plan):



The initial duration of the plan is six years, from 1 January 2021 to 31 December 2026 and affects those executives freely proposed by the Board of Directors. The Executive Directors are excluded from this Plan.

In application of the Plan to Substitute Cash Bonuses with Shares, 838 shares with a fair market value of 120 thousand of euros were delivered to eight Group executives in 2021.

#### Shareholders' Plan

On 28 February 2017, the Board of Directors of Acciona, S.A., on the recommendation of the Appointments and Remuneration Committee, with the aim of encouraging participation in the company's shareholding structure, approved a new Plan that allows the redistribution of part of the fixed and/or variable compensation, up to a limit of €12,000 per year, to be replaced with Company shares, in accordance with the current regulatory framework, which favours this type of plan from a tax perspective.

This is a completely voluntary plan that offers all employees of the Acciona Group with their tax residence in Spain the possibility of participating in the company's profits by becoming a shareholder. This plan does not apply to Executive Directors.

The Company has determined the fair market value of the goods and services received by reference to the fair value of the equity instruments granted on the basis of the share plans described above. There are no exercisable options at the end of the period.

### 16. ENVIRONMENTAL DISCLOSURES

Company management is aware of existing environmental regulations, but due to the nature of its business it has not been necessary to make any environmental investments in 2021 or 2020.

In 2021 and 2020, the Company complied with all national, regional and local environmental laws.

### 17. OTHER INFORMATION

#### **a) Participation in and positions held in other companies by the Directors and persons related to them.**

Pursuant to the provisions of Article 229. 2 and 3 of Legislative Royal Decree 1/2010 of 2 July 2010, which approved the Consolidated Text of the Capital Companies Act, as amended by Law 31/2014 of 3 December 2014, in order to reinforce the transparency of capital companies and report situations of conflict of interest where they exist, it is noted that at the 2021 and 2020 year end, neither the members of the Board of Directors nor the people related to them, as they are defined in the Capital Companies Act, had notified the other members of the Board of any direct or indirect conflict of interest affecting the Company.

**b) Auditors' Fees**

In financial years 2021 and 2020, the fees for auditing and other services rendered by the Company's auditor, KPMG Auditores S.L. were as follows (in thousands of euros):

Categories	2021	2020
Internal audit services	103	43

In 2021, other verification and advisory services related to the Company's initial public offering were rendered by:

	2021
KPMG Auditores, S.L.	899
Deloitte	527

They also provided other services related to the Company's corporation transformation.

	2021
Price Waterhouse Coopers	305

**18. EVENTS AFTER THE BALANCE SHEET DATE**

There were no other events subsequent to the closing date which could have a significant effect on the Company's financial statements at 31 December 2021 or its present or future activities.

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

ANNEX I

GROUP COMPANIES

(amounts in thousands of euros)

Name and address	Activity	Own- ership %	Cost of investment	Impairment for the period	Accumulated impairment	Dividends paid (note15)	Total equity at 31.12.2021				
							Capital	Operating income	Net profit (loss)	All other equity	Total equity
Ceatesalas. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Holding	100	983,583	--	(598,627)	--	22,526	(6)	(730)	6,185	27,981
Ineuropa de Cogeneración, S.A.U. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Co-generation	100	28,962	--	(27,162)	--	2,167	(3)	(35)	(550)	1,582
Acciona Generación Renovables SA Avda. de la Innovación nº 5 31621 Sanrriquiren (Pamplona) (*)	Renewables	100	1,146,380	--	--	--	14,379	20,696	20,877	1,349,623	1,375,406
Acciona Eólica de Galicia, S.A.U. Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation of wind farms	100	17,389	--	--	19,000	14,000	15,700	11,783	17,558	43,341
KW Tarifa, S.A.U. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Operation of wind farms	100	8,134	--	(4,435)	--	2,254	2,396	1,088	(5,481)	(1,997)
Álabe Sociedad de Cogeneración Avda. de Europa, 10 28108 Alcobendas (Madrid)	Promotion of wind farms	100	301	--	--	--	301	1,763	11,350	84,421	37,888
Corporación Acciona Hidráulica, S.L.U. Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation hydraulic plants	100	65,003	-	(65,003)	--	20,003	101,090	74,796	(180,636)	(85,837)

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

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

**GROUP COMPANIES**

(amounts in thousands of euros)

