Auditor's Report on Grupo Ecoener, S.A. and Subsidiaries

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

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

KPMG Auditores, S.L.
Calle de la Fama, 1 1º
15001 A Coruña

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the shareholders of Grupo Ecoener, S.A.:

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Grupo Ecoener, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

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

Basis for Opinion

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

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

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

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Paseo de la Castellana, 259C 28046 Madrid

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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

Key Audit Matters

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

Recoverable amount of property, plant and equipment See notes 4 c) and 7 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2021, the Group's property, plant and equipment have a carrying amount of Euros 222,057 thousand and mainly consist of wind farms and solar photovoltaic and hydroelectric power plants. The carrying amount at 31 December 2021 includes accumulated impairment of Euros 3,957 thousand. At each reporting date, the Group estimates the recoverable amount of its property, plant and equipment for which there are indications of impairment. The Group calculates this recoverable amount by estimating the assets' value in use, which is determined by applying valuation techniques that require the exercising of judgement by the Management, and the use of assumptions and estimates. Due to the uncertainty associated with these assumptions and estimates, and the significance of the carrying amount of the property, plant and equipment, this has been considered a key audit matter.	Our audit procedures included the following: ▪ Assessing the design and implementation of the key controls related to the process of estimating the recoverable amount. ▪ Evaluating the criteria used by the Group in identifying indications of impairment. ▪ Evaluating the reasonableness of the methodology and assumptions used by the Group Management when estimating the recoverable amount, involving to our valuation specialists for the assessment of some of the main assumptions. ▪ Contrasting the consistency of the future cash flows included in the valuation model with the financial plan of these assets. We also compared the cash flow forecasts estimated in prior years with the actual cash flows obtained. ▪ Evaluating the sensitivity of the recoverable amount to changes in certain assumptions that can be considered reasonable. ▪ Assessing whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

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

Recoverability of deferred tax assets See notes 4 j) and 19 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
At 31 December 2021 the Group has recognised deferred tax assets of Euros 22,085 thousand. The recognition of deferred tax assets entails a high level of judgement by the Management in assessing the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and tax planning opportunities. Due to the significance of the amount of deferred tax assets and the uncertainty associated with their recovery, this has been considered a key audit matter.	Our audit procedures included the following: ▪ Assessing the design and implementation of the key controls over the recognition and measurement of deferred tax assets. ▪ Assessing the key assumptions used to estimate the Group's future taxable profits. ▪ Evaluating the sufficiency of future taxable profits to offset deferred tax assets, considering the estimated time scale for such offset, involving our tax specialists to assess the tax considerations of the model used by the Group. ▪ Assessing whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Revenue recognition See notes 2 e) and 21 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
Under revenue the Group mainly records the revenue from the remuneration obtained from the production of electricity from renewable energy sources. Revenue recognition is an area subject to material misstatement, particularly in relation to the application of the regulatory framework in force and the appropriate timing of recognition of revenue in the corresponding year, and is therefore considered to be a key audit matter.	Our audit procedures included the following: ▪ Understanding the regulatory framework for the areas of activity in which the Group operates. ▪ Evaluating the design and implementation of the key controls over the recognition of revenue for the remuneration obtained from the production of electricity. ▪ Comparing the periodic remuneration settlements with the revenue recognised. ▪ Evaluating the calculation of the value of adjustments due to deviations in market price performed by the Group in application of the special remuneration regime established in Royal Decree 413/2014. ▪ Assessing whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

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Other Information: Consolidated Directors' Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

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

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

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

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

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 25 February 2022.

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

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 28 December 2020 for a period of three years, from the year ended 31 December 2020.

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

(Signed on original in Spanish)

Daniel Fraga Romero
On the Spanish Official Register of Auditors ("ROAC") with No. 18135

February 25, 2022

GRUPO ECOENER, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2021 AND 2020

(Thousands of Euros)

	Note	31.12.2021	31.12.2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	**6**	**8,000**	**7,951**
Goodwill		3,905	3,905
Concession arrangements		1,834	1,840
Other intangible assets		2,261	2,206
Right of use assets	**8**	**7,756**	**7,750**
Property, plant and equipment	**7**	**222,057**	**175,764**
Land and buildings		85,889	83,059
Plant and other items of PPE		92,081	72,609
Assets under construction and advances		44,087	20,096
Non-current investments in related parties	**11 & 20**	**4**	**1**
Long-term financial investments	**10 & 11**	**250**	**454**
Loans to third parties		196	414
Other financial assets		54	40
Deferred tax assets	**19**	**22,085**	**5,033**
Other non-current assets	**18**	**665**	**681**
Total non-current assets		**260,817**	**197,634**
CURRENT ASSETS			
Inventories		**-**	**230**
Work in progress		-	57
Advances to suppliers		-	173
Trade and other receivables	**10 & 11**	**19,346**	**13,703**
Trade receivables for sales and services rendered		7,299	5,904
Sundry debtors		698	-
Public entities, other	**19**	11,349	7,799
Current tax assets	**19**	**1,266**	**828**
Investments in related parties	**10 & 20**	**702**	**376**
Current investments	**10 & 11**	**41,509**	**1,661**
Equity instruments		39,906	-
Loans to third parties		297	249
Other financial assets		1,306	1,412
Other current assets	**18**	**1,710**	**815**
Cash and cash equivalents	**12**	**42,542**	**13,681**
Cash		37,528	13,681
Other cash equivalents		5,014	-
Total current assets		**107,075**	**31,294**
TOTAL ASSETS		**367,892**	**228,928**
EQUITY AND LIABILITIES			
EQUITY			
Registered capital		18,224	560
Share premium		99,326	4,750
Reserves		(19,605)	(5,840)
Other shareholder contributions		6,573	73
Profit attributed to Parent Company		6,058	3,457
Translation differences		506	(356)
Equity attributed to Parent Company		**111,082**	**2,644**
Non-controlling interests		8,050	**8,972**
Total equity	**13**	**119,132**	**11,616**
NON-CURRENT LIABILITIES			
Non-current provisions	**14**	**1,886**	**1,356**
Other provisions		1,886	1,356
Non-current debt	**15**	**193,460**	**185,518**
Bank borrowings		62,215	39,947
Lease liabilities		7,142	6,724
Bonds and other marketable securities		109,874	116,096
Debt with related parties		-	8,479
Other financial liabilities		14,229	14,272
Deferred tax liabilities	**19**	**1,141**	**126**
Grants	**16**	**13,260**	**3,607**
Non-current trade payables	**15**	**11,830**	**163**
Other non-current liabilities	**18**	**2,319**	**2,464**
Total non-current liabilities		**223,896**	**193,234**
CURRENT LIABILITIES			
Current debt	**15**	**16,378**	**19,133**
Bank borrowings		8,408	3,184
Lease liabilities		277	392
Bonds and other marketable securities		6,221	6,382
Debt with related parties		180	834
Derivatives		-	1,554
Other financial liabilities		1,292	6,787
Trade and other payables-	**15**	**8,241**	**4,685**
Suppliers		1,216	4
Other payables		5,408	3,729
Personnel		34	9
Public entities, other	**19**	1,043	943
Advances from customers		540	-
Current tax liabilities	**19**	**82**	**142**
Other current liabilities	**18**	**163**	**118**
Total current liabilities		**24,864**	**24,078**
TOTAL EQUITY AND LIABILITIES		**367,892**	**228,928**

The accompanying Notes 1 to 25 and Appendix I form an integral part of the Consolidated Annual Accounts for 2021.

