Limited Review Report on Elecnor, S.A. and Subsidiaries

(Along with the interim summary consolidated financial statements and interim consolidated Directors' Report of the company Elecnor, S.A. for the year ended on 30 June 2022)

KPMG Auditores, S.L.

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Limited Review Report on Condensed Consolidated Interim Financial Statements

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

To the shareholders of Elecnor, S.A.

commissioned by Management

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Elecnor, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the statement of financial position at 30 June 2022, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes thereto for the six-month period then ended (all condensed and consolidated). Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2022 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union, , for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 1, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2021. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2022 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2022. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Elecnor, S.A. and subsidiaries.

Other Matter

This report has been prepared at the request of Management in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October 2015 and enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Cosme Carral López-Tapia
28 July 2022

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Financial Position at 30 June 2022 and 31 December 2021

(Thousands of Euros)

Assets	30/06/2022	31/12/2021
Non-current assets:		
Intangible assets- (Note 4)		
Goodwill	27,361	27,361
Other intangible assets	15,624	16,496
	42,985	**43,857**
Right-to-use assets	**74,221**	**77,521**
Property, plant and equipment (Note 6)	**844,542**	**784,666**
Equity-accounted investees (Note 7)	**600,806**	**517,203**
Non-current financial assets (Note 5)		
Other financial assets	**42,262**	**41,218**
Derivative financial instruments (Note 8)	**3,182**	**317**
	45,444	**41,535**
Deferred tax assets	**87,787**	**89,413**
Total non-current assets	**1,695,785**	**1,554,195**
Current assets:		
Inventories	**12,039**	**11,282**
Customer contract assets	**489,035**	**399,621**
Trade and other receivables (Note 5)	**739,414**	**767,035**
Trade receivables from related companies (Note 5)	**14,991**	**22,397**
Public entities, receivable	**62,246**	**41,816**
Current income tax assets	**21,516**	**12,003**
Other receivables (Note 5)	**37,161**	**22,863**
Current investments in related companies (Note 5)	**325**	**323**
Other current financial investments (Note 5)	**18,131**	**11,214**
Derivative financial instruments (Notes 5 and 8)	**3,105**	**6,454**
Other current assets	**16,910**	**11,305**
Cash and cash equivalents	**406,330**	**388,105**
Non-current assets held for sale (Note 2)	**35,568**	**37,288**
Total current assets	**1,856,771**	**1,731,706**
Total assets	**3,552,556**	**3,285,901**

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year period ended on 30 June 2022.

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Financial Position at 30 June 2022 and 31 December 2021

(Thousands of Euros)

Equity and Liabilities	30/06/2022	31/12/2021
Equity (Note 9):		
Equity attributable to equity holders of the Parent-		
Capital	8,700	8,700
Own shares (Note 9.b)	(22,335)	(22,110)
Other reserves	992,634	937,156
Translation differences (Note 9.c)	(219,254)	(321,856)
Valuation adjustments to equity	(41,498)	(73,326)
Profit/loss for the year attributable to the Parent	43,798	85,883
Interim dividend paid in the year	-	(5,187)
	762,045	**609,260**
Non-controlling interests	**23,814**	**24,405**
Total equity	**785,859**	**633,665**
Non-current liabilities:		
Government grants	**4,910**	**4,920**
Provisions for liabilities and charges	**58,703**	**54,105**
Financial liabilities for the issuance of bonds and other marketable securities (Note 8)	**56,320**	**56,598**
Financial liabilities on loans and borrowings (Note 8)	**636,601**	**702,901**
Derivative financial instruments (Note 8)	**43,510**	**19,037**
Lease liabilities (Note 8)	**67,865**	**66,795**
Other non-current liabilities	**6,821**	**20,060**
Deferred tax liabilities	**27,894**	**27,529**
Total non-current liabilities	**902,624**	**951,945**
Current liabilities:		
Provisions for liabilities and charges	**73,670**	**82,103**
Financial liabilities for the issuance of bonds and other marketable securities (Note 8)	**271,556**	**77,983**
Financial liabilities on loans and borrowings (Note 8)	**93,314**	**86,697**
Derivative financial instruments (Note 8)	**36,492**	**82,235**
Lease liabilities (Note 8)	**13,932**	**18,857**
Trade payables to associates and related companies (Note 8)	**5**	**5**
Trade and other payables- (Note 8)		
Trade payables for purchases or services	618,419	601,415
Advances from customers	154,068	153,532
	772,487	**754,947**
Customer contract liabilities	**374,860**	**411,529**
Current income tax liabilities	**55,192**	**40,893**
Other payables- (Note 8)		
Public entities, payable	72,577	60,808
Other current liabilities	99,988	84,234
	172,565	**145,042**
Total current liabilities	**1,864,073**	**1,700,291**
Total liabilities and equity	**3,552,556**	**3,285,901**

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Summary Financial Statements for the half-year periods ended on 30 June 2022.

Elecnor, S.A. and Subsidiaries

Consolidated Income Statements corresponding to the six-month periods ended 30 June 2022 and 30 June 2021

(Thousands of Euros)

	(Debit) Credit	
	30/06/2022	30/06/2021
Continuing operations:		
Net turnover (Note 13)	1,591,917	1,333,020
Changes in inventories of finished goods and work in progress	186	(121)
Self-constructed assets (Note 6)	3,773	7,265
Materials consumed	(774,564)	(650,205)
Other operating income	10,549	9,728
Personnel expenses	(460,471)	(412,475)
Other operating expenses	(242,172)	(187,332)
Net profit/loss on the sale of non-current assets and subsidiaries (Note 2)	12,532	413
Expense for amortisation, depreciation, impairment and charges to provisions	(41,230)	(28,049)
Profit/loss from equity-accounted investees (Note 7)	3,886	11,985
Operating income	**104,406**	**84,229**
Finance income	3,702	1,861
Finance expenses (Note 8)	(28,825)	(22,264)
Translation differences	(5,735)	(897)
Profit/loss before taxes	**73,548**	**62,929**
Income tax (Note 10)	(23,762)	(23,773)
Profit/loss from continuing operations	**49,786**	**39,156**
Profit/loss for the year	**49,786**	**39,156**
Attributable to:		
Shareholders of the Parent	43,798	37,610
Non-controlling interests	5,988	1,546
Earnings per share (in Euros)		
Basic (Note 3.b)	0.52	0.44
Diluted (Note 3.b)	0.52	0.44

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year period ended on 30 June 2022.

Elecnor, S.A. and Subsidiaries

Consolidated Summary Statements of Comprehensive Income
for the half-year periods ended on 30 June 2022 and 30 June 2021

(Thousands of Euros)

	30/06/2022	30/06/2021
CONSOLIDATED PROFIT/LOSS OF THE INCOME STATEMENT	**49,786**	**39,156**
Other comprehensive income:		
Items that will not be reclassified to profit or loss	**-**	**-**
Items to be reclassified to profit or loss		
- Cash flow hedges	21,186	(14,925)
- Translation differences of financial statements for businesses abroad	40,953	14,869
- Share of other comprehensive income of equity-accounted investees (note 7)	79,918	24,981
- Tax effect	(4,955)	-
Other comprehensive income for the year, net of tax	**137,102**	**24,925**
Total comprehensive income attributable to:	**186,888**	**64,081**
a) Equity holders of the Parent	178,228	60,472
b) Non-controlling interests	8,660	3,609
	186,888	**64,081**

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year period ended on 30 June 2022

Elecnor, S.A. and Subsidiaries

CONSOLIDATED SUMMARY STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE HALF-YEAR PERIODS ENDED ON 30 June 2022 AND 30 June 2021

(Thousands of Euros)

	Capital	Accumulated reserves	Own shares	Interim dividend paid in the year	Cash flow hedges	Translation differences	Net profit/(loss) for the year	Non-controlling interests	Total Equity
Balances at 31 December 2020	**8,700**	**887,047**	**(21,899)**	**(4,987)**	**(25,126)**	**(345,957)**	**78,303**	**23,855**	**599,936**
Total recognised income and expense for the period	-	-	-	-	(13,468)	36,330	37,610	3,609	64,081
Distribution of profit/loss:									
Reserves	-	49,430	-	-	-	-	(49,430)	-	-
Supplementary dividend (Note 3)	-	-	-	-	-	-	(23,886)	(4,870)	(28,756)
Interim dividend	-	-	-	4,987	-	-	(4,987)	-	-
Transactions with own shares (net) (Note 9)	-	167	(152)	-	-	-	-	-	15
Other changes	-	161	-	-	-	-	-	-	161
Balances at 30 June 2021	**8,700**	**936,805**	**(22,051)**	**-**	**(38,594)**	**(309,627)**	**37,610**	**22,594**	**635,437**
Balances at 31 December 2021	**8,700**	**937,156**	**(22,110)**	**(5,187)**	**(73,326)**	**(321,856)**	**85,883**	**24,405**	**633,665**
Total recognised income and expense for the period	-	-	-	-	31,828	102,602	43,798	8,660	186,888
Distribution of profit/loss:									
Reserves	-	55,132	-	-	-	-	(55,132)	-	-
Supplementary dividend (Note 3)	-	-	-	-	-	-	(25,564)	(7,793)	(33,357)
Interim dividend	-	-	-	5,187	-	-	(5,187)	-	-
Transactions with own shares (net) (Note 9)	-	410	(225)	-	-	-	-	-	185
Share capital reductions	-	-	-	-	-	-	-	(1,240)	(1,240)
Other changes	-	(64)	-	-	-	-	-	(218)	(282)
Balances at 30 June 2022	**8,700**	**992,634**	**(22,335)**	**-**	**(41,498)**	**(219,254)**	**43,798**	**23,814**	**785,859**

Elecnor, S.A. and Subsidiaries

CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR PERIODS ENDED ON
30 June 2022 AND 30 June 2021