Name and address	Activity	Own- ership %	Cost of investment	Impairment for the period	Accumulated impairment	Dividends paid (note15)	Total equity at 31.12.2021				
							Capital	Operating income	Net profit (loss)	All other equity	Total equity
Corporación Acciona Eólica, S.L.U. Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation of wind farms	100	343,503	--	(108,574)	30,000	99,503	101,774	64,734	11,408	175,645
Acciona Saltos de Agua Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation hydraulic plants	100	70,603	17,530	(70,603)	--	11,603	(33,200)	(28,756)	(427)	(16,726)
Acciona Energía Fin.Filiales SA Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation hydraulic Plants	100	274,221	--	--	--	60	(507)	(512)	279,420	278,968
Acciona Adm. Energía, S.L. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Operation hydraulic plants	100	3	--	--	--	3	(1)	(1)		2
Acciona Adm.Energía Dos, S.L. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Operation hydraulic plants	100	3	--	--	--	3	(1)	(1)		2
Acciona Adm.Energía Tres, S.L. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Operation hydraulic plants	100	3	--	--	--	3	(1)	(1)		2
Acciona Desarr. Corporativo Energía, S.L. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Operation hydraulic plants	100	3	--	--	--	3	(1)	(1)		2

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

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

Apoderada Corporativa GRL Avda. de Europa, 18 28108 Alcobendas (Madrid)	Operation hydraulic plants	100	2	--	--	--	3	(1)	(1)	2
		<hr/>								
			2,938,093	47,473	(874,404)	49,000				

(\*) Financial statements audited by KPMG

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

**GROUP COMPANIES**

(amounts in thousands of euros)

Name and address	Activity	Own- ership %	Cost of investment	Impairment for the period	Accumulated impairment	Dividends paid (note13.b)	Total equity at 31.12.2020				
							Capital	Operating income	Net profit (loss)	All other equity	Total equity
Grupo Ceatesalas Avda. de Europa, 10 28108 Alcobendas (Madrid)	Holding	100	983,583	65,427	(598,627)	--	22,526	(129)	(2,947)	9,132	28,711
Ineuropa de Cogeneración, S.A.U. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Co-generation	100	28,962	--	(27,162)	--	2,167	(3)	(31)	(581)	1,617
Acciona Energía Avda. de la Innovación nº 5 31621 Sanrriuren (Pamplona) (*)	Renewable Energy	100	1,146,380	--	--	--	14,379	89,457	104,765	1,303,030	1,422,174
Acciona Eólica de Galicia, S.A.U. Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation wind farms	100	17,389	--	--	6.000	14,000	36,571	27,440	38,381	79,821
KW Tarifa, S.A.U. Avda. de Europa, 10 28108 Alcobendas (Madrid)	Operation wind farms	100	8,134	2,714	(4,435)	--	2,254	1,916	526	(101)	2,679
Álabe Sociedad de Cogeneración Avda. de Europa, 10 28108 Alcobendas (Madrid)	Promotion wind farms	100	301	--	--	--	301	1,139	3,834	25,098	26,538
Corporación Acciona Hidráulica, S.L.U. Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation hydraulic plants	100	65,003	--	(65,003)	--	20,003	12,946	(4,114)	(107,595)	(91,706)

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

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

Corporación Acciona Eólica, S.L.U. Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation Wind farms	100	343,503	--	(108,574)	--	99,503	108,730	66,646	36,611	202,760
Acciona Saltos de Agua Avda. de Europa, 10 28108 Alcobendas (Madrid) (*)	Operation hydraulic plants	100	70,603	--	(53,073)	--	11,603	2,355	4,157	7,913	23,673
			<b>2,663,858</b>	<b>111,497</b>	<b>(856,874)</b>	<b>6,000</b>					

(\*) Financial statements audited by KPMG

## 2021 DIRECTORS' REPORT

### Economic Indicators:

- The Company reported revenue of 222,989 thousand of euros in 2021, compared to €126,387 thousand of euros in 2020, which represents a 76.43% increase over the year before.
- EBITDA in 2021 was €146,900 thousand of euros, compared to €92,328 thousand of euros in 2020, which is a 59.11% increase over the year before.
- Pre-tax profit in 2021 stood at €257,330 thousand of euros compared to €190,764 thousand of euros in 2020, which is 34.89% higher than the year before.