GRUPO ECOENER, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of Euros)

	Note	2021	2020
CONTINUING OPERATIONS			
Revenue	**21**	**39,927**	**33,326**
Ordinary income		38,373	32,463
Other income		1,554	863
Changes in inventories of finished products and work in progress		**237**	**(5)**
Self-constructed assets	**7**	**1,368**	**-**
Supplies		**(6,081)**	**(3,652)**
Raw materials and other consumables		(6,080)	(3,625)
Subcontracted work		(1)	(27)
Other operating income		**105**	**119**
Non-trading and other income		103	118
Operating grants taken to the income statement for the year		2	1
Personnel expense		**(3,887)**	**(1,852)**
Salaries, wages and similar		(3,203)	(1,516)
Employee benefits expense	**21**	(684)	(336)
Other operating expenses	**21**	**(10,416)**	**(9,111)**
External services		(8,793)	(8,047)
Taxes		(549)	(2,044)
Losses, impairment and changes in trade provisions	**10**	(1,074)	980
Amortisation/depreciation	**6, 7 & 8**	**(9,951)**	**(8,140)**
Non-financial and other capital grants	**16**	**140**	**12**
Impairment and gains/(losses) on disposals of fixed assets	**6 & 7**	**(169)**	**2,739**
Impairment and losses		391	2,983
Gains/(losses) on disposals and other		(560)	(244)
Otros resultados		**213**	**154**
OPERATING PROFIT/(LOSS)		**11,486**	**13,590**
Finance income	**10**	**167**	**235**
Finance costs	**15**	**(5,959)**	**(10,299)**
With related parties	**20**	(45)	(168)
Debt with third parties		(5,845)	(10,091)
Lease liabilities	**8**	(64)	(35)
Provision adjustments	**14**	(5)	(5)
Changes in fair value of financial instruments	**10 & 15**	**(14,489)**	**1,290**
Translation differences		**621**	**377**
Impairment and gains/(losses) on disposals of financial instruments		**(21)**	**-**
NET FINANCIAL INCOME/COST		**(19,681)**	**(8,397)**
PROFIT/(LOSS) BEFORE TAX		**(8,195)**	**5,193**
Income tax	**19**	13,817	575
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**5,622**	**5,768**
DISCONTINUED OPERATIONS			
Profit/(loss) for the year from discontinued operations, net of tax		-	-
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**5,622**	**5,768**
PROFIT/(LOSS) ATTRIBUTED TO THE PARENT COMPANY	**13**	**6,058**	**3,457**
PROFIT/(LOSS) ATTRIBUTED TO NON-CONTROLLING INTERESTS	**13**	**(436)**	**2,311**
EARNINGS PER SHARE (Basic and Diluted) (*)		**0.141**	**3.2850**

The accompanying Notes 1 to 25 and Appendix I form an integral part of the Consolidated Annual Accounts for 2021.
(*) Earnings per share for 2021 are calculated on the basis of the number of equivalent shares on such date, following the split mentioned in section 13.1.

GRUPO ECOENER, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Euros)

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Note	2021	2020
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR (I)		**5,622**	**5,768**
Income and expense recognised directly in equity-			
Translation differences		1,053	(1,173)
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (II)		**1,053**	**(1,173)**
Amounts transferred to the consolidated income statement-		-	-
TOTAL AMOUNTS TRANSFERRED TO THE CONSOLIDATED INCOME STATEMENT (III)		**-**	**-**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE (I+II+III)		**6,675**	**4,595**
Attributed to:			
Parent company		6,920	2,284
Non- controlling interests		(245)	2,311

The accompanying Notes 1 to 25 and Appendix I form an integral part of the Consolidated Annual Accounts for 2021.

GRUPO ECOENER, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of Euros)

	Capital	Share premium	Reserves	Income for the year attributed to the Parent Company	Shareholder contributions	Translation differences	Non-controlling interests	Total
CLOSING BALANCE AT 31 DECEMBER 2019	**-**	**-**	**1,259**	**5,305**	**-**	**817**	**8,033**	**15,414**
Total comprehensive income	-	-	-	3,457	-	(1,173)	2,311	4,595
Transactions with shareholders-								
Incorporation	60	-	-	-	-	-	-	60
Non-monetary contributions	500	4,750	(5,323)	-	73	-	-	-
Dividends and repayment of contributions	-	-	(8,061)	-	-	-	(1,514)	(9,575)
Shareholder contributions	-	-	375	-	-	-	-	375
Other changes in equity -								
Allocation of prior year’s profit/(loss)	-	-	5,305	(5,305)	-	-	-	-
Other movements	-	-	605	-	-	-	142	747
CLOSING BALANCE AT 31 December 2020	**560**	**4,750**	**(5,840)**	**3,457**	**73**	**(356)**	**8,972**	**11,616**
Total comprehensive income	-	-	-	6,058	-	862	(245)	6,675
Transactions with shareholders or owners-								
Capital increase	5,424	94,576	-	-	-	-	-	100,000
Capital increase	12,240	-	(12,240)	-	-	-	-	-
Cost of issuing equity instruments	-	-	(4,689)	-	-	-	-	(4,689)
Shareholder contributions	-	-	-	-	6,500	-	-	6,500
Dividends - non-controlling interests	-	-	-	-	-	-	(756)	(756)
Other changes in equity -								
Distribution of prior year’s profit/(loss)	-	-	3,457	(3,457)	-	-	-	-
Changes in the consolidation scope	-	-	(192)	-	-	-	178	(14)
Other movements	-	-	(101)	-	-	-	(99)	(200)
CLOSING BALANCE AT 31 December 2021	**18,224**	**99,326**	**(19,605)**	**6,058**	**6,573**	**506**	**8,050**	**119,132**

The accompanying Notes 1 to 25 and Appendix I form an integral part of the Consolidated Annual Accounts for 2021.

GRUPO ECOENER, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Thousands of Euros)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) for the year before tax		**(8,195)**	**5,193**
Adjustments:		**26,944**	**13,210**
Depreciation and amortisation		9,951	8,140
Impairment adjustments		1,074	(980)
Change in provisions		(391)	(2,978)
Gains/(losses) on disposals of fixed assets		560	244
Impairment and gains/(losses) on disposals of financial instruments		21	-
Finance income		(167)	(235)
Finance costs		5,959	10,294
Translation differences		(621)	(377)
Change in fair value of financial instruments		14,489	(1,290)
Allocation of grants		(140)	(13)
Other expense/income		(3,791)	405
Changes in working capital		**2,184**	**(1,345)**
Inventories		230	(57)
Trade and other receivables		(2,219)	(2,919)
Other current assets		(1,260)	5
Trade and other payables		5,642	1,626
Other current liabilities		45	-
Other non-current assets and liabilities		(254)	-
Other cash flows from operating activities		**(5,764)**	**(7,940)**
Interest paid		(5,511)	(7,615)
Interest received		109	40
Income tax received/(paid)		(362)	(365)
CASH FLOWS FROM OPERATING ACTIVITIES		**15,169**	**9,118**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments			
Group companies and associates		-	(3,300)
Intangible assets		(151)	(1,106)
Property, plant and equipment		(56,172)	(28,946)
Other financial assets		(40,158)	-
Proceeds from sale of investments			
Intangible assets and PPE		178	42
Other financial assets		455	642
CASH FLOWS FROM INVESTING ACTIVITIES		**(95,848)**	**(32,668)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from and payments for equity instruments			
Issue of equity instruments		100,000	435
Redemption of equity instruments		-	(5,050)
Grants, donations and bequests received		3,252	-
Proceeds from and payments for financial liability instruments			
Debt issue			
Bonds and similar securities		-	130,000
Bank borrowings		25,270	130
Other debt		-	20,223
Redemption and repayment of other debt			
Bonds and similar securities		(6,590)	(5,498)
Bank borrowings		(2,535)	(82,466)
Other debt		(3,264)	(4,365)
Finance lease payables		(630)	(24,337)
Dividends and interest on other equity instruments.			
Dividends		(525)	(4,525)
Other		(6,253)	-
CASH FLOWS FROM FINANCING ACTIVITIES		**108,725**	**24,547**
EFFECT OF EXCHANGE RATE FLUCTATIONS (IV)		**815**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**28,861**	**997**
Cash and cash equivalents at the beginning of the year		**13,681**	**12,684**
Cash and cash equivalents at the end of the year		**42,542**	**13,681**

The accompanying Notes 1 to 25 and Appendix I form an integral part of the Consolidated Annual Accounts for 2021.

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

Grupo Ecoener, S.A.
and Subsidiaries

Notes to the consolidated annual accounts
for the year ended
31 December 2021

1. Brief history, activity and composition of the Group

Grupo Ecoener, S.A. (hereinafter, the Parent Company or Grupo Ecoener, together with its Subsidiaries, the Group) was incorporated as a sole- shareholder public limited company in accordance with Spanish legislation on 28 January 2020, and registered in the Mercantile Registry of La Coruña in volume 3,716 of the archive, general section, on page 40, number C-59,313. Its registered office is located at Cantón Grande, 6 - 6º (La Coruña).