(Thousands of Euros)

	30/06/2022	30/06/2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated profit/loss for the year before taxes	73,548	62,929
Adjustments to profit/loss:		
Depreciation and amortisation	48,588	40,194
Impairment and net profit/(loss) from disposals of property, plant and equipment a	(1,471)	(413)
Changes in provisions for liabilities and charges and other provisions	(7,409)	(12,145)
Capital grants taken to income	(85)	(89)
Share in (profit)/loss for the year of equity-accounted investees (Note 7)	(3,886)	(11,985)
Net profit/(loss) on the sale of non-current assets and subsidiaries (Note 2)	(11,008)	-
Finance income	(3,702)	(1,861)
Finance expenses	28,825	22,264
Translation differences	5,735	897
Other income and expenses	287	573
Funds generated from operations	**129,422**	**100,364**
Changes in working capital:		
Trade and other receivables	(80,737)	289
Inventories	(757)	(6,760)
Trade and other payables	(7,361)	4,552
Changes in other current assets and liabilities	11,150	2,209
Income tax paid	(19,768)	(4,326)
Net cash flows from operating activities	**31,949**	**96,328**
CASH FLOWS FROM INVESTMENT ACTIVITIES:		
Payments for acquisition of Group companies, associates and jointly-controlled entit	(922)	(8,160)
Payments for acquisition of intangible assets and property, plant and equipment	(29,443)	(40,066)
Payments for acquisition of financial assets	(12,993)	(16,880)
Proceeds from the sale of group companies, associates and jointly controlled entities	9,102	-
Proceeds from disposal of financial assets, net	415	675
Proceeds from the sale of intangible assets and property, plant and equipment	1,472	611
Dividends received from associates	121	132
Interest received	3,702	1,861
Net cash flows from (used in) investment activities	**(28,546)**	**(61,827)**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash inflows from financial debt and other non-current borrowings	697,604	781,902
Repayment of financial debt and other non-current borrowings	(628,337)	(755,737)
Dividends paid	(33,357)	(4,870)
Interest paid	(19,743)	(19,659)
Payments arising from repayments of funds of non-controlling shareholders	(1,240)	-
Cash inflows due to disposal of own shares	1,270	1,459
Cash outflows due to purchase of own shares	(1,375)	(1,444)
Net cash flows from (used in) financing activities	**14,822**	**1,651**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**18,225**	**36,152**
CASH AND EQUIVALENTS AT THE START OF THE PERIOD	388,105	391,628
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	406,330	427,780

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year period ended on 30 June 2022.

Elecnor, S.A.
and Subsidiaries

Explanatory Notes to the summary consolidated
half-yearly financial statements
for the half-year period ended on 30 June 2022

1. Introduction, bases for presentation of the summary consolidated half-yearly financial statements and other information

a) Introduction

The company Elecnor, S.A., Parent of the ELECNOR Group, is a company incorporated in Spain in accordance with the Public Limited Companies Act. Its corporate object, according to its Bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.

- The making, marketing, construction of the associated works and sale of reinforced concrete and pre-stressed prefabricated items and products made of compound materials, as well as any construction and industry-related products.

- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.

- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.

- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.

- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Parent through investments in other companies with a similar statutory activity, both in Spain and abroad. In this regard, the management of the business group formed by stakes held in the share capital that go to make up the said group also constitutes part of the Company corporate purpose, as does the provision of assistance and support services to investee companies, to which end it may provide them with the guarantees and bonds that are considered appropriate. The Elecnor Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.

The Company's registered office is located at Marqués de Mondéjar 33, Madrid (Spain). The Parent's bylaws and other related public information may be viewed on the website www.grupoelecnor.com/home-en and at its registered office.

b) Bases for presentation of the summary consolidated half-yearly financial statements

In compliance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the Law of an EU Member State and whose shares are listed on a market regulated in one of the States of the Union, have to file their consolidated annual accounts for the years commencing after 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter, IFRS) previously adopted by the European Union.

These summary consolidated half-yearly financial statements are filed in accordance with IAS 34 on Interim Financial Reporting and were drawn up by the Directors of the Group on 27 July 2022, all in compliance with the provisions of article 12 of Royal Decree 1362/2007.

Under the provisions of IAS 34, the interim financial reporting is only prepared with the intention of updating the content of the last consolidated annual accounts presented by the Group, placing emphasis on any new activities, events and circumstances occurring during the half-year period and without duplicating the information published previously in the consolidated annual accounts for 2021. Accordingly, for a proper understanding of the information included in these summary consolidated half-yearly financial statements, they should be read together with the consolidated annual accounts of the Group for the year 2021.

The Group's consolidated annual accounts for 2021 were authorised for issue by the General Shareholders' Meeting of the Parent at their annual general meeting held on 18 May 2022.

The information included in the explanatory notes, except where indicated otherwise, is expressed in thousands of Euros.

c) Material changes in accounting policies

The accounting policies and methods used to prepare the summary consolidated half-yearly financial statements are the same as those applied to the consolidated annual accounts in 2021.

A number of new standards came into force on 1 January 2022, but they have no significant effect on the summary consolidated financial statements of the Group.

All accounting principles with a significant effect have been applied in the drawing up of the summary consolidated half-yearly financial statements.

d) Estimates made

The consolidated profit/loss and the determination of consolidated equity are subject to the accounting principles and policies, assessment criteria and estimates used by the Directors of the Parent for the preparation of the summary consolidated half-yearly financial statements. The main accounting principles and policies and assessment criteria are indicated in Note 3 of the notes to the consolidated annual accounts for 2021.

The preparation of interim summary consolidated financial statements in accordance with IFRS-EU requires the application of relevant accounting estimates and making judgements, estimates and assumptions in the process of applying the Group's accounting policies.

Although the estimates performed by the Parent company's Directors were calculated based on the best information available at 30 June 2022, it is possible that future events might oblige their modification in the next few years. The effect of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

In the preparation of these interim financial statements there were no significant changes in the judgements and accounting estimates used by the Directors of the Group compared to their consolidated annual accounts for the twelve months concluding on 31 December 2021.

As regards the subsequent event stated in Note 33 to the 2021 consolidated annual accounts, the Directors continue to analyse possible options to sell a part of the share capital of its wind energy subsidiary, Enerfin Sociedad de Energía, S.L.U., although at the date of preparing these summary consolidated half-yearly financial statements the Directors of the Parent do not deem it highly probable that an agreement will be reached in the short term.

e) Contingent assets and liabilities

Note 22 of the notes to the consolidated annual accounts of the Group for the year ended 31 December 2021 shows information on the contingent liabilities on that date. There have been no significant changes in the Group's contingent liabilities in the first six months of 2022.

f) Comparative information

The information contained in these summary consolidated half-yearly financial statements for the year 2021 is solely and exclusively shown for the purposes of comparison with the information relating to the six-month period ended on 30 June 2022.

g) Seasonality of the Group's transactions

Given the business in which the Group companies are engaged, their transactions are not of a cyclical or seasonal nature to any significant extent. Accordingly, no specific breakdowns are included in these explanatory notes to the summary consolidated financial statements corresponding to the six-month period ended on 30 June 2022.

h) Relative importance

In establishing the information to disclose in these notes on the different items of the financial statements or other issues, in accordance with IAS 34, the Group has considered the relative importance in connection with those summary consolidated financial statements of the six month-period ended on 30 June 2022.

i) Summary consolidated statement of cash flows

The Group presents the summary consolidated statement of cash flows using the following expressions with the following meanings:

- Cash flows are inflows and outflows of cash and cash equivalents.

- Operating activities are the activities that make up for the entity's main source of ordinary revenue and other activities that cannot be classified as investing or financing activities.

- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

For the purposes of drawing up the summary consolidated statement of cash flow, cash in hand and demand bank deposits have been considered as "Cash and cash equivalents", and also any highly liquid short term investments that can be easily traded into cash amounts, subject to very little risk with regard to changes in value.

The net cash flows from operating activities for the first six months of 2022 have decreased versus those generated in the first six months of last year as a result of the fact that growth in the Services and Projects activity in recent months has required a greater need for funds. This need is concentrated into certain projects abroad (Australia, Chile, Lithuania, etc.), where major milestones for collection are expected in the second half of the year that will correct the increased debt in the first six months of 2022.

Payments for investment activities in the first six months of 2022 chiefly correspond to investments made in this period in a wind farm in Spain and to machinery necessary to undertake the Services and Projects activity (investments made in this period in specific wind farms in Brazil in the first six months of 2021) (see Note 6).

Similarly, cash flows from financing activities reflect an increase in the period of the outstanding balance of promissory notes issued on the Alternative Fixed Income Market for EUR 192 million (EUR 135 million in 2021), and the repayment of EUR 88 million of the credit facility tranche of the syndicated loan formalised by the Parent Elecnor, S.A. (EUR 134 million in 2021) (see Note 8). Furthermore, in the first six months of 2021 there was a hike in financial debt in order to fund certain wind farms in Brazil for the approximate amount of EUR 17 million and the disbursement of EUR 50 million related to the debt formalised in 2020 through the Elecnor Eficiencia Energética 2020 Securitisation Fund.

2. Changes in the composition of the Group

Appendix I of the consolidated annual accounts for the year ended on 31 December 2021 shows relevant information on the Group companies that were consolidated at that date and on those measured using the equity method.

During the first six months of 2022, the most significant corporate transaction relates to the sale of Stonewood Desarrollos, S.L.U., recorded at 31 December 2021 as non-current assets held for sale, which obtained a gain of EUR 10,749 thousand recorded under “Net profit/loss on the sale of non-current assets and subsidiaries” in the summary consolidated income statement for the six-month period ended 30 June 2022.