### Future Outlook

The forecasts for economic growth mentioned above have been called into question with the spread of the global COVID-19 pandemic. The effects that this health crisis will have on the world economy have not yet been quantified, although they will be partly mitigated by the measures being adopted by international bodies and local governments.

### Main risks associated with the business operations of CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES S.A:

Because of the nature of its own business and that of its subsidiaries, CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES S.A, is affected by exogenous factors that influence the evolution of its operations and economic results.

Corporate risk management at GRUPO CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES is a process that is established by the Acciona Group. It is designed to identify events that can potentially affect the organisation and to manage these risks by establishing internal treatment and control systems that make it possible to keep the probability of these events occurring and their impact within the established tolerance levels and offering a reasonable level of certainty that the Group's business objectives can be met.

The main risks that can have an impact on the Group achieving its objectives are as follows:

*Regulatory changes:* The business of GRUPO CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. is subject to numerous governmental regulations which can have an effect on the company's activities and economic results. when changes are introduced.



The production of electricity from renewable energy sources is subject to rate controls and other regulations governing the Company's operations in Spain and other countries where it does business. The introduction of new laws or the amendment of existing laws can have a negative effect on the Company's operations and results.

Furthermore, amendments to the current legislative framework relative to rate revision methodologies, including how generated electricity is remunerated, constitute the principal support mechanism for the development of these sources.

*Credit and liquidity risk:* The principal functions of the Group's treasury include: providing service to the business, coordinating access to domestic and international financial markets and supervising and managing the Group's operating risks.

To do so, it analyses the exposure, seriousness and magnitude of the risk, including credit and liquidity risk.

The credit and liquidity risk of GRUPO CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. 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.

Credit risk refers to the risk that a counterparty to an agreement may breach its contractual obligations, thereby causing the Company to sustain economic losses. None of the clients of GRUPO CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. poses a significant risk of this kind. From a consolidated point of view, the credit risk concentration is not significant since a high percentage of the clients are companies of recognised solvency in the electricity distribution sector.

GRUPO CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. maintains a prudent management of liquidity risk, maintaining sufficient cash and cash equivalents, as well as contracting committed credit facilities for a sufficient amount to support the expected needs.

The ultimate responsibility for managing liquidity risk lies with the Corporate Finance Department of the Acciona Group, 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 by constantly supervising the forecasts and the actual flow of funds and pairing these with the maturity profiles of the financial assets and liabilities.

*Exposure to interest rate and exchange rate risk:* In the course of operating its business, the Group is exposed to the impact of fluctuations in interest rates and foreign currency exchange rates, particularly the US dollar.

Interest rate risk is particularly significant as far as financing the construction of wind farms, where the project yields depend on possible fluctuations in the interest rates which are directly linked to the cash flows from them.

Proper management of these risks using hedges and derivatives can prevent them from having a significant effect on results. However, there is no way of completely eliminating the exposure to interest rate and exchange rate risk, which can have a negative effect on the Company's financial situation.

With regard to price risk in the Spanish electricity market, Legislative Royal Decree 2/2013 passed on 1 February 2013 introduced urgent measures for the electricity sector. This Legislative Royal Decree, which took effect on 1 January 2013, sets a zero premium for all technologies and eliminates the floors and ceilings for the free market sales option, keeping the fixed rate sales option so that plants can only receive the regulated rate or sell their electricity on the free market (without a premium).

Legislative Royal Decree 9/2013 passed on 12 July introduced urgent measures to guarantee the financial stability of the electric system. This Royal Decree, which took effect on 13 July 2013, abolished other Royal Decrees including RD 661/2007, which regulated the compensation framework for electricity plants such as the Company's as part of the support system for renewable energies. Under this new regulation, in addition to the compensation for the sale of electricity at market rates, certain 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 by selling the electricity on the market and a portion for operations that covers the differences between operating costs and revenues as a result of participating in the standard rate market.

*Other external factors affecting the group's business:* The Group's business requires that certain permits, licenses and governmental authorisations be obtained and that certain public or private contracts be signed. Delays in obtaining these permits and licenses and adverse changes in the political and regulatory environment may cause delays in the start-up of operations.

The Group's operations are also influenced by wind, water, and solar resources, exogenous factors that can have a negative effect on operations, results and the financial situation.

*Strategic risks:* These are risks that can affect the fulfilment of the company's objectives and reduce growth. These risks include organisational changes, investments and disinvestments, threats from competitors, economic and political changes, regulatory changes, new technologies and changes brought about by research and development.