The corporate purpose of the Parent Company and Subsidiaries is the generation of electricity from renewable energy sources (such as wind, hydropower and solar photovoltaic), as well as the design, promotion and development, construction, management, maintenance, operation, closure and dismantling of the relevant production facilities. These activities may be performed directly or indirectly through the incorporation, acquisition and holding of shares, bonds, share units and rights in commercial companies.

Similarly, the corporate purpose also includes administration and management services, intermediation in all manner of mercantile transactions, the provision of general technical assistance and the administration and management of all types of assets and the business development thereof. The activities are carried out at Cantón Grande, 6 - 6º (La Coruña).

Grupo Ecoener, S.A.'s shares have been admitted for trading on the Spanish stock market since 4 May 2021. The annual accounts of Grupo Ecoener, S.A. for the year ended 31 December 2020 were approved on 22 March 2021, and the consolidated accounts of Grupo Ecoener S.A. and Subsidiaries were approved on 9 April 2021.

Grupo Ecoener, S.A. is part of the Luis de Valdivia Group, whose parent company is Luis de Valdivia, S.L.U. (formerly Ecoener, S.L.U.), with registered address at Cantón Grande, nº 6 - 6º (La Coruña, Spain). The consolidated annual accounts of Luis de Valdivia, S.L.U. are filed at the Mercantile Register of La Coruña.

Appendix I contains a list of the companies owned by the Ecoener Group at the reporting date.

Restructuring operation

As part of the Group's business strategy, in 2020 the then sole shareholder, Luis de Valdivia, S.L.U., transferred the following businesses:

- All of the renewable energy facilities;
- The renewable energy facility promotion and development business.
- The renewable energy plant operation and maintenance business.

The business units were mainly assigned through the transfer of entities under the common control of Luis de Valdivia, S.L.U. Therefore, Grupo Ecoener, S.A. has become the Parent Company of a Group made up of subsidiaries (hereinafter, the «Group»). In this regard, the transactions undertaken as part of the aforementioned reorganisation were essentially the following:

- On 12 June 2020, Luis de Valdivia, S.L.U. increased the capital of Grupo Ecoener, S.A. by Euros 500 thousand through the creation of 5,000 new registered shares with a par value of Euros 100 per share and a share premium of Euros 4,750 thousand of Euros 950 per share, which were fully subscribed and paid up through the non-monetary contribution of 100% of the subscribed share capital of certain subsidiaries (Note 13).

- On 1 November 2020, Luis de Valdivia, S.L.U. and Grupo Ecoener, S.A. signed a business agreement whereby the former sold the O&M and Promotion and Development unit to the latter thereby subrogating Grupo Ecoener, S.A. in the rights and obligations. The ownership of the assets and the liabilities assumed from the business, as well as the assigned contracts, were transferred as of 1 December 2020, while the employees were transferred as of 1 November 2020. On this same date, the 1 November 2020, Luis de Valdivia, S.L.U. wrote off the outstanding receivable from Grupo Ecoener, S.A. for the sale and purchase of the business.

At the 2021 reporting date, the Group operates the following hydropower and wind facilities that perform their activities under the relevant concession agreements:

Facility	**Group company owner**	**Country**	**Region**	**Concession start**	**Concession expiry**	**Land regime**
San Bartolomé hydropower plant*	Hidroeléctrica del Giesta, S.L.	Spain	Galicia	25/04/1997	09/01/2025	Owned
Cierves hydropower plant *	Hidroeléctrica del Giesta, S.L.	Spain	Galicia	25/05/2000	09/08/2045	Owned
Peneda hydropower plant *	Hidroeléctrica del Giesta, S.L.	Spain	Galicia	30/09/1993	07/07/2041	Owned
Arnoya hydropower plant *	Hidroeléctrica del Giesta, S.L.	Spain	Galicia	07/07/1993	07/01/2042	Owned
Landro hydropower plant	Sociedad Lucense de Energía Hidráulica y Eólica, S.L.	Spain	Galicia	18/07/2008	18/07/2048	Owned
Xestosa hydropower plant	Hidroeléctrica de Ourol, S.L.	Spain	Galicia	06/08/2008	06/08/2058	Owned
Las Fuentes II hydropower plant	Energías del Ocosito, S.A.	Guatemala	Retalhuleu	03/10/2011	02/10/2061	Lease
Lalín single wind farm	Energías de Pontevedra, S.L.	Spain	Galicia	07/08/2008	07/08/2048	Owned

** The holder of the San Bartolomé, Cierves, Peneda and Arnoya hydropower plant concessions is a third party. The Group company Hidroeléctrica del Giesta, S.L. is currently the lessee of such concessions.*

Moreover, at the 2021 reporting date, the Group operates the following renewable energy facilities (hydropower, wind and solar photovoltaic) under their relevant administrative authorisations.

Facility	Group company owner	Country	Region	Year	Land regime
Ourol wind farm	Hidroeléctrica de Ourol, S.L.	Spain	Galicia	2008	Owned
San Bartolomé wind farm (9.2 MW)	Mocan Renovables, S.L.	Spain	Canary Islands	2017	Lease
Llanos de la Aldea wind farm	Drago Renovables, S.L.	Spain	Canary Islands	2017	Lease
Llanos del Sur solar photovoltaic plant	Llanos del Sur Fotovoltaica, S.A.	Honduras	Choluteca	2015	Lease
La Caleta wind farm	Cardo de Plata, S.L.	Spain	Canary Islands	2020	Lease
El Rodeo wind farm	Yesquera de Aluce, S.L	Spain	Canary Islands	2020	Lease
Las Casillas 1 wind farm	Alamillo de Doramas, S.L.	Spain	Canary Islands	2020	Lease
Lomo del Moral wind farm	Eólicos del Matorral, S.L.	Spain	Canary Islands	2021	Lease
Arcos del Coronadero wind farm	Violeta Palmera, S.L.	Spain	Canary Islands	2021	Lease
Barranco de la Grea solar photovoltaic plant	Canutillo de Sabinosa, S.L.	Spain	Canary Islands	2021	Lease
Bocabarranco solar photovoltaic plant	Canutillo de Sabinosa, S.L.	Spain	Canary Islands	2021	Lease
Corral del Espino solar photovoltaic plant	Canutillo de Sabinosa, S.L.	Spain	Canary Islands	2021	Lease
Juncalillo del Sur solar photovoltaic plant	Canutillo de Sabinosa, S.L.	Spain	Canary Islands	2021	Lease
La Tartaguera solar photovoltaic plant	Canutillo de Sabinosa, S.L.	Spain	Canary Islands	2021	Lease
Llanos de la Aldea I solar photovoltaic plant	Bencomia del Risco, S.L.	Spain	Canary Islands	2021	Lease
Llanos de la Aldea II solar photovoltaic plant	Bencomia del Risco, S.L.	Spain	Canary Islands	2021	Lease
Llanos de la Aldea III solar photovoltaic plant	Bencomia del Risco, S.L.	Spain	Canary Islands	2021	Lease
Aldea Blanca I solar photovoltaic plant	Tabaiba Solar, S.L.	Spain	Canary Islands	2021	Lease
Aldea Blanca II solar photovoltaic plant	Tabaiba Solar, S.L.	Spain	Canary Islands	2021	Lease
Aldea Blanca III solar photovoltaic plant	Tabaiba Solar, S.L.	Spain	Canary Islands	2021	Lease
Aldea Blanca IV solar photovoltaic plant	Tabaiba Solar, S.L.	Spain	Canary Islands	2021	Lease

It is worth mentioning that, unlike the concession arrangements, administrative authorisations do not include an expiry date.

Changes in consolidation scope and operations during the year

The main changes in the Group's scope of consolidation are as follows:

2021-

- The incorporation of Ecoener Kenia Kipkurere Ltd and Ecoener Kenia Kundos Ltd, domiciled in Kenya, owned in full by the Parent Company. The acquisition of Leo City LTD, the impact of which is insignificant.

- The incorporation of Ecoener Wind Power Plant d.o.o. Beograd, domiciled in Serbia and owned in full by the Parent Company.

- The acquisition of Genersol, S.A.S. and the incorporation of Ecoener Fotovoltaica Pradera, S.A.S. and Aquis Querquennis Colombia, S.A.S., both of these companies are domiciled in Colombia.

- Dissolution by agreement of the shareholders of the companies domiciled in Spain of Conservilla Majorera, S.L., Cresta de Gallo, S.L. and Mosquera de Tamadaba, S.L. The effect of this settlement was a decrease of Euros 13 thousand for non-controlling interests.