3. Dividends paid by the Parent

a) Dividends paid by the Parent

The dividends approved by the Parent during the first six months of 2022 and 2021 are shown below:

	First six-month period 2022			First six-month period 2021		
	% of par value	Euros per Share	Amount (in thousands of Euros)	% of par value	Euros per Share	Amount (in thousands of Euros)
Supplementary dividend	293.84	0.2938	25,564	274.55	0.2746	23,886

b) Earnings per share

Basic earnings per share are calculated by dividing the Group’s attributable net profit or loss for one year by the average weighted number of shares outstanding during that year, excluding the average number of treasury shares held.

Details of basic earnings per share in the first six months of 2022 and 2021 are as follows:

	30/06/2022	30/06/2021
Net profit/loss for the six-month period attributable to the parent (thousands of Euros)	43,798	37,610
Total number of shares outstanding	87,000,000	87,000,000
Less – own shares (Note 9.b)	(2,324,465)	(2,320,108)
Average number of shares outstanding	84,675,535	84,679,892
Basic earnings per share (Euros)	**0.52**	**0.44**

At 30 June 2022 and 2021 Elecnor, S.A., the Parent of the Elecnor Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company, and therefore diluted earnings per share coincide with basic earnings per share.

4. Intangible assets

a) Goodwill

There have been no important changes under the heading “Intangible assets – Goodwill” on the asset side of the consolidated summary statement of financial position at 30 June 2022 compared to the same caption at 31 December 2021. The breakdown of this heading at 31 December 2021 according to the companies/CGUs from where it originates is shown in Note 8 of the notes to the consolidated annual accounts for 2021.

The impairment analysis policies used by the Group on its intangible assets and, particularly, on its goodwill, is described in Notes 3 and 8 of the consolidated annual accounts for the year ended on 31 December 2021.

In 2022, no modifications were considered in relation to the main assumptions defined in the previous year, which ended on 31 December 2021, so it has not been necessary to update the impairment tests.

b) Other intangible assets

The heading “Other intangible assets” includes an approximate amount of EUR 6,080 thousand at 30 June 2022 (EUR 6,901 thousand at 31 December 2021) reflecting the estimated fair value, net of amortisation, of the Audeca contracts with public entities for road maintenance and upkeep at the date on which this company was acquired by the Elecnor Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals.

5. Financial assets

a) Composition and breakdown

The breakdown of the Group's financial assets at 30 June 2022 and 31 December 2021 is shown below, presented according to nature and category for the purposes of measurement:

	Thousands of Euros		
	30/06/2022		
	Hedge derivatives	Financial assets at amortised cost	**Total**
Other financial assets	-	42,262	42,262
Derivatives	3,182	-	3,182
Non-current financial assets	**3,182**	**42,262**	**45,444**
Trade and other receivables	-	739,414	739,414
Trade receivables from related companies	-	14,991	14,991
Other receivables	-	37,161	37,161
Current investments in related companies	-	325	325
Other investments	-	18,131	18,131
Derivatives	3,105	-	3,105
Current financial assets	**3,105**	**810,022**	**813,127**
Total	**6,287**	**852,284**	**858,571**

	Thousands of Euros		
	31/12/2021		
	Hedge derivatives	Financial assets at amortised cost	**Total**
Other financial assets	-	41,218	41,218
Derivatives	317	-	317
Non-current financial assets	**317**	**41,218**	**41,535**
Trade and other receivables	-	767,035	767,035
Trade receivables from related companies	-	22,397	22,397
Other receivables	-	22,863	22,863
Current investments in related companies	-	323	323
Other investments	-	11,214	11,214
Derivatives	6,454	-	6,454
Current financial assets	**6,454**	**823,832**	**830,286**
Total	**6,771**	**865,050**	**871,821**

The fair value of financial assets does not differ significantly from their book value.

Financial assets at amortised cost-

Other non-current financial assets

At 30 June 2022 this heading includes the “Debt service reserve account” for the amount of EUR 23,995 thousand (EUR 17,681 thousand at 31 December 2021), which the Spanish and Brazilian subsidiaries engaged in operating wind farm must maintain in bank deposit accounts pursuant to the financing agreements they have entered into. The deadline for repaying those deposits coincides with the date for the total cancellation of the syndicated loans received by those companies (Note 8).

Other receivables

At 30 June 2022 and 31 December 2021, this heading includes a receivable for the amount of EUR 13 million and EUR 12 million, respectively, relating to the company dedicated to the exploitation of oil wells in Ecuador.

Trade and other current receivables and Customer contract assets

At 30 June 2022 and 31 December 2021, the Group had no construction contracts with negative margins whose estimated loss is material (see Note 18 to the 2021 consolidated annual accounts).

b) Impairment adjustments

During the first six months of 2022 and 2021 no significant impairment was observed in the value of the financial assets of Elecnor Group.

The amount for current financial assets due and payable at 30 June 2022 has not varied significantly compared to the information reflected in the consolidated annual accounts at 31 December 2021.

6. Property, plant and equipment

a) Changes during the period

Additions in the first half of 2022 amounted to approximately EUR 28 million and are chiefly related to additions to machinery for the companies in the Services and Projects business for an approximate total amount of EUR 14 million, investments in the construction of a wind farm in Spain for an approximate total of EUR 5 million, and investments in the construction of a new oil well for the approximate total of EUR 2 million (EUR 37 million in the first six months of 2021 from investments in the construction of wind farms in Brazil for the approximate total of EUR 17 million).

Of the above additions, EUR 2.7 million relate to work carried out by the Group on its own property, plant and equipment for Spanish wind farms (EUR 6 million in the first six months of 2021, chiefly for the construction of Brazilian wind farms).

Fluctuations in the exchange rate of the Brazilian real and the Canadian dollar in the first six months of 2022 have resulted in an increased value of fixed assets of approximately EUR 61 million and EUR 10 million, respectively, compared to the value of fixed assets at 2021 year-end.

Disposals of items of material assets, and also net earnings obtained from their sales during the first six months of 2022 and 2021, were insignificant.

b) Impairment losses

During the first six months of 2022 and 2021 there were no impairment losses on items of property, plant and equipment for any significant amount.

c) Commitments to purchase items of Property, plant and equipment

At 30 June 2022, the Group has commitments to purchase property, plant and equipment for the amount of EUR 93 million in relation to the construction of wind farms in Spain.

At 31 December 2021 the Group had no significant commitments to purchase items of property, plant and equipment.

7. Equity-accounted investees

Changes that have taken place in the first six months of 2022 and 2021 under the caption of Equity-accounted investees are shown below:

	First six-month period 2022	First six-month period 2021
Opening balance	**517,203**	**479,970**
Share in profits/(losses)	3,886	11,985
Contributions	262	8,160
Translation differences	64,311	23,525
Dividends received	(121)	(132)
Share in other comprehensive income	15,607	1,456
Other	(342)	(328)
Closing balance for the period	**600,806**	**524,636**

Fluctuations in the exchange rate of the Brazilian real and the US dollar in the first six months of 2022 have increased the value of investments accounted for using the equity method by EUR 43 million and EUR 21 million, respectively, compared to the value at 2021 year-end (increases of EUR 19 million and 4.5 million, respectively, in the first six months of 2021) (see Note 9.c).

8. Financial liabilities

a) Composition and breakdown

The breakdown of the Group's financial liabilities at 30 June 2022 and 31 December 2021 is shown below, presented according to nature and category for the purposes of measurement:

	Thousands of Euros		
	30/06/2022		
Financial liabilities: Nature / Category	Financial liabilities at amortised cost	Hedge derivatives	**Total**
Bonds and other marketable securities	56,320	-	56,320
Loans and borrowings	636,601	-	636,601
Lease liabilities	67,865	-	67,865
Derivatives	-	43,510	43,510
Non-current financial liabilities	**760,786**	**43,510**	**804,296**
Bonds and other marketable securities	271,556	-	271,556
Loans and borrowings	93,314	-	93,314
Lease liabilities	13,932	-	13,932
Trade and other payables	772,492	-	772,492
Derivatives	-	36,492	36,492
Other payables	172,565	-	172,565
Current financial liabilities	**1,323,859**	**36,492**	**1,360,351**
Total	**2,084,645**	**80,002**	**2,164,647**

	Thousands of Euros		
	31/12/2021		
Financial liabilities: Nature / Category	Financial liabilities at amortised cost	Hedge derivatives	**Total**
Bonds and other marketable securities	56,598	-	56,598
Loans and borrowings	702,901	-	702,901
Lease liabilities	66,795	-	66,795
Derivatives	-	19,037	19,037
Non-current financial liabilities	**826,294**	**19,037**	**845,331**
Bonds and other marketable securities	77,983	-	77,983
Loans and borrowings	86,697	-	86,697
Lease liabilities	18,857	-	18,857
Trade and other payables	754,952	-	754,952
Derivatives	-	82,235	82,235
Other payables	145,042	-	145,042
Current financial liabilities	**1,083,531**	**82,235**	**1,165,766**
Total	**1,909,825**	**101,272**	**2,011,097**

Lease liabilities mature between one and fourteen years for contracts for premises, and between one and twenty four years for contracts for leasing Solar PV plants.

In the first six months of 2022, the Parent issued 20 promissory notes on the Alternative Fixed Income Market for a nominal amount of EUR 696 million, leaving an outstanding balance at 30 June 2022 of EUR 262 million (EUR 70 million at 31 December 2021). None of the outstanding promissory note issues at 30 June mature in more than one year. The maximum amount under the promissory note programme is EUR 400 million of nominal outstanding amount at any given time (EUR 300 million at 31 December 2021).

In addition, during the first half of 2022 the Group reduced its syndicated debt by EUR 89 million relating to the credit facility tranche of the syndicated loan.