The Group minimises these risks through its own strategic and business model, through technological and geographical diversification of its business, by studying the markets, the competitors and the countries where it operates and by investing in research and development.

With regard to regulatory and legislative changes, the Group establishes a series of investment criteria in those countries where it is reasonable to believe that the Group's strategic business objectives can be achieved.

Prior to the decision to invest or disinvest, there are preventive controls and processes and an evaluation of the associated risks based on the business forecasts. According to the Group's internal procedures, this information must be approved by the Acciona Group's Investment Committee based on certain parameters that consider business volume and profit compared to the associated risk.

*Operating risks:* These are the risks associated with processes, people and products. They have to do with regulatory, legal, and contractual compliance, control systems and procedures, supply chain, auxiliary services, information system, employee productivity or the loss of key personnel.

Specific systems are established to deal with business requirements, systematisation and documentation of processes, quality management, the environment, operations, occupational risk prevention and economic planning and control.

The risk of non-compliance with current regulations or changes in the regulatory environment is analysed jointly by the Regulatory Compliance and Finance Departments of the Acciona Group and monitored constantly.

The Acciona Group has a Code of Conduct that establishes the basic principles and obligations of all directors and employees, as well as the suppliers and other third parties who maintain relations with the Group companies. These obligations must be fulfilled in the performance of their activities. This Code, which is the topic of a specific training course, must be accepted by all new hires who join the Group.

*Fortuitous risks:* Risks related to the damages that can be caused to the company's assets and people and which can have a negative effect on the company's performance, such as fire, explosion, natural disaster, environmental pollution, damages to third parties or occupational risks.

#### Financial instruments

In the normal course of its business, GRUPO CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A. does not possess financial instruments that could expose it to any additional price, credit, liquidity or solvency risks of such significance that they could have a negative impact on its operations, results or financial situation. There are no financial assets at fair value through profit and loss or any significant financial assets available for sale.

#### Quality and the Environment

Protecting the environment is incorporated into the Group's strategy and operations and the main focus of the Acciona Group's environmental strategy. Inherent to the strategy is the integral treatments of impacts and a proactive stance in their prevention, correcting those which are inevitable and compensating the residual effects.

In 2012, the Acciona Group proposed the creation of an environmental compensation mechanism through which different initiatives would be used to oversee compensatory actions more efficiently, which would also redound to an overall improvement of the environmental situation. A Sustainable Mobility Plan was also implemented which focuses on three aspects of mobility: business travel, employee travel and the logistics chain.

In relation to this Plan, the environmental investments and expenses incurred by the Group in 2020 focused on environmental surveillance and studies during the different phase of each project, waste management, the efficient use of resources, biodiversity, landscape, noise, soil protection and environmental research.

Research and Development

The Company incurred no expenses of this kind in 2021 or 2020.

Treasury shares

The changes under the heading of treasury shares in 2021 were as follows:

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

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

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

Disclosures required under the third additional provision of Law 15/2010

The Company is in the process of assessing the measures to be adopted to resolve the situation regarding the payables that, as of 31 December 2021, exceeded the maximum weighted average days to pay. Payments made and payments pending are primarily balances with Group companies:

Payments made and payments outstanding at the end of the fiscal year	2021	2020
	Days	Days
Average days to pay suppliers	99	100
Proportion of operations paid	108	114
Proportion of outstanding payments	19	73
	Amount (in thousands of euros)	Amount (in thousands of euros)
Total payments made	65,234	30,049
Total outstanding payments	6,823	15,819

Events after the balance sheet date

There were no other events subsequent to the closing date which could have a significant effect on the Company's financial statements at 31 December 2021 or its present or future activities.

Annual Corporate Governance Report

The Annual Corporate Governance Report is available on the website of the Comisión Nacional del Mercado de Valores (National Stock Market Commission) ([www.cnmv.es](http://www.cnmv.es)) and on the Company's website ([www.acciona-energia.com](http://www.acciona-energia.com)).

The Board of Directors Annual Remuneration Report is filed with the CNMV under the heading of Other Relevant Information.

Board of Directors Annual Compensation Report

The Board of Directors Annual Compensation Report is available on the website of the Comisión Nacional del Mercado de Valores (National Stock Market Commission) ([www.cnmv.es](http://www.cnmv.es)) and on the Company's website ([www.acciona-energia.com](http://www.acciona-energia.com)).

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