- The winding up of the Luxembourg company Drago General Partner, S.à.R.L. by agreement of the shareholders. The impact on equity is insignificant.

- Sale of 49% of the stake in the Spanish subsidiary Amagante Herreño, S.L., without any change in its degree of control over this company, with 51% at 2021 year-end. The effect of this change is a transfer of Euros 192 thousand from reserves to non-controlling interests.

2020-

- The incorporation of the Spanish companies Violeta Palmera, S.L., Eólicos del Matorral, S.L., Ecoener Emisiones, S.A., Fonte dos Arcos, S.L., Ecoener Servicios Constructivos, S.L. (currently called Aquis Querquennis, S.L.), Ecoener Operación y Mantenimiento, S.L. (currently called Ecoener Inversiones, S.L.), Eólicos Herculinos, S.L. and Cardoncillo Gris,S.L., all of which are owned in full by the Parent Company.

- The incorporation of the Nicaraguan company Ecoener Mirazul Dos, S.A., which is 98% owned by the Parent Company.
- The incorporation of the Panamanian companies Ecoener Solar Panamá, S.A. and Ecoener Renovables Panamá, S.A., which are owned in full by the Parent Company.
- The incorporation of the Dominican Republic companies LCV Ecoener Solares Dominicana, S.R.L., EID Ecoener Inversiones Dominicana, S.R.L. And EFD Ecoener Fotovoltaica Dominicana, S.R.L., which are owned in full by the Parent Company.
- The incorporation of the Spanish company Yerbamora, S.L., in which the Parent Company has a 50% stake.
- Winding up of the Guatemalan company Corporación Hidroeléctrica Guatemalteca, S.A.

2. Basis of presentation, accounting and consolidation policies

a) Application of the International Financial Reporting Standards as adopted by the European Union (IFRS-EU)

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Grupo Ecoener, S.A. and its subsidiaries. The consolidated annual accounts for 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the regulatory framework for financial reporting applicable to the Group and the formatting requirements set out in Delegated Regulation 2018/815 of the European Commission in order to show a true and fair view of the consolidated equity and the consolidated financial position of Grupo Ecoener, S.A. and its subsidiaries at 31 December 2021, of the consolidated income statement, of the consolidated cash flow statement and of the consolidated statement of changes in equity for the year ended on 31 December 2021 (IAS 1.16).

These Consolidated Annual Accounts were authorised for issue by the Board of Directors on 24 February 2022. The consolidated annual accounts and the individual annual accounts of the Parent Company for 2021 are pending approval by the General Shareholders' Meeting. The Parent Company's Board of Directors does not however expect any changes to be made to the annual accounts as a result of this approval. The consolidated annual accounts for the year ended 31 December 2020 were approved at the General Shareholders' Meeting held on 9 April 2021.

IFRS-EU Standards and IFRIC Interpretations effective from 1 January 2021

The following amendments published by the IASB and adopted by the European Union came into force in 2021 and have therefore been taken into account in the preparation of these consolidated annual accounts without having a material impact:

Standards and amendments to standards		**EU Effective date**
IFRS 4	Amendments to IFRS 4 Insurance contracts Deferral of IFRS 9 adoption to 2023.	1 January 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
IFRS 16	Leases- Rent concessions arising from Covid-19.	1 April 2021

Standards, amendments and interpretations that came into force in previous years which have not been adopted by the European Union

At the date of preparation of these Consolidated Annual Accounts, the following IFRS standards and amendments to IFRS had been published by the IASB but are not mandatory:

Standards and amendments to standards		**EU Effective date**
Annual improvements to IFRS standards Cycle 2018-2020	Annual improvements to IFRS standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	1 January 2022
Amendments to IAS 1	Amendment to IAS 1 Presentation of financial statements: Classification of liabilities as current or non-current and classification of liabilities as current or non-current - Postponement of the effective date Amendments that allow entities to appropriately identify information about material accounting policies that must be disclosed in the financial statements.	01/01/2023
Amendment to IFRS 3-Reference to the Conceptual Framework	IFRS 3 is updated to align the definitions of an asset and a liability in a business combination with the content of the conceptual framework.	1 January 2022
Amendment to IAS 16 - Proceeds before intended use	This amendment prohibits deducting from the cost of property, plant and equipment any proceeds from selling items produced while preparing the asset for its intended use.	1 January 2022
Amendment to IAS 37 - Onerous Contracts - Cost of fulfilling a contract	The amendment explains that the direct cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract.	1 January 2022
Amendment to IAS 8	Definition of an accounting estimate.	1 January 2022
Amendment to IAS 12	Clarification that the exception to initial recognition does not apply when there are taxable and deductible temporary differences for the same amount.	1 January 2023
IFRS 17 Insurance contracts and amendments	This standard replaces IFRS 4 and sets out the principles for recording, measuring, presenting and disclosing insurance contracts so that an entity can provide relevant and reliable information that enables users of the financial information to determine the effect of the insurance contracts on the financial statements.	1 January 2023

Any additional standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Group's annual accounts.

b) Industry regulation

Below is a brief description of the main standards governing the activities undertaken by the Group in its key markets. References to laws, regulations and other administrative and regulatory documents refer to the full text thereof.

Regulation on the production of energy from renewable energy sources and other standards impacting the Group's business in Spain

The sectorial regulation in Spain underwent changes throughout 2014, consolidating the reforms initiated in 2013. Consequently, the main rules that regulate the Spanish sector are:

- Royal Decree-Law 9/2013 of 12 July containing urgent measures to guarantee the financial stability of the electricity system. This regulation establishes the remuneration principles to be applied to existing Renewable Energy Facilities in operation on the date on which it came into force.

- Act 3/2013 of 4 June on the creation of the Spanish National Markets and Competition Commission ("CNMC").

- Act 24/2013 of 26 December on the Electricity Sector. This law sets out the general rules applicable to the entire electricity sector, and incorporates the main principles set out by Royal Decree Law 9/2013 in respect of the renewable energy sector.

- Royal Decree 17/2019 of 22 November adopting urgent measures to adapt the remuneration parameters affecting the electricity system which responds to the process of cessation of activity of thermal generation plants.

- Royal Decree 23/2020 of 23 June approving energy measures in the field of energy and others for economic reactivation. Furthermore, this Decree requires the Spanish government to develop a new remuneration framework for renewable energies and electricity generation based on long-term energy prices, different from the Specific Remuneration scheme set forth in Royal Decree 9/2013. Besides, Royal Decree-Law 23/2020 established some provisions regarding the validity of the access and connection permits and provided for specific milestones that needs to be complied by renewable developers to secure the validity of such access and connection permits.

- Royal Decree 1955/2000 of 1 December, which regulates the transportation, distribution, commercialization and supply of electricity and sets out the procedure for authorising electricity facilities.

- Royal Decree 413/2014 of 6 June and the associated Order of parameters IET/1045/2014, updated for the 2017-2019 period by Order ETU/130/2017 of 17 February, which make firm the provisions of Royal Decree Law 9/2013, with the facilities now operating on the Market and some of them also receiving a specific fixed annual remuneration regime based on their nature, age and profitability.

- Royal Decree 960/2020 of 3 November, which sets the remuneration regime applicable to renewable energy facilities.

- Royal Decree 1183/2020 of 29 December on access and connection to the transmission and distribution network.

- Ministerial Order IET/1045/2014 of 16 June, approving the remuneration parameters applicable to certain electricity generation facilities using renewable energy sources, cogeneration and waste.

- Ministerial Order ETU/130/2017 of 17 February, updating the remuneration parameters of standard facilities applicable to certain electricity production facilities from renewable energy sources, cogeneration and waste for application to the regulatory semi-period starting 1 January 2017.

- Ministerial Order TED/1161/2020 of 4 December, regulating the first auction mechanism for the awarding of the renewal energy economic scheme and setting out the indicative calendar for the 2020-2025 period.

- Royal Decree-Law 12/2021 and Royal Decree 17/2021, adopting urgent measures in the field of energy taxation and energy generation, and on managing the regulation fee and the water use tariff (RDL 12/2021), which establishes a number of measures that seek to reduce energy prices and cushion their impact on end consumers; among others, the suspension of the Tax on the Value of Electricity Production (IVPEE) set out in Title I of Law 15/2012 of 27 December on fiscal measures for energy sustainability, in relation to energy generated during the third quarter of 2021. Subsequently, in view of the continued price rises, new measures were established through Royal Decree-Law 17/2021 of 14 September. Article 2 sets out the suspension of the IVPEE in the third and fourth quarters of 2021.