During the first six months of 2022 there were no further significant changes in either the amounts or the nature and composition of the financial liabilities which, as indicated in Note 16 to the consolidated annual accounts for the year ended on 31 December 2021, relate mainly to the loan and the syndicated loan, the credit facilities that certain Group companies have signed for funding the wind farms belonging to them, the issuance of promissory notes and other marketable securities and the financing contracts signed in 2017 and 2018 with European Energy Efficiency Fund S.A., Efficiency Solutions and financing from the securitisation fund constituted in 2020 “Elecnor Eficiencia Energética 2020, FT”. The rest of the changes relate to the repayment of loans based on the established payment schedules and changes in credit facilities.

Furthermore, fluctuations in the exchange rate of the Brazilian real, US dollar and Canadian dollar in the first six months of 2022 have resulted in an increase in loans and borrowings of approximately EUR 30 million, EUR 1.6 million and EUR 9 million, respectively, compared to the value of such borrowings at 2021 year-end. Additionally, the exchange rate fluctuation of the Canadian dollar in the first six months of 2022 has led to an increase in Bonds and other marketable securities of approximately EUR 5.5 million.

In addition, as indicated in Note 17 of the consolidated annual accounts for the year ended on 31 December 2021, the Elecnor Group uses derivative financial instruments to hedge the risks to which its business activities, transactions and future cash flows are exposed, mainly as a result of fluctuations in exchange rates, interest rates and energy prices. Details of the balances reflecting the measurement of derivatives at 30 June 2022 and 31 December 2021 are as follows:

	Thousands of Euros							
	30/06/2022				31/12/2021			
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Non-current assets	Current assets	Non-current liabilities	Current liabilities
INTEREST RATE HEDGES								
Cash flow hedges:								
Interest rate swap	2,724	179	223	451	216	332	4,797	1,142
EXCHANGE RATE HEDGES								
Cash flow hedges:								
Exchange rate insurance	458	2,926	-	10,387	101	6,122	-	10,723
ENERGY PRICE HEDGES								
Cash flow hedges:								
Energy price	-	-	43,287	25,654	-	-	14,240	70,370
	3,182	**3,105**	**43,510**	**36,492**	**317**	**6,454**	**19,037**	**82,235**

Energy price-

The Group enters into swap contracts to ensure a fixed energy price for a specific number of megawatt-hours (MWh), which are settled on a monthly basis, fulfilling the requirements to be deemed hedge accounting.

In 2022, the price of energy has increased significantly, exceeding Euros 350/MWh occasionally, meaning that the contracts entered into previously, at much lower prices, have led to the recording of material liabilities. Consequently, the Group has recorded under the heading “Net turnover” in the accompanying consolidated income statement for the first half of 2022 an amount of EUR 39,910 thousand of lower revenue from derivatives settled during the year, as they are deemed hedging instruments (EUR 4,044 thousand in the first half of 2021).

The breakdown of the derivatives contracted by the Group that remain in force at 30 June 2022 and 31 December 2021, as well as their main characteristics, is as follows:

2022:

Maturity	Nominal (MWh)	Fair value Assets / (Liabilities)
2022	325,321	(25,654)
2023	289,080	(33,747)
2024	78,840	(5,046)
2025	78,840	(2,503)
2026	78,840	(1,281)
2027	78,840	(493)
2028 and more	236,520	(217)
	1,166,281	**(68,941)**

2021:

Maturity	Nominal (MWh)	Fair value Assets / (Liabilities)
2022	661,719	(70,370)
2023	254,040	(11,433)
2024	78,840	(2,227)
2025	78,840	(1,085)
2026	78,840	(425)
2027 and more	315,360	930
	1,467,639	**(84,610)**

b) Financial assets at fair value

An analysis of financial instruments measured at fair value at 30 June 2022 and 31 December 2021 subsequent to their initial recognition, classified into levels 1 to 3 based on the fair value measurement method, is as follows:

- Level 1: their fair value is obtained from directly observable quoted prices in active markets for an identical asset or liability.

- Level 2: their fair value is determined using market inputs, other than the quoted prices included in level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

- Level 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 30 June 2022			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments	-	3,182	-	3,182
Current financial assets				
Derivative financial instruments	-	3,105	-	3,105
Non-current liabilities				
Derivative financial instruments	-	(43,510)	-	(43,510)
Current liabilities				
Derivative financial instruments	-	(36,492)	-	(36,492)
	-	**(73,715)**	-	**(73,715)**

	Fair value at 31 December 2021			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments	-	317	-	317
Current financial assets				
Derivative financial instruments	-	6,454	-	6,454
Non-current liabilities				
Derivative financial instruments	-	(19,037)	-	(23,419)
Current liabilities				
Derivative financial instruments	-	(82,235)	-	(77,853)
	-	**(94,501)**	-	**(94,501)**

Adjustments-

The market value of the different financial derivatives is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at year end.

- For derivatives not traded on an organised market, in order to measure them, the Elecnor Group uses assumptions based on year-end market conditions. Specifically:

    - the market value of interest rate swaps is calculated by discounting the difference between the swap rates at market interest rates;
    - the market value of forward exchange rate contracts is determined by discounting the estimated future cash flows using forward exchange rates prevailing at the close of the year;

- the fair value of contracts for the purchase of non-financial items to which IFRS 9 applies is calculated using the best estimate of future price curves for these non-financial items existing at the closing date, using, to the extent possible, prices established on futures markets.

Neither in the case of exchange rate hedges, interest rate and energy price hedges did any circumstances arise in the first half-year of 2022 or during 2021 that required changing the hedge accounting policy initially adopted for recognising the derivatives. Also, at 30 June 2022 and at 31 December 2021 the Elecnor Group has no derivatives that do not meet the conditions for being considered accounting hedges, nor has it maintained any during the course of the periods concluded on those dates.

9. Equity

a) Issued capital

At 30 June 2022 and 31 December 2021, the share capital of Elecnor, S.A. was represented by 87,000,000 ordinary bearer shares of Euros 0.10 par value each, fully subscribed and paid in.

The shares of Elecnor, S.A. are listed on the Spanish electronic trading system.

b) Own shares

Pursuant to the resolutions adopted successively by the shareholders at the General Shareholders' Meeting of Elecnor, S.A., various acquisitions of own shares of Elecnor, S.A. have been made in recent years for their progressive disposal on the market.

The breakdown and changes in own shares during the first half-year of 2022 and 2021 are as follows:

	No. of Shares	
	First six-month period 2022	First six-month period 2021
Opening balance for the period	2,320,749	2,320,942
Acquisition of own shares	123,984	135,615
Sale of own shares	(120,268)	(136,449)
Closing balance for the period (Note 3.b)	**2,324,465**	**2,320,108**

Changes in own shares during the first half-year of 2022 and 2021 in thousands of Euros are as follows:

	First six-month period 2022	First six-month period 2021
Opening balance for the period	22,110	21,899
Acquisition of own shares	1,375	1,444
Sale of own shares	(1,150)	(1,292)
Closing balance for the period	**22,335**	**22,051**

“Own shares” are shown as a reduction under the heading “Equity”.

In the first six months of 2022 and 2021, there was no significant profit/loss from selling own shares, which is recognised as a credit or debit to "Equity".

All the own shares held by the Parent at 30 June 2022 and 2021 represented 2.67% of the total share capital of Elecnor, S.A. at that date.

c) Translation differences

The cumulative translation differences recognised in equity at 30 June 2022 and 31 December 2021 for each of the main currencies are as follows:

Currency	Thousands of Euros	
	30/06/2022	31/12/2021
Brazilian Real	(176,706)	(250,655)
Canadian Dollar	(9,031)	(8,741)
Chilean Peso	(6,577)	(10,064)
US Dollar	21,963	(2,391)
Argentine Peso	(6,049)	(5,695)
Venezuelan Bolívar	(42,632)	(42,655)
Other	(222)	(1,655)
Total	**(219,254)**	**(321,856)**

The depreciation of the Brazilian real against the euro during the first half of 2022 from BRL 6.44/EUR at 31 December 2021 to BRL 5.42/EUR at 30 June 2022 resulted in an improvement in translation differences of EUR 74 million (see Notes 6, 7 and 8).

The depreciation of the US dollar against the euro during the first half of 2022 from USD 1.13/EUR at 31 December 2021 to USD 1.04/EUR at 30 June 2022 resulted in an improvement in translation differences of EUR 24 million (see Notes 6, 7 and 8).

10. Income tax

Elecnor, S.A. pays tax in accordance with Spanish legislation contained in Royal Legislative Decree 27/2014, of 27 November on Corporate Income Tax and its implementing regulations.

The Corporate Income Tax expense has been calculated on the basis of our best estimate performed by the Parent company's Directors of the weighted tax rate for the whole year multiplied by the consolidated profit or loss before tax corresponding to the six-month period.

The effective tax rate corresponding to the six-month period ended on 30 June 2022 was 32% (38% in the six-month period ended on 30 June 2021).

The difference between the above rates is chiefly due to the fact that at 2 July 2021, the tax audit of the Parent was completed for all the taxes described in Note 21 to the consolidated annual accounts for 2021, with the exception of those pertaining to related-party transactions, recognising an amount of approximately EUR 4 million under income taxes in the consolidated income statement at 30 June 2021.

11. Related parties

"Related parties" to the Group are considered to be subsidiaries, associates and jointly-controlled entities, plus any significant shareholders and "Key Management Personnel" (members of the Company's Board of Directors and the Managers, together with their close relatives), as well as any companies over which the key Management personnel has any significant influence or has control.