Reforms to the regulation of the electricity sector in 2013 and 2014 did not alter Law 15/2012 of 27 December, in which the Spanish government approved a generalised tax of 7% on electricity generation, as well as new taxes for nuclear power and large-scale hydropower generation, and a new tax on coal. The tax has been applicable since January 2013. In 2018, Royal Decree 15/2018 of 5 October on urgent measures for energy transition and the protection of consumers was published, providing an exemption from the IVPEE for the electricity produced and shared with the electrical system over six months from publication.

Additionally, companies with production facilities in the Canary Islands receive an investment incentive for reducing the cost of generation of the standard facilities approved by Order IET/1459/2014 of 1 August and by Order IET/2735/2015 of 17 December, updated for the 2017-2019 period by the aforementioned Order ETU/130/2017 of 17 February.

Regulation on the production of energy from renewable energy sources and other standards impacting the Group's business in Honduras

In Honduras, energy production is sold within the framework of a Power Purchase Agreement ("PPA") with the sovereign government of Honduras, in particular with the national electric power company (Empresa Nacional de Energía Eléctrica or ENEE). ENEE is the power company providing electricity to the system operator, which acts as the connection between ENEE and the distribution companies and is responsible for operating the national electricity system.

The Electricity Regulatory Commission (Comisión Reguladora de Energía Eléctrica or CREE) is an independent and specialised body in charge of the monitoring of and compliance with the legal and regulatory standards that govern the electricity sector.

The Honduran electricity sector was deregulated in 2013 with the enactment of the General Electricity Industry Law (LGIE) approved by Decree 404-2013. According to the LGIE, the electricity sector is divided into four main segments: generation, transmission, distribution and commercialization of electricity. Additionally, the LGIE contains provisions on the import and export of electricity.

Furthermore, in 2007, under Decree 70-2007, the "Law for the Promotion of Electricity Generation through Renewable Resources" was passed and approved. This regulation contains provisions to encourage public and/or private investment in electricity generation projects using national renewable resources.

The LGIE establishes a new structure, organisation and operation of the electrical sector where the CREE becomes a fundamental pillar as the regulator and supervisor of the electricity sector, being responsible for the supervision of the energy production plants and the transmission systems coordinating their operations and guaranteeing safe electric supply as well as the best use of energy.

The CREE's main functions include: i) Granting operating licenses for transmission and distribution; ii) approving the necessary regulations; iii) applying penalties, and, iv) defining the methodology used to calculate transmission and distribution tariffs.

Finally, as established in the Official Gazette of the Republic of Honduras dated 5 March 2013, regarding the publication of the Short-Term Marginal Cost and its incentives contained in Decree 138-2013 of the Republic of Honduras, number 33,191 of 1 August 2013, reforming Article 2 and sections 1), 2), 3) and 5) of Decree 70-2007 containing the Law for the Promotion of Electricity Generation with Renewable Resources, those generation plants with a commencing date prior to 1 August 2015, such as the Llanos del Sur solar photovoltaic plant, are entitled to receive an additional incentive of $30 per MWh generated during the term of the supply contract. The incentive is accrued monthly, as it consists of a higher sales price for each MWh generated.

Regulation on the production of energy from renewable energy sources and other standards impacting the Group's business in Guatemala

In Guatemala, the Group's energy production is mainly sold under the relevant PPAs and contracts whereby the Group operates as a wholesale supplier regarding the excess not contracted under PPAs.

Guatemala's electricity sector has two regulatory bodies: (i) the National Electricity Commission (CNEE), responsible for issuing and enforcing energy regulations and establishing transmission and distribution rates, and (ii) the Wholesale Market Authority (AMM), in charge of supervising operations within the national electricity system.

The sector in Guatemala has been deregulated since 1996. The implementing law is the General Electricity Law (LGE), establishing the legal and regulatory framework for the Guatemalan electricity industry. The LGE regulates the generation, transmission, distribution, commercialization and sale of electricity. In Guatemala, the electricity generation market is unrestricted and companies do not need an authorisation or special license from the government to operate. Authorisation is required however for hydropower plants of over 5 MW to generate electricity using hydropower resources. Furthermore, pursuant to the LGE, energy prices must be freely determined, except for transmission and distribution services, which require authorisation.

c) *Non-mandatory accounting principles applied-*

The directors of the Parent Company have prepared these consolidated annual accounts taking into consideration all mandatory accounting standards and principles which have a significant effect thereon, as detailed in Note 4. All mandatory accounting principles have been applied.

d) *Critical issues regarding the measurement and estimation of uncertainty-*

When preparing the accompanying consolidated annual accounts, estimates have sometimes been made by the Directors of the Parent Company to measure certain assets, liabilities, income, expenses and commitments that have been recorded herein. These estimates refer mainly to:

- Useful lives of property, plant and equipment and intangible assets. The Group reviews its estimates of the useful life of depreciable assets on each corresponding closing date, based on expected use of the assets.

- Assessment of possible impairment losses on certain assets. For each generation facility (CGU) presenting signs of impairment, the Group estimates expected future cash flows using an interest rate. Uncertainty refers to assumptions about future operating results and the calculation of an appropriate discount rate.

- Calculation of the fair value of certain financial instruments. Estimates and assumptions used to calculate the fair value of financial instruments (where active market prices are not available) are based on observable data to the extent possible or on a best estimate.

- The recovery of deferred tax assets, which is based on an assessment of the likelihood of future tax revenues being available against which they can be used.

- Recoverability of receivables. The recovery of overdue balances is estimated on a case-by-case basis by analysing compliance with the customer's payment schedule or plan. Uncertainty in these estimates is related to factors that affect the credit situation of third parties.

- Estimation of lease period. When determining the lease term, consideration is given to relevant facts and circumstances that create a significant economic incentive for the lessee to renew and not to cancel. Renewal and cancellation options are only included in the determination of the lease term if it is reasonably certain that the lease will be renewed or not cancelled. If a significant event or a material change in circumstances takes place that could affect the determination of the term, the Group reviews the valuations made when determining the lease term.

- Future costs for decommissioning facilities and restoring land. The Group regularly reviews estimates of the costs it will have to incur for the decommissioning of its facilities.

Despite the fact that these estimates have been made based on the best information available at the 2021 reporting date, it is possible that events may take place in the future which will require them to be changed. This would be done on a prospective basis with the impact of changes made to the estimates recorded in the consolidated income statements for the affected years.

e) Comparative information-

The 2020 information included in these notes to the consolidated annual accounts is presented solely and exclusively for comparison with the 2021 information.

In 2021, and in order to achieve a true and fair view in the recording of the accounting effects of financial instruments that do not qualify for hedge accounting, relating to energy price guarantee contracts, in accordance with the financial reporting framework applicable to the Group, the instruments are no longer presented as part of operating results, but are rather presented as net financial income/cost so that revenues represent the quantitative evolution thereof, without being impacted by the volatility of the financial instruments for which hedge accounting is not applied.

Therefore, in order to have a proper comparison with the 2020 figures, they have been restated in application of the criteria defined by the Group in 2021. The effects of this restatement are as follows:

Consolidated income statement headings	31.12.2020	Reclassification	31.12.2020 (restated)
Revenue	36,034	(3,571)	32,463
Operating income	17,161	(3,571)	13,590
Change in fair value of financial instruments	(2,281)	3,571	1,290
Net financial income/cost	(11,968)	3,571	(8,397)
Consolidated profit/(loss) from continued operations	5,768	-	5,768

f) Functional and presentation currency-

These Consolidated Annual Accounts are presented in thousands of Euros, rounded to the nearest thousand. The Euro is the Group's functional and presentation currency.

g) Grouping of items-

Certain captions in the consolidated statement of financial position, consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows are presented on a grouped basis to facilitate understanding, although where significant, separate information is included in the corresponding notes to the consolidated annual accounts.

h) Consolidation standards-

All subsidiaries have been consolidated using the full consolidation method, as effective control is held by the Parent Company.

The companies included in the consolidated Group at 31 December 2021 and 2020 are listed in Appendix I.

- Subsidiaries-

The Group considers that it holds control over a company when it is exposed to, or has the right to receive, variable yield as a result of its involvement in it, and has the capacity to influence such yield through the power it exercises over the company.