The transactions carried out by the Group during the first six months of 2022 and 2021 with parties related to it and that have not been eliminated in the consolidation process are shown below. Related party transactions have been carried out at arm's length:

	Thousands of Euros	
	Other related parties	
	30/06/2022	30/06/2021
Income:		
Finance income	720	693
Net turnover	82,245	59,034
	82,965	**59,727**

The main transactions with related parties at 30 June 2022 relate to the invoicing for the construction of power transmission lines in Brazil for EUR 50 million (EUR 34 million at 30 June 2021), the construction of photovoltaic plants in Brazil for EUR 0.1 million (EUR 1million at 30 June 2021), the construction of power transmission lines in Chile for EUR 23 million (EUR 16 million at 30 June 2021) and, for the maintenance of solar thermal facilities of the companies Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L. amounting to EUR 7.7 million (EUR 8 million at 30 June 2021); they are all companies forming part of the Celeo Concesiones e Inversiones Group which is consolidated using the equity method (Note 7).

The Directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

12. Remuneration and other benefits paid to the Board of Directors and Senior Management of the Parent

Note 28 of the notes to the consolidated annual accounts of the Group for the year ended on 31 December 2021 reflects the arrangements in place regarding remuneration and other benefits for members of the Board of Directors of the Parent and the Group's Management Team.

A summary of the most significant figures for those remunerations and benefits corresponding to the six-month periods ended on 30 June 2022 and 2021 is shown below:

	Thousands of Euros	
	30/06/2022	30/06/2021
Members of the Board of Directors:		
Type of remuneration		
Fixed remuneration	1,233	1,202
Statutory allowances	1,636	1,623
Life insurance premiums	8	7
	2,877	**2,832**
Senior Management:		
Total remuneration received by Senior Management	**3,151**	**3,048**

There were no significant agreements other than those itemised in the mentioned Note of the notes to the consolidated annual accounts of the Group for the year ended on 31 December 2021.

13. Segment information

Note 6 of the notes to the consolidated annual accounts of the Group for the year ended on 31 December 2021 shows the principles used by the Group for defining its operating segments.

The Group conducts its activity in two businesses:

- Services and Projects (Elecnor)
- Investment in Infrastructure and Renewables (Enerfin and Celeo)

Enerfin and Celeo make investments in Infrastructure and Renewables. Until last year, both businesses were analysed jointly and managed with a common strategy, under the name of Concession Business. This year, goals have been established on an individual basis in order to analyse their activity, and their main figures have begun to be reported as separate segments in order to better understand the Group's businesses.

Net turnover per segment at 30 June 2022 and 2021 is as follows:

Net turnover by Segment	Thousands of Euros	
	30/06/2022	30/06/2021
Services and Projects	1,489,982	1,267,320
Enerfín	105,310	68,201
Intersegment	(3,375)	(2,501)
Total	**1,591,917**	**1,333,020**

The reconciliation of the profit/loss per segment with the consolidated profit/loss at 30 June 2022 and 2021 attributable to the Parent is as follows:

Segment	Thousands of Euros	
	30/06/2022	Restated 30/06/2021
Services and Projects	41,215	34,796
Enerfín	11,090	9,322
Celeo	4,055	10,166
Group Management and Other Adjustments	(12,455)	(16,553)
Intersegment	(107)	(121)
Profit/loss for the year attributable to the Parent	**43,798**	**37,610**

The profit and loss attributable to the “Group Management and Other Adjustments” segment at 30 June 2022 is chiefly related to general structural expenses (general structural expenses and expense arising from the tax audit (Note 10) at 30 June 2021).

No breakdown is shown of the information corresponding to finance expenses and taxes as they are not included in the information supplied to the Group’s Governing Body for management purposes.

14. Average workforce

The average headcount, by professional category, of employees during the first six months of 2022 and 2021 was as follows:

	Average headcount	
	30/06/2022	30/06/2021
Management	161	164
Executive	1,363	1,346
Technician	4,735	4,128
Basic	16,047	13,939
	22,306	**19,577**

The Group's average headcount in the above table includes, in the first six months of 2022 and 2021, 7,034 and 7,660 employees, respectively, with temporary employment contracts.

The distribution of the workforce per gender breakdown at 30 June 2022 and 2021 is as follows:

	Number of employees	
	30/06/2022	30/06/2021
Male	19,984	18,273
Female	3,329	2,467
	23,313	**20,740**

15. Events after the reporting period

There have been no events between the close of the first six months of 2022 and the drawing up of these Interim Summary Consolidated Financial Statements that could entail any significant alteration to the true and fair view of the financial statements of both Elecnor, S.A. and the subsidiaries making up the Group.

Interim Directors' Report - Elecnor Group

For the half-year period ended on 30 June 2022

Contents

1. Purpose, vision and business model

The Elecnor Group is a Spanish company operating in more than 50 countries. The company's purpose is to generate change and bring about well-being by deploying infrastructure, energy and services to territories all over the world in order to develop their potential. The Elecnor Group places engineering and technology at the service of people.

It is a global enterprise whose purpose is driven by a people-centric business model and that believes in generating shared value and sustainability.

It is a model implemented by means of two key businesses that are complementary and mutually strengthening:

- **Services and Projects** (Elecnor): execution of engineering, construction and services projects, most notably in the electricity, power generation, gas, telecommunications and systems, railways, maintenance, facilities, construction, water, environment and space sectors.
- **Infrastructure and Renewables Investment** (Enerfín and Celeo)[1]: development, financing, construction, investment and management of energy assets.

Efficiency, diversification and robustness are the Elecnor Group's growth and expansion levers.

2. Economic context[2]

The global economy is facing a major slowdown in 2022 as a result of an escalation of the war in Ukraine, new waves of the pandemic and the tightening of monetary policies in developed economies.

The International Monetary Fund (IMF) projects global growth to slow from an estimated 6.1% in 2021 to 3.6% in both 2022 and 2023; 0.8 and 0.2 percentage points, respectively, below those foreseen in January. With it, the IMF estimates that, as a result of the war, increases in commodity prices and expanded pressures on prices have caused projected inflation in 2022 of 5.7% in advanced economies and 8.7% in emerging market and developing economies.

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[1] Formerly named Concession Business

[2] Sources:
- International Monetary Fund (IMF). World Economic Outlook. April 2022
- World Bank. World Economic Outlook.
- Bank of Spain. "Recent changes in the Spanish economy and short-term outlook" of June 2022
- World Economic Outlook (WEO), April 2022

Data published by the World Bank indicates that worldwide average inflation (CPI) rose to 7.8% (year-on-year) in April 2022, its highest level since 2008. Including aggregate demand to inflation in OECD countries, we can observe that it exceeded 9.4%, its highest level since 2008, while inflation in advanced economies is at its highest figure since 1982, standing at 6.9%. Furthermore, the World Bank warns of an increased risk of stagflation as a result of higher inflation and tighter financial conditions in a context of war.

Spain's economic situation is similar to other European countries that have been heavily impacted by the war. Spain's energy crisis is slightly less marked thanks to the "Iberian exception" approved by the European Union for Spain and Portugal to reduce prices of the electricity market, albeit the economic outlook is not reassuring. Growth of the Spanish economy depends, to a great extent, on changes in hydrocarbon and electricity costs. Furthermore, employment will grow less intensely than in 2021, in consonance with the slowdown in the economy. Funcas forecasts that there will be a drop in the public deficit, but it will still be at 4.5% in 2023. In parallel, public debt will exceed 112% of GDP in 2023.

The Bank of Spain estimates that Spanish GDP will grow at rates of 4.1%, 2.8% and 2.6% in 2022, 2023 and 2024, respectively. Headline inflation will slow down from 7.2% in 2022 to 2.6% in 2023 and 1.8% in 2024, while core inflation will drop from 3.2% on average this year to 2.2% and 2% in 2023 and 2024, respectively. These forecasts enable the Bank of Spain to remain confident that Spain will get back to its pre-pandemic activity figures in the second half of 2023, in consonance with the government's estimates. Conversely, the Organisation for Economic Co-operation and Development (OECD) contradicts the Bank of Spain and the government, deeming that a full recovery will not arrive until 2024, on the basis of a forecast of much more persistent inflation.

The slowdown in the **eurozone** economy —as per the Funcas report— is already a reality, as revealed by the leading indicators of the major economies. Inflation continues unyieldingly and there is no end in sight in the short term. Furthermore, an escalation of sanctions would cause a complete breakdown in trade relations between the EU and Russia, which would exacerbate the energy crisis and result in further disruptions in the supply chain. In that regard, it would not be possible to rule out a recession in the eurozone. Accordingly, the director of the IMF's European Department, Alfred Kammer states that: "all mature European economies, with the exception of Spain, will have close-to-zero growth —slightly above or below— entailing a risk that some could enter a mild technical recession in 2022". According to the IMF, the current forecast is that the eurozone economy will grow by 2.8% in 2022 (compared to 4.3% in January) and 2.3% in 2023. The IMF also estimates 5.7% inflation in advanced economies and 8.7% in emerging market and developing economies in 2022, in other words, 1.8 and 2.8 percentage points above the forecast made in January by the WEO.

The IMF believes that the **United States** can avoid a recession in 2022 and that, should it occur, it would be short, although it has tightened its policy to control inflation. However, it also admits that the risks are there, they are increasing and will become more prominent in 2023, and it assumes that the economy will be subject to a steep decline. Thus, and according to data from the June 2022 Global Economic Prospects report, the IMF has lowered its growth forecasts from 3.7% to 2.9% this year; from 2.3% to 1.7% next year, and expects 2024 growth to only stand at 0.8%, before taking a turn for the better again in the following two years. The IMF is optimistic that the Fed's planned rise in policy rates to around 3.5%–4% should pave the way for tightened financial conditions that will bring inflation back to its target. In its forecasts, the agency believes that price increases will stand at 2% by 2023 year-end, compared to the current 8.6%.

In **Ibero-America**, the World Bank estimates that regional growth will slow considerably to 2.5% in 2022, following a post-pandemic bounce of 6.7% in 2021. Growth will dampen further still in 2023, to just 1.9%, before bouncing slightly to 2.4% in 2024. The regional slowdown reflects tightening financial conditions, weakening growth of external demand, rapid inflation and great uncertainty regarding policy in certain countries. GDP per capita throughout the region is expected to rise by just 0.6% between 2019 and 2023. The World Bank forecasts **Brazil**'s GDP to grow by 1.5% in 2022, albeit downgrading its estimates for 2023 to a 0.8% growth rate. The strong start to this year is expected to fade over the months as a result of persistent double-digit inflation and stagnation in investment.

Standard & Poor's has cut its forecast for **Australia**'s 2022 growth to 3.6% (from 4% previously), while its forecast for 2023 is 2.8%. Inflation is expected to stand at around 5% this year and return to 3% in 2023. The IMF is slightly more optimistic, expecting the Australian economy to grow by around 4.2% in 2022 and 2.9% in 2023.

According to the African Development Bank (AfDB) **Africa**'s gross domestic product (GDP) rose by 6.9% in 2021 but it believes that growth could fall to 4.1% in 2022 as a result of factors such as the war in Ukraine/Russia, given that both countries are major suppliers of grain to Africa, and due to the drawn-out effects of the COVID pandemic. Conversely, the president of the African Development Bank, Akinwumi Adesina, indicated that international efforts, including those of the African bank itself, the G20 (group of developed and emerging economies) and the International Monetary Fund (IMF), are providing backing to the continent's recovery. The World Bank estimates growth of GDP in the three largest economies in Sub-Saharan Africa: **Angola**, **Nigeria** and **South Africa**. In the case of South Africa, it expects growth to stand at around 2%, in Nigeria around 2.6% and in Angola around 2.4%.

3. Economic and financial performance in the period

3.1. Key figures in consolidated profit/loss for the year

At 30 June 2022 and 30 June 2021:

(thousands of euros)	30 June 2022	30 June 2021	Change (%)
Turnover	1,591,917	1,333,020	*19.4%*
Domestic	*690,152*	*649,616*	*6.2%*
International	*901,765*	*683,404*	*32.0%*
EBITDA	145,636	112,278	*29.7%*
Profit before tax	73,548	62,929	*16.9%*
Attributable consolidated net profit	43,798	37,610	*16.5%*

The Elecnor Group's **sales** at the close of this six month period stand at **EUR 1,591.9 million**, up 19.4% on to the same period of the last year (when they reached EUR 1,333 million). Both the domestic market (which represents 43% of the total) and the international market (which makes up 57%) experienced significant growth (6.2% and 32% respectively). This positive evolution in the Group's figures for the year was possible thanks to the execution of major projects in Elecnor's business in Australia, Brazil and Chile, in particular, in addition to the increased volume of Services activities conducted by the Group in the United States and in European countries, chiefly Spain and Italy.

EBITDA reached **EUR 145.6 million**, 29.7% above the same figure in the same period of the previous financial year. In addition to the good performance of Elecnor's (Services and Projects) business, it is worth highlighting the positive change in the business of Enerfín, chiefly in its Spanish wind farms, as analysed below.

The Elecnor Group attained **net profits** of **EUR 43.8 million** in the first halfof 2022, which is a 16.5% increase on the profits obtained in the same period of the previous financial year.

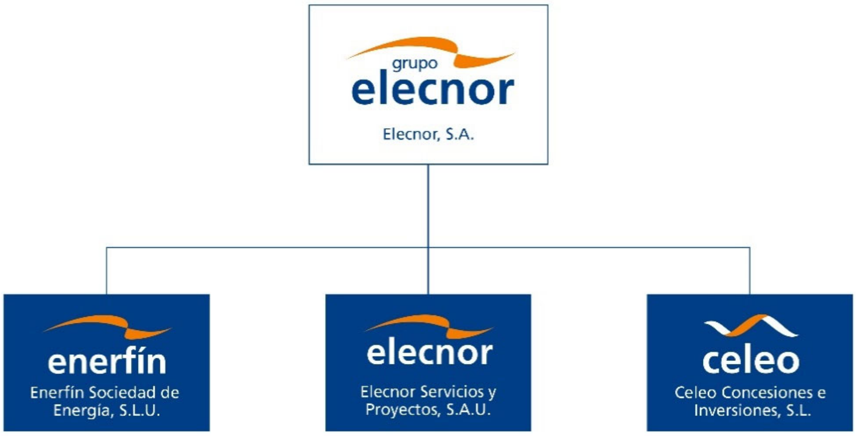
The Group continuously evaluates its operating expenses to reduce any discretionary expenses, applying policies of contention and control to the expenses on a recurring basis, in all companies of the Group.

3.2. Business performance

As explained in the first section of this report (Purpose, vision and business model), the Group conducts its activity in two businesses:

- **Services and Projects** (Elecnor):
- **Infrastructure and Renewables Investment** (Enerfín and Celeo):

Enerfín and Celeo make investments in Infrastructure and Renewables. Until last year, both businesses were analysed jointly and managed with a common strategy, under the name of Concession Business. This year, goals have been established on an individual basis in order to analyse their activity, and their main figures have begun to be reported as separate segments in order to better understand the Group's businesses.



Elecnor (Services and Projects)

(thousands of euros)	30 June 2022	30 June 2021	Change (%)
Turnover	1,489,982	1,267,320	*17.6%*
Domestic	644,303	628,008	*2.6%*
International	845,679	639,310	*32.3%*
EBITDA	83,322	71,536	*16.5%*
Profit before tax	55,401	53,110	*4.3%*
Attributable consolidated net profit	41,215	34,796	*18.4%*

Elecnor has performed well in these six months, achieving 18.4% growth in consolidated net profit.

In the **domestic market**, activity continued to grow on the back of the services developed for the energy, telecommunications, water, gas and transportation sectors, where it provides an essential service for all utilities. In addition, during this period, the construction work and development of wind and solar PV farms, as well as the restoration and maintenance projects related to self-consumption and energy efficiency, contributed to growth of both the turnover and the profit/loss of the Group.

In the **international market**, the positive evolution is chiefly due to projects that the Group undertakes in Australia, the construction of electricity transmission lines in Brazil and Chile, and also those of US subsidiaries (Hawkeye and Belco). The construction of wind farms in Colombia, solar PV farms in the Dominican Republic, hydroelectric plants in Cameroon and Angola and substations in the Democratic Republic of the Congo, among many others, also contributed to the Group’s profit/loss. Some of these major projects are at the initial stages, chiefly contributing to the growth of turnover.

The good performance of **attributable consolidated net profit** was buoyed by improved results achieved in the various vehicles that the Group uses to execute its projects abroad (permanent establishments and subsidiaries), enabling it to achieve a more favourable average consolidated tax rate.

Elecnor's portfolio of production that can be executed in the forthcoming 12 months (Services and Projects)

(thousands of euros)	30 June 2022	31 December 2021	Change (%)
Domestic	678,024	579,656	*17.0%*
International	1,712,704	1,711,829	*0.1%*
TOTAL	**2,390,728**	**2,291,485**	*4.3%*

The **production portfolio** ,which can be executed in the next 12 months, **amounts to EUR 2,391 million** (EUR 2,291 million at the close of 2021). Of this portfolio figure, 72% relates to the international market, for an amount of EUR 1,713 million, and 28% to the domestic market, for an amount of EUR 678 million. The domestic portfolio comprises contracts for traditional services. The international portfolio is increasing in both European countries (Italy and the United Kingdom), where service-related activities are carried out, and in other countries (Australia, the United States and Brazil, mainly) where major projects for the construction of renewable-energy power generation plants and power transmission projects.

Enerfín

Enerfín participates in 1,355 MW of renewable energy in operation and under construction in Spain, Brazil and Canada, and it continues with its intense development activity to ensure growth and increase its pipeline, which currently amounts to nearly 9 GW of wind energy and photovoltaic projects. It is likewise continuing with the diversification of its activities through storage, hybridisation and hydrogen projects.

(thousands of euros)	30 June 2022	30 June 2021	Change (%)
Turnover	105,310	68,201	*54.4%*
EBITDA	71,858	44,520	*61.4%*
Profit before tax	30,486	16,316	*86.9%*
Attributable consolidated net profit	11,090	9,322	*19.0%*

The positive performance of Enerfín's profits was chiefly due to the higher production of Wind Farms in Spain compared to same period last year, at a more favourable price. Additionally, it is worth highlighting the positive performance of the Brazilian real and the Canadian dollar against the euro, currencies in which the Group mainly operates abroad.

In the domestic market, the Group maintains a strategy of contracting price hedge derivatives for part of its production. In that regard, according to its forecasts on changes in electricity prices, it uses derivative financial instruments to cover the risks of changes in such electricity prices. Within the framework of these operations, Enerfín enters into swap contracts to ensure a fixed energy price for a specific number of Megawatt-hours (MWh), which are settled on a monthly basis. These financial derivatives meet the requirements to be deemed hedge accounting in the consolidated Group. Similarly, the Cofrentes wind farm has entered into a long-term energy sales contract.

Last 29 March, Royal Decree 6/2022 was published, thereby approving the update of the remuneration scheme of electric power generation based on renewable energy sources, high-efficiency co-generation and waste. As it is set forth in that Decree, the remuneration for investment in farms subject to that scheme is updated, effective 1 January 2022. The effect of the update has been included in the financial statements ended at 30 June. Moreover, the validity of the remuneration reduction mechanism due to gas prices is extended (which ended on 31 March 2022), and it is established that the cost of the financing mechanism for the social tariff and for the supply of consumers at risk of social exclusion will be assumed by generators and marketers.