The acquisition method is used to account for the acquisition of subsidiaries. The cost of acquisition is the fair value of the assets delivered, the equity instruments issued, and the liabilities incurred or assumed at the date of acquisition, including any contingent consideration depending on future events or the accomplishment of certain conditions.

Subsequent changes, that do not take place during the transitional accounting period, to the fair value of the contingent consideration that is considered an asset or liability are recognised in accordance with IFRS 9 in the income statement or as a change in other comprehensive income. The contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Costs directly attributable to the acquisition are recognised directly in the consolidated income statement.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition or taking of control date.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement respectively from and up to the effective date of the transaction.

For each business combination, the Group may choose to recognise any minority interest in the acquiree at fair value or for the proportionate part of the minority interest of the recognised amounts of the acquiree's identifiable net assets. Any excess in the acquisition cost over the fair value of the net assets identified in the transaction is recognised as goodwill on consolidation, as it relates to assets that cannot be separately identified and measured. If the difference is negative, it is credited to the consolidated income statement.

- Non-controlling interests-

Non-controlling interests in the subsidiaries are recorded on the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

The share of the Parent Company and non-controlling interests in consolidated results for the year and in the changes in equity of subsidiaries, after taking into account consolidation eliminations and adjustments, are determined on the basis of the respective ownership interests at the reporting date.

Profit and loss and each component of other comprehensive income are allocated to equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their investment, even if this results in the non-controlling interests having a deficit balance. The agreements signed between the Parent Company and non-controlling interests are recognised as a separate transaction.

- Translation of the financial statements of foreign companies-

The financial statements of each of the foreign companies have been prepared in their functional currency, which is the currency of the economic environment in which each company operates and in which it generates and uses cash.

The financial statements of foreign companies are translated using the year-end exchange rate method. This method consists of translating all assets, rights and obligations into Euros, using the exchange rate prevailing at the closing date of the consolidated annual accounts and the average exchange rate for the year (provided that there are no significant transactions that make the use of the average exchange rate inappropriate) for the items in the consolidated income statement, maintaining equity at the historical exchange rate at the date of acquisition (or at the average exchange rate for the year in which it was generated in the case of retained earnings). Any resulting translation differences are recognised directly in equity.

i) Correction of errors-

No significant errors were detected in the preparation of these consolidated annual accounts which required restating the amounts included in the 2020 annual accounts.

3. Allocation of Parent Company profit/(loss)

Below is the proposed allocation of Parent Company results for 2021 prepared by the Board of Directors for the General Shareholders' Meeting, and also the allocation of 2020 profit approved by the General Shareholders' Meeting (in thousands of Euro):

	2021	2020
Basis of allocation:		
Profit/(loss) for the year	**(2,115)**	**11,303**
Distribution/(allocation):		
To the legal reserve	-	2,560
To voluntary reserves	-	8,743
To be offset in subsequent years	(2,115)	-
	(2,115)	**11,303**

4. Significant accounting policies

The main recognition and measurement criteria used by the Group to prepare these consolidated annual accounts, in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, are as follows:

a) Intangible assets-

In general, intangible assets are initially measured at acquisition or production cost. They are subsequently measured at cost, less any accumulated amortisation and, if applicable, impairment losses as per the criteria described in Note 4.c). These assets are amortised according to their useful life.

Costs incurred in carrying out activities that contribute to developing the value of the Group's business as a whole, such as goodwill, trademarks and similar items generated internally, as well as establishment expenses, are recorded as expenses in the consolidated income statement as incurred.

Subsequent costs incurred in intangible assets are recorded as an expense unless the expected future economic benefits of the assets increase.

Goodwill-

Goodwill represents the excess of acquisition cost over the fair value of the stake in the identifiable net assets of the subsidiary on the acquisition date.

Goodwill is not amortised, although its recoverability is analysed at the end of each year and, where appropriate, written down. Any impairment loss is recognised immediately as an expense and is not subsequently reversed.

Other intangible assets-

Patents, licences, trademarks and similar rights-

The amounts recognised as patents, licences, trademarks and similar rights relate to the cost incurred in their acquisition net of any accumulated amortisation and impairment.

Computer Software-

The acquisition and development costs incurred in relation to computer software are recognised with a charge to Other intangible assets. Computer software maintenance costs are recognised with a charge to the consolidated income statement for the year in which they are incurred.

Easement rights-

The Group has easement rights contracts for the land on which the plants are located, which are amortised according to the term set out in each contract.

Similarly, the Group includes a PPA of the subsidiary Energías del Ocosito, S.A. in this account.

Useful life and amortisation rates-

The amortisation of intangible assets is carried out by distributing the depreciable amount on a systematic basis over its useful life by applying the following criteria:

	Amortisation method	Estimated years of useful life
Patents, licenses and similar rights	Straight-line	10
Easement rights	Straight-line	(*)
Computer software	Straight-line	4
Other intangible assets	Straight-line	10-25-50

(*) During the contract's period of validity.

The Group reviews the residual value, the useful life, and the amortization method of intangible assets at the end of each year. Changes in the initially established criteria are recognised as a change in estimate.

Impairment-

The Group assesses and determines impairment of intangible assets to be recognised or reversed based on the criteria in section (c) Impairment of non-financial assets.

(b) Property, plant and equipment-

Property, plant and equipment is presented at its acquisition cost, less accumulated depreciation and, where applicable, accumulated impairment losses.

The cost of property, plant and equipment includes the best estimate of the costs of dismantling or removal, as well as the restoration of the site on which it is located, provided that the obligation is incurred because of its use and for purposes other than the production of inventories. The cost of property, plant and equipment also includes the development costs associated with the construction of plants.

Advances on account of fixed assets relating to wind farms under construction are initially recognised at cost.

Depreciation-

The depreciation of property, plant and equipment is carried out by allocating the depreciable amount of the asset on a systematic basis over the asset's useful life. The depreciable amount is the acquisition cost less its residual value. The Group determines the depreciation expense separately for each item that has a significant cost in relation to the total cost of the item and a different useful life from the rest of the asset.

The depreciation of property, plant and equipment is carried out by distributing the depreciable amount on a systematic basis over its useful life by applying the straight-line depreciation method over the following years of estimated useful life:

	Estimated years of useful life for hydropower technology	Estimated years of useful life for wind technology	Estimated years of useful life for solar photovoltaic technology
Buildings	29-42	25-36	25
Plant and machinery	8-50	8-50	8-50
Other plant, tools and furniture	3-10	3-10	3-10
Other property, plant and equipment	3-10	3-10	3-10

The Group reviews residual values, useful lives and depreciation methods at each financial year end. Changes in the initially established criteria are recognised as a change in estimate.

Subsequent costs-

After initial recognition of the asset, only costs incurred that increase capacity or productivity or that lengthen an asset's useful life are capitalised and the carrying amount of any replaced assets must be written off. In this sense, costs derived from the maintenance of fixed assets are recorded in results as they are incurred.

Impairment-

The Group assesses and determines impairment to be recognised or reversed based on the criteria in section (c) Impairment of non-financial assets.

Capitalisation of finance costs-

Finance costs related to specific and general financing that are directly attributable to the acquisition, construction or production of property, plant and equipment that will not be available for use, operation or sale (qualified assets) for more than one year are included in the cost of the asset.

As long as funds have been specifically obtained, the interest eligible for capitalisation is determined based on the financial costs accrued, less any returns obtained from temporary investments made with these funds. When the activities performed on qualified assets under construction are interrupted, the finance costs relating thereto are not capitalised.

The interest eligible for capitalisation relating to general financing is determined by applying a weighted average interest rate to the investment underway, less the portion that has been specifically financed, subject to the limit of the finance costs accrued in the consolidated income statement.

c) Impairment of non-financial assets-

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

The Group analyses any signs of impairment in subsidiaries, considering signs of impairment to be impairment recorded and/or losses registered. Indications of impairment also include changes in the regulatory regime of the assets that could have an impact on their profitability or significant changes in the projections of cash flows.

Similarly, and regardless of any indication of impairment, the Group tests, at least annually, potential impairment that could affect goodwill and intangible assets with indefinite useful lives, as well as intangible assets not yet available for use.

The recoverable amount of assets is the higher of their fair value less selling costs and their value in use. The asset's value in use is determined on the basis of future cash flows expected to arise from the use of the asset, expectations about possible variations in the amount or timing of cash flows, the time value of money, the cost to be paid for bearing the uncertainty linked to the asset and other factors that market participants take into consideration when assessing future cash flows relating to the asset.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash generating unit (CGU) to which it belongs. The Group identifies as CGU each of the renewable energy production facilities it owns.

At the end of each reporting period the Group assesses whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased.

A impairment loss reversal is recorded with a credit profit and loss. However, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount it would have had, net of depreciation, had the impairment not been recorded.

Losses related to the impairment of each CGU initially reduce, if applicable, the amount of goodwill assigned to it and then the other assets of the CGU, allocating them based on their carrying amount with the limit for each of them being the higher of their fair value less selling costs, value in use or zero.

Impairment losses on goodwill may not be reversed. Impairment losses on other assets are only reversed if there is a change in the estimates used to determine the recoverable value of the asset.

d) Leases-

The Group as lessee:

At the start of a contract the Group evaluates whether it is or contains a lease agreement. The Group recognises a right of use asset and a lease liability for all lease contracts in which it is the lessee, except short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognizes the lease payments as operating expense on a straight-line basis over the term of the lease, unless there is another systematic basis more representative of the time frame in which the economic benefits of the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments payable on the commencement date, discounted using the rate implicit in the lease. If this rate cannot be directly determined, the Group uses its incremental borrowing rate.

Lease payments included in the value of the liability include:

- Fixed lease payments, less lease incentives;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate on the commencement date;

- The amount that the lessee is expected to pay with residual value guarantees;

- The exercise price of the call options, if the lessee is reasonably certain of exercising the options; and

- Penalties for terminating the lease, if the term of the lease reflects the exercise of an option to terminate the lease.

The lease liability is presented on a separate line in the consolidated statement of financial position.

The carrying amount of the lease liability increases when the interest on said liability is reflected (using the effective interest method) and decreases when the lease payments made are reflected.

The Group remeasures the lease liability (and makes the corresponding adjustments to the asset related to the right of use assets) when:

- The lease term has changed or there is a change in the assessment of the exercise of a call option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- Lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless changes in lease payments are due to a change in a variable interest rate, in which case a revised discount rate is used).

- A lease is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Right of use assets include the initial valuation of the corresponding lease liability, lease payments made on or before the commencement day, and any initial direct costs. Subsequently, they are measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for the costs of dismantling and disposing of a leased asset, restoring the site where it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and valued as indicated in IAS 37. Costs are included in the asset related to the right of use, unless those costs are incurred to produce inventories.

Right of use assets are depreciated in the shortest period between the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the asset for the right of use reflects that the Group expects to exercise a purchase option, the asset related to the right of use is depreciated over the useful life of the underlying asset. Depreciation begins on the lease commencement date.

Right of use assets are presented on a separate line item in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets, to determine whether an asset with a right of use is impaired and records any impairment loss.

Variable rents that do not depend on an index or rate are not included in the valuation of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers their accrual occurs under the heading Other operating expenses in the consolidated income statement.

Additionally, IFRS 16 allows the lessee not to separate non-leased components and instead account for any leases and non-leased components as a single arrangement.

e) Financial instruments-

Recognition and classification of financial instruments-

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument set out in IAS 32 "Financial instruments: Presentation".

For valuation purposes, the Group classifies its financial instruments in the categories of financial assets and liabilities at fair value with changes through profit or loss, financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income, separating equity instruments designated as such from other financial assets.

The Group classifies a financial asset at amortised cost, if it is maintained within the framework of a business model whose objective is to maintain financial assets to obtain cash flows and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

At 31 December 2021 and 2020, the Group has all its financial assets and liabilities measured at amortised cost except for derivatives which are classified and measured at fair value through profit or loss.

Offsetting principles-

A financial asset and a financial liability are offset only when the Group has the enforceable right to offset the recognised amounts and intends to settle for differences or to realize the asset and settle the liability simultaneously. For the Group to have the currently enforceable right, it must not be contingent on a future event and must be legally enforceable in the ordinary course of operations, in the event of judicially declared insolvency or liquidation and in the event of non-payment.

Financial assets and liabilities at fair value through profit or loss-

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense as they are incurred.

The fair value of a financial instrument at initial recognition is usually the price of the transaction, unless said price contains different elements of the instrument, in which case, the Group determines its fair value. If the Group determines that the fair value of an instrument differs from the transaction price, it records the difference in results, to the extent that the value has been obtained by reference to a price quoted in an existing market for an identical asset or liability or has been obtained using a measurement technique that has only used observable data. In all other cases, the Group recognises the difference in results, insofar as it arises from a change in a factor that market participants would consider when determining the price of the asset or liability (IFRS 7.28 a).

After their initial recognition, the financial assets and liabilities are recognised at fair value, recording any changes in results. Changes in fair value include the interest and dividends component. Fair value is not reduced by transaction costs that may be incurred on sale or disposal by other means.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest rate method, which is the discount rate that equals the value of all expected future flows of a financial asset or liability, excluding impairment losses, to the value of said financial asset or liability at the time of its initial recognition.

Impairment-

The expected credit losses on these financial assets are estimated on the basis of the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment based on both the current as well as the forecast trend in conditions at the reporting date, including the time value of money where appropriate. Expected credit losses represent the difference between contractual cash flows and expected cash flows, both in terms of amount and term.

Expected credit losses over a lifetime represent the expected credit losses resulting from all possible default events over the life of the financial instrument.

Derecognition of financial assets-

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership are considered to have been transferred.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new asset obtained less any new liability assumed and any cumulative gain or loss deferred in other comprehensive income, is recognised in the consolidated income statement.

Interest and dividends-

Interest revenue is recognised based on the outstanding principal amount and taking into consideration the applicable effective interest rate, which matches the carrying amount of the asset, discounting expected future cash flows over the estimated life of the asset.

Dividend income from investments in equity instruments is recognised in the consolidated income statement when the Group’s rights to receive payment have arisen, it is probable that the economic benefits will be received and the amount can be reliably estimated.

Derecognition and modifications of financial liabilities-

The Group derecognises a financial liability or part of it when it has complied with the obligation contained in the liability or is legally exempted from the main responsibility contained in the liability, either by virtue of a legal process or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial amendments to the liabilities initially recognised are accounted for as a cancellation of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different terms.

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

If the exchange is recorded as a cancellation of the original financial liability, the costs or fees are recognised in the income statement, forming part of the result thereof. Otherwise, the modified cash flows are discounted at the original effective interest rate, recognising any difference with the previous carrying amount in the income statement. Likewise, costs or fees adjust the carrying amount of the financial liability and are amortised using the amortised cost method over the remaining life of the modified liability.

The difference between the carrying amount of a financial liability, or part of a financial liability, extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

Reclassification of financial instruments-

The Group reclassifies financial assets when their business model is modified. The Group does not reclassify financial liabilities.

f) Derivatives-

The Group uses derivative financial instruments to manage its financial risk as a consequence, mainly, of changes in energy prices. These derivative financial instruments, whether they have been classified as hedges or not, are accounted for at fair value.

Financial derivatives are recognised at fair value on the contract date as an asset or liability in the consolidated statement of financial position. Subsequent changes in fair value resulting from successive remeasurements are recognised under the Changes in the fair value of financial instruments heading in financial income/cost in the consolidated income statement for the year, except where, if hedge accounting were applicable, the effective part of the hedging relationship would be recognised in equity (fair value, cash flow and net investment hedges in a currency other than the Euro).

In 2021 and 2020, the Group has no derivatives that meet the requirements for classification as a hedge, considering only derivatives that do not meet the criteria set out for such a classification, and therefore the positive or negative change arising from updating them at fair value is recorded directly as net financial income/cost in the consolidated income statement for the year.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Group classifies cash flows corresponding to interest received and paid as operating cash flows and dividends received and paid as financing cash flows.

h) Provisions and contingencies-

When preparing these consolidated annual accounts, the Parent Company's Board of Directors has distinguished between:

1. Provisions: this item consists of balances payable covering current obligations arising from past events, the settlement of which is likely to give rise to an outflow of resources, but which are uncertain as to their amount and/or timing.

2. Contingent liabilities: possible obligations arising from past events, the future materialisation of which is dependent on the occurrence, or not, of one or more future events not within the control of the Group.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. No provisions are recognised for future operating losses.

The financial effect of the provisions is recognised as a finance cost in the consolidated income statement.

The provisions do not include the tax effect, nor the expected earnings from the disposal or abandonment of assets

The provision amounts recognised in the consolidated statement of financial position are the best estimate at the closing date of the expenditure required to settle the present obligation, taking into account the risks and uncertainties related to the provision and, when material, the financial effect of discounting, provided that the expenditure to be made in each period can be reliably determined.

Contingent liabilities are not recognised in the consolidated statement of financial position but are reported on in the notes to the consolidated annual accounts.

The breakdown of the provisions that the Group maintained in the consolidated statement of financial position is detailed below:

– Provisions for taxes

  Tax provisions are measured at the estimated amount of tax payables determined using the general criteria set out above. Provision is made with a charge to income tax for the tax expense for the year, to finance costs for late payment interest and to other income for the penalty. The effects of changes in estimates of prior years' provisions are recognised according to their nature, unless they involve the correction of an error.

– Provisions for decommissioning, restoration and similar items

  These provisions are recognised following the general criteria for provisions and are recorded as an increase in the cost of the associated items of property, plant and equipment when the costs are incurred as a result of the acquisition or construction of them. The provision is calculated by estimating the current value of the estimated expenditure associated with the decommissioning of said assets, taking into account all the information available at the end of the year.

  Changes in provisions resulting from changes in the amount or timing of the outflow or in the discount rate at the end of the year, increase or decrease the cost of fixed assets up to the limit of the carrying amount of the assets, whilst any excess is recognised in the consolidated income statement.

i) Revenue recognition-

Group revenue comes essentially from the sale of energy and the provision of services. The Group recognises revenue using IFRS 15 Revenue from Contracts with Customers, which contains five steps:

1. Identify the contract with the customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
.5. Recognise revenue when the performance obligations are satisfied.

In all cases, the total transaction price of a contract is distributed among the various performance obligations based on their relative standalone selling prices. The transaction price of a contract excludes any amount charged on behalf of third parties.

Revenue is recognised at a point in time or over time, when the Group satisfies the performance obligations by transferring control over the committed goods or services to its customers.

Revenue from energy sales-

Revenue from the sale of energy comes from direct sales to the market or the contracts entered into with external customers to ensure the price of the energy sold. These contracts establish a consideration for the sale of energy, set out in short-term supply agreements in Spain and long-term supply agreements in Guatemala and Honduras for the long-term delivery of energy.

Electricity sales are recognised as income when they are delivered to the customer based on the quantities supplied during the period.

In October 2020, the Group formalised an agreement with Axpo Iberia, S.L., effective from 1 January 2021 to 31 December 2021, for which a price per Mwh is guaranteed, within a range agreed in the contract, for all the energy produced by its facilities in Spain. The contract does not establish a fixed amount but covers the total production of the renewable facility. This contract is settled by differences on an annual basis, with monthly settlements on account. During 2020, a previous agreement with Axpo Iberia, S.L. was in force from 1 January 2020 to 31 December 2020, which established a fixed price per MWh for all the energy produced by the Group's facilities in Spain. These contracts meet the definition of a derivative under IFRS 9, although they do not qualify for hedge accounting as they do not meet the requirements for hedge accounting.

The income from energy sale transactions in Spain is determined on the basis of the price established in the deregulated market for each transactions, regardless of the consideration agreed in the contract with Axpo Iberia, S.L. The difference between the two amounts is recorded in net financial income/cost under the Change in fair value of financial instruments heading.

At 31 December 2021, no contract has been entered into to secure the price per MWh for the energy produced by the Group's facilities in Spain as of 1 January 2022, and sales revenue will come from direct sales to the market at the price stipulated at the time of each transaction.

In addition, for some facilities in Spain there are regulated revenues, aimed at encouraging the development of energy generation from renewable sources and thus guaranteeing a minimum long-term profitability threshold for these facilities. These considerations are recognised as revenue for the Group, over time, if the facilities remain in operation and generating energy that is delivered to the market. This variable remuneration includes:

– <u>Revenue from investment remuneration:</u> Spanish Group companies that own facilities that are entitled to receive regulated revenues register the amount for said concept established in Order IET/9/2013 and subsequent developments as investment remuneration. The breakdown of the production facilities that receive revenue from investment remuneration is as follows:

Facility	Group company owner	Plant's installed power (Mw)	Recognised regulatory life from commissioning (in years)	Regulatory regime until (year)
Ourol wind farm	Hidroeléctrica de Ourol, S.L.	18	20	2027
San Bartolomé wind farm (9.2 MW)	Mocan Renovables, S.L.	9.2	20	2037
Llanos de la Aldea wind farm	Drago Renovables, S.L.	20	20	2037
San Bartolomé hydropower plant (*)	Hidroeléctrica del Giesta, S.L.	1.2	25	2022
Cierves hydropower plant	Hidroeléctrica del Giesta, S.L.	5	25	2025
Peneda hydropower plant	Hidroeléctrica del Giesta, S.L.	10	25	2028
Arnoya hydropwer plant	Hidroeléctrica del Giesta, S.L.	10	25	2028
Landro hydropower plant	Sociedad Lucense de Energía Hidráulica y Eólica, S.L.	9.2	25	2033
Xestosa hydropower plant	Hidroeléctrica de Ourol, S.L.	2.9	25	2033
Lalín single wind farm	Energías de Pontevedra, S.L.	3	20	2028

(*) At the date of preparation of these consolidated annual accounts, the San Bartolomé hydropower plant has waived the specific remuneration system, which was due to expire in December 2022.

– <u>Investment incentive revenues</u>: Group companies that own production facilities in the Canary Islands and are entitled to receive regulated revenues register the amount for said concept established in Order IET/1459/2014 and subsequent developments as investment incentive revenues. The breakdown of the production facilities that receive investment incentive revenues is as follows:

Facility	Group company owner	Plant's installed power (Mw)	Recognised regulatory life from commissioning (in years)	Regulatory regime until (year)
San Bartolomé wind farm (9.2 MW)	Mocan Renovables, S.L.	9.2	20	2037
Llanos de la Aldea wind farm	Drago Renovables, S.L.	20	20	2037

– <u>Revenue from adjustments for deviations from market price:</u> The Group's Spanish companies that own production facilities receiving revenue from investment remuneration, record the corresponding "adjustment value" as positive or negative revenue for the year in accordance with article 22 of Royal Decree 413/2014 for the difference, if applicable, between the average daily and intra-day price for the year and the upper and lower limits established in the aforementioned standard and in the corresponding parameter orders.

At 31 December 2021 and 2020, Non-current trade payables amounts to Euros 11,830 thousand and Euros 163 thousand, respectively. This relates to the deviation adjustment from market prices for 2021 and 2020, which will be settled as of the regulatory semi-period following the period in which they were registered and over the remainder of the regulatory useful life of the wind farms and hydropower plants operated by the Group, as well as the receivable and payable to be offset in the long-term relating to the 2014-2016 and 2017-2019 regulatory semi-periods, respectively.

The Group's policy is to present the creditor or debtor position held in the long and short-term and by virtue of the regulatory sub-period. Specifically, the breakdown of the aforementioned long-term and short-term price adjustments is as follows (in thousand Euros):

	2021	2020
Non-current trade payables	(11,830)	(163)
Current payables to suppliers	(503)	-
Trade receivables from sales and services rendered - current	-	462
	(12,633)	**299**

Services rendered-

The Group provides services in the following areas:

- Intermediation of the purchase and sale of electricity other than that produced by the facilities owned by the Group. The net revenue figure includes the sales from electricity commercialization in Central America.

- Construction, operation and maintenance services for electricity generation facilities using renewable sources. At the end of 2021, the Group has provided services to third parties for this item for insignificant amounts and in any case, it is not part of its main line of business.

j) Income tax-

As described in Note 19, some Group companies are taxed, in relation to corporation tax, in accordance with the Special Tax Consolidation Regime provided for in the tax legislation in force in Spain. The Parent Company of the tax group is Luis de Valdivia, S.L.U.

Corporate income tax expense or income consists of the portion relating to the current tax expense or income and portion relating to the deferred tax expense or income.

The Parent Company has a entered into an agreement with the subsidiaries referred to in the preceding paragraph regulating the distribution of the tax burden arising from the consolidated corporation tax. In accordance with this agreement, when such subsidiaries obtain positive tax bases, a tax credit is generated in favour of the Parent Company. If said subsidiaries obtain