Royal Decree-Law 10/2022 was published on 14 May, laying down a temporary mechanism to adjust the costs incurred by marginal fossil fuel technologies (combined cycle, coal-fired and cogeneration plants) in order to reduce the price of electricity on the wholesale market. According thereto, the abovementioned technologies must bid in all markets, internalising the amount of the adjustment in their bids, and these amounts are funded by the consumers who benefit from said reduced electricity price. This adjustment mechanism took effect on 14 June (as stated in Order TED/517/2022, approved by the European Union), and it will finalise on 31 May 2023.

RD-Law 11/2022 was published on 25 June, adopting and extending specific measures in order to respond to the economic and social consequences of the war in Ukraine, to address situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma. This Royal Decree extends the validity of the mechanism for reducing high gas prices, the suspension of the 7% tax on production, in addition to the reduction of the IEE (Special Tax on Electricity) to 0.5% from 1 July 2022 to 31 December 2022.

The Group estimates that the total impact of these measures, in terms of net tax results, will not be significant.

Celeo

Celeo, the company owned and managed jointly with APG, one of the world's largest pension funds, already operates 6,891 km of electricity transmission lines in Chile and Brazil, and participated in 345 MW of renewable energy (photovoltaic and solar thermal) in Spain and Brazil. It is worth highlighting the start of work on the first concession in Peru (Puerto Maldonado). Overall, it manages around EUR 5,211 million of assets in operation[3].

The main figures of Celeo Group (at 100%) are as follows:

Celeo (100% subgroup)

(thousands of euros)	30 June 2022	30 June 2021	Change (%)
Turnover[4]	138,835	113,168	*22.7%*
EBITDA[4]	93,189	85,410	*9.1%*
Profit before tax	26,159	33,485	*-21.9%*
Attributable consolidated net profit	7,944	15,605	*-49.1%*

[3] Figure at the end of 2021
[4] Turnover and EBITDA at 100% of the Celeo Group and its subsidiaries, without taking into account the impact of IFRIC 12 given that this best reflects the capacity of cash generation

It is worth highlighting —in Celeo's Transmission Networks business— the entry into operation at the end of 2021 of the concession in Serra de Ibiapaba in Brazil and the positive performance of the US dollar and the Brazilian real against the euro, currencies in which the Group mainly operates in Chile and Brazil, respectively. Increased interest rates on financing transmission projects in Brazil had a significant impact on the profits of this subgroup in the first six months of the year. This effect will be partially offset in the second half of the year, a period in which the sales tariffs of such projects will be revised in accordance with the corresponding inflation indices. In any case, the valuation of the assets is not expected to be affected.

The solar thermal energy plants managed by Celeo in Spain experienced lower production due to reduced thermal resources in the period. This is a seasonal circumstance that will be corrected in the upcoming months when the thermal resource is greater. In the same way as Enerfín, Celeo was affected by Royal Decree-Law 10/2022 and Royal Decree-Law 11/2022 as stated above in the Enerfín section.

Celeo is consolidated in the accounts of the Group using the **equity method**. For this reason, it does not contribute any turnover to the Group. In the first six months of the year, it contributed an attributable consolidated net profit of **EUR 4,055 thousand** (EUR 10,166 thousand in the same period last year). As a result of the consolidation method used, this profit coincides with the profit before tax and EBITDA contributed to the Group by this business.

3.3. Financial position

With regard to the Group’s **financial strategy**, we note:

- The Group maintains a **Syndicated Financing Agreement** which was executed in 2014. The latest novation, in September 2021, extends the maturity **until September 2026**. This funding is capped at EUR 350 million, distributed between the Loan Tranche of EUR 50 million and a Credit Facility Tranche of Euros 300 million. It complies with the requirements laid down by the Sustainability Linked Loan Principles and, therefore, **it is classified as sustainable**.

- In 2022, the Elecnor Group has published a multi-currency Promissory Note Programme in the **Alternative Fixed Income Market** (MARF) with a limit of EUR 400 million –one of the largest in the market–, to fund Working Capital needs and new projects, both in Spain and abroad, in the areas of engineering, infrastructure development and construction, renewable energies and new technologies. This is the Group’s first programme **linked to sustainability**, including targets for reducing greenhouse gas emissions and accidents at work, which, if not met, imply a commitment to contribute to sustainable projects. This transaction is part of the Elecnor Group’s strategy to diversify and optimise the cost of its sources of funding. This new programme gives the Group access to funding, both in Euro and US dollars, at terms of up to 24 months. The reputation and strength of Elecnor's business model is renowned on this market, allowing it to issue under beneficial terms. Over the last eight years, the Group has completed 196 issues for a total of EUR 6.5 billion, making it one of the main issuers of promissory notes in the Spanish market. At the close of the period, the Group had EUR 261.8 million available under this programme (EUR 70 million at 2021 year-end).

- Moreover, the Elecnor Group has had three long-term private placements since last year, for a total of EUR 100 million:

    - Euros 50 million at 10 years, in **sustainable loan** format, placed by Banca March.
    - Euros 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as **green**, placed by B. Sabadell.
    - Euros 30 million at 14 years, as **sustainable bonds**, also placed by B. Sabadell, included in the MARF. They have the Elecnor Group’s BBB- rating (investment grade) issued by Axesor.

- The Group has had a **Securitisation Fund** called “ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización” since December 2020, to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this structure, Elecnor obtains financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued bonds in the aforementioned amount, which are subscribed and fully paid in, and which are trading in Spain’s Alternative Fixed Income Market (MARF). These bonds are compliant with the requirements established by the **“Green Bond Principles”**, and therefore qualify as green bonds for G-advisory, the Garrigues Group’s consultancy firm. Axesor Rating has assigned the bonds issued by the Securitisation Fund an A+ rating, indicating a high capacity to meet its credit obligations. This is the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

The Elecnor Group tackles its investment projects by arranging financing secured by such projects, as described in section 5.2 “Interest rate risk” herein, while it contributes its equity with the resources generated by the businesses of which the Group is comprised.

There has been a greater need for funds in the Group's investment activity, as well as the growth experienced in recent months in the Services and Projects activity. This need, especially for working capital, is concentrated into certain projects abroad (Australia, Chile, Lithuania, etc.), where major milestones for collection are expected in the second half of the year that will correct the increased debt shown in the following table:

Net Financial Debt (thousands of euros)	**30 June 2022**	**31 December 2021**
With recourse	*195,951*	*119,392*
Without recourse	*441,794*	*415,374*
Total	637,745	534,766

3.4. Material changes in accounting policies

The accounting policies and methods used to prepare the interim summary consolidated financial statements in June 2022 are the same as those applied to the consolidated annual accounts in 2021.

All accounting principles with a significant effect have been applied in the drawing up of these Separate and Consolidated Annual Accounts.

4. Capital management policy

Key to Elecnor's strategy is its policy of maximum financial prudence. The capital structure is defined by the commitment to solvency and the aim of maximising shareholder returns.

5. Risk management policy

Elecnor is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

5.1. Foreign currency risks

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the functional currency. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

5.2. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged external financing to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions. The financing is secured by these projects. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both financing secured by the investment projects and corporate financing, borrowings are arranged mainly at floating interest rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

5.3. Liquidity risk

Liquidity risk is mitigated through Elecnor’s policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

At 30 June 2022, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

5.4. Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the national wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Cofrentes has signed a long-term energy sales contract with CEPSA for fixed annual energy. In addition, Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements reached with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force, which São Fernando I initiated in January 2022. Furthermore, Éoliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines, specifically those operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concessionaire has the guaranteed payment from the national power grid system.

The transmission lines of Chile belong to that country's national grid (previously known as the backbone system), in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. From 2019 onwards, distributors also are liable for payments, so the portfolio of payers will be more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

In addition, in Chile we also participate in dedicated transmission lines, committed to counterparties of proven solvency, most of which are rated Investment Grade. In these cases, the remuneration we receive is regulated in each of the long-term contracts that we have signed with these companies that use our infrastructure, either to evacuate the energy generated or to guarantee their electricity supply.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary.

5.5. Market risk

The Group is also exposed to the risk that cash flows and profit/loss may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group uses hedging strategies.

In the current context of increased global inflation, the Group analyses risk related to increased prices of materials consumed and labour costs that may affect the projects it carries out, taking the appropriate measures to mitigate them.

The Group upholds a policy of ensuring the price of energy on estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

5.6. Risk Management System

Elecnor Group is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

For this purpose, the Group has a structured and dynamic Risk Management System the main pillars of which are as follows:

- Continuous risk identification and evaluation and prioritisation.
- Identification of the management and control mechanisms and tools in place in connection with the main risks and assessment of their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

These management and control mechanisms and tools are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case.

To ensure better identification and management of the main risks, these are grouped into five broad categories:

- Governance risks.
- Strategic, planning and economic environment-related risks.
- Operating risks.
- Reporting risks.
- Compliance risks

In 2021, as part of the process of review and continuous improvement of the Risk Management System, the Group has carried out an internal reflection and planned a series of actions with the aim of making the aforementioned system more operational and effective, mainly through a greater focus on business risks and the improvement of certain systematics for monitoring the main risks, the identification and review of the main associated management and control procedures and tools and the monitoring of the corresponding improvement projects.

6. Sustainability

The sustainability of the Elecnor Group revolves around its purpose: generating change and well-being in the territories where it operates. It is therefore aware of the importance of its actions on people and the environment in which it undertakes its activities.

This commitment is inherent in every aspect of its activities and business strategy, as well as in its relations with stakeholders. A commitment that is embodied in its Strategic Sustainability Plan, which lays down the core areas of its social responsibility and the basis for ongoing improvement in sustainability management. This strategy conveys to the Group's stakeholders its commitment to people, society and the environment, always based on ethical and responsible management.

In the first six months of 2022, the Elecnor Group has continued to progress and strengthen this commitment by renewing its Sustainability Policy.

As stated previously in this Report, the Elecnor Group's achievement of its first multi-currency promissory note programme in the Alternative Fixed Income Market (MARF) linked to the fulfilment of sustainability goals will not only enable it to fund new projects, but also involves a boost to sustainable performance, with such financing linked to targets for reducing greenhouse gas emissions and accidents at work.

In terms of the environment, with the challenge of adapting to the new climate conditions and with one of its core goals to be carbon neutral by 2035, the Elecnor Group has achieved the guarantee of the global Science Based Targets initiative (SBTi) for its contribution to combating climate change. The company has had its targets for reducing CO_2 emissions validated by the initiative, which indicates that they are ratified by scientific criteria and contribute to the Paris Agreement.

Through its various activities, the Elecnor Group has a direct impact on employment, progress and social welfare. Thus, in the social environment, it fosters equality and diversity, upholding a clear commitment to the communities in which it conducts its activity, and invests and develops infrastructures for the progress of society.

In the field of governance, in this period, the Elecnor, S.A. Shareholders' Meeting approved the restructuring of the Board of Directors by cutting the number of proprietary directors and appointing Ms. Francisca Ortega as an independent director. This represents an increase in the number of independent and female directors on the Board of Directors. Furthermore, article 12 of the Bylaws has been amended in relation to directors' remuneration and a new Remuneration Policy for the Directors of Elecnor, S.A. has been approved, which is valid for 2022, 2023, 2024 and 2025.

The Elecnor Group is undergoing certification in accordance with the IQNet SR10 Corporate Social Responsibility standard, which is expected to be completed during the 2022 financial year. This seal certifies that the company has all the necessary elements for formulating a sustainability management system, consequently endorsing its level of commitment in this field.

The Elecnor Groups contributes with its businesses to the following SDGs:

7. Significant events subsequent to the end of the half-year period

Between 30 June 2022 and the preparation of the interim consolidated financial statements there were no significant events that might materially alter the true and fair view of those financial statements.

8. Outlook for 2022

8.1. Economic context

As explained in section 2 Economic context of this report, the outlook for the forthcoming year shows a slowdown in global growth, as a result of possible mutations of the COVID virus, rising interest rates, rising inflation, and the war in Ukraine. Recovery will depend on the measures that all countries take to control the pandemic, address geopolitical risks, climate change and prevent the widening of the economic gap between countries, and it will also depend on the major economies' policies to support growth.

8.2. Elecnor Group

The Elecnor Group holds a leading position in the main activities that will concentrate most of the stimulus measures promoted, in particular by the European Union and the United States. In that regard, the global trends that will drive the Group's businesses are:

- Electrification and energy efficiency
- Renewable energies
- Digitisation and connectivity
- Comprehensive rendering of urban services

On the basis of the foregoing, and after the good performance of these first six months of the year, in 2022 the Elecnor Group expects to exceed the results achieved in the previous year.

9. Share capital and acquisition of own shares

At 30 June 2022, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of EUR 0.10 Euro, fully subscribed and paid in, implying a share capital of EUR 8,700,000.

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2021, Elecnor, S.A. had a portfolio of 2,320,749 shares. During the first half-year of 2022 it acquired 123,984 securities, and sold 120,268. Accordingly, at 30 June 2022 it had a total of 2,324,465 own shares, 2.7% of all shares in the company, unchanged on the previous year.

10. Related party transactions

With regard to the disclosures on related party transactions, see the details in the notes to the interim summary consolidated financial statements at 30 June 2022 and in the consolidated financial statements at 31 December 2021, as provided in article 15 of Royal Decree 1362/2007.

Appendix containing alternative performance measures

ELECNOR presents the Alternative Performance Measures, according to the guidelines published by the ESMA (European Securities and Markets Authority). These measures are widely used by investors, securities analysts and other agents as performance measures that are supplementary, and should be considered as such, and in no case as a replacement

Key figures

(thousands of euros)	30/06/22	30/06/21	Change (%)
Turnover	1,591,917	1,333,020	*19.4%*
Domestic	*690,152*	*649,616*	*6.2%*
International	*901,765*	*683,404*	*32.0%*
EBITDA	145,636	112,278	*29.7%*
Profit before tax	73,548	62,929	*16.9%*
Attributable consolidated net profit	43,798	37,610	*16.5%*

EBITDA:

EBITDA is defined as operating income plus expense for amortisation, depreciation, impairment and charges to provisions. The group deems EBITDA to be a useful supplementary indicator that can be used in assessing the Group's operating performance

	30/06/22	30/06/21	Change in (%)
EBITDA = Gross Operating Profit:	**145,636**	**112,278**	*29.7%*
Operating income	104,406	84,229	
+ Expense for amortisation, depreciation, impairment and charges to provisions	41,230	28,049	

Turnover by segments

(thousands of euros)		30/06/22	30/06/21	Change (%)
Elecnor (Services and Projects)		1,489,982	1,267,320	*17.6%*
Domestic		*644,303*	*628,008*	*2.6%*
International		*845,679*	*639,310*	*32.3%*
Enerfín		105,310	68,201	*54.4%*
Domestic		*48,679*	*21,745*	*123.9%*
International		*56,671*	*46,458*	*22.0%*
	Subtotal Businesses	**1,595,292**	**1,335,521**	***19.5%***
Operations between segments		(3,375)	(2,501)	-
		1,591,917	**1,333,020**	*19.4%*

EBITDA by segments

(thousands of euros)		30/06/22	30/06/21	Change (%)
Elecnor (Services and Projects)		83,322	71,536	*16.5%*
Enerfín		71,858	44,520	*61.4%*
Celeo		4,055	10,166	*-60.1%*
	Subtotal Businesses	**159,235**	**126,222**	***26.2%***
Group Management and Other Adjustments		(13,055)	(13,422)	
Operations between segments		(544)	(522)	
		145,636	**112,278**	*29.7%*

Profit before income tax by segment

(thousands of euros)		30/06/22	30/06/21	Change (%)
Elecnor (Services and Projects)		55,401	53,110	*4.3%*
Enerfín		30,486	16,316	*86.9%*
Celeo		4,055	10,166	*-60.1%*
	Subtotal Businesses	**89,942**	**79,592**	***13.0%***
Group Management and Other Adjustments		(16,271)	(16,503)	
Operations between segments		(123)	(160)	
		73,548	**62,929**	*16.9%*

Consolidated net profit attributable by segment

(thousands of euros)		30/06/22	30/06/21	Change (%)
Elecnor (Services and Projects)		41,215	34,796	*18.4%*
Enerfín		11,090	9,322	*19.0%*
Celeo		4,055	10,166	*-60.1%*
	Subtotal Businesses	**56,360**	**54,284**	***3.8%***
Group Management and Other Adjustments		(12,455)	(16,553)	-
Operations between segments		(107)	(121)	-
		43,798	**37,610**	*16.5%*

Elecnor Portfolio (Services and Projects)

Pending backlog (thousands of euros)	**30/06/22**	**31/12/21**	**Change (%)**
Domestic	678,024	579,656	*17.0%*
International	1,712,704	1,711,829	*0.1%*
TOTAL	**2,390,728**	**2,291,485**	*4.3%*

OTHER BREAKDOWNS

Elecnor (Services and Projects) (thousands of euros)	**30/06/22**	**30/06/21**	**Change (%)**
Turnover	1,489,982	1,267,320	*17.6%*
Domestic	644,303	628,008	*2.6%*
International	845,679	639,310	*32.3%*
EBITDA	83,322	71,536	*16.5%*
Profit before tax	55,401	53,110	*4.3%*
Attributable consolidated net profit	41,215	34,796	*18.4%*

Enerfín (thousands of euros)	**30/06/22**	**30/06/21**	**Change (%)**
Turnover	105,310	68,201	*54.4%*
EBITDA	71,858	44,520	*61.4%*
Profit before tax	30,486	16,316	*86.9%*
Attributable consolidated net profit	11,090	9,322	*19.0%*

Celeo (100% subgroup) (thousands of euros)	**30/06/22**	**30/06/21**	**Change (%)**
Turnover	138,835	113,168	*22.7%*
EBITDA	93,189	85,410	*9.1%*
Profit before tax	26,159	33,485	*-21.9%*
Attributable consolidated net profit	7,944	15,605	*-49.1%*

Turnover and EBITDA at 100% of the Celeo Group and its subsidiaries, without taking into account the impact of IFRIC 12 given that this best reflects the capacity of cash generation

Alternative debt measures

(thousands of euros)	**30/06/22**	**31/12/21**	**Change (%)**
With recourse	*195,951*	*119,392*	*64.1 %*
Without recourse	*441,794*	*415,374*	*6.4 %*
Total Net Financial Debt	637,745	534,766	*19.3%*

Calculation of Total Net Financial Debt:

	30/06/22	**31/12/2021**
+ Financial liabilities from issuing bonds and other marketable securities	327,876	134,581
+ Finance liabilities on loans and borrowings	729,915	789,598
+ Derivative financial instruments (of non-current liabilities and current liabilities in the Consolidated Statement of Financial Position)	80,002	101,272
- Current investments in related companies	(325)	(323)
- Derivative financial instruments	(3,105)	(6,454)
- Cash and cash equivalents	(406,330)	(388,105)
- Other current financial investments	(18,131)	(11,214)
+ Loans granted by public entities	4,246	4,622
+ Derivative financial instruments (from current assets of the Consolidated Statement of Financial Position) for exchange rate hedges	2,926	6,122
- Derivative financial instruments (from non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) for exchange rate hedges	(10,388)	(10,723)
- Derivative financial instruments (from non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) for energy price hedges	(68,941)	(84,610)
Total Net Financial Debt	**637,745**	**534,766**
(increase on previous year's close)	*19.3%*	*-0.4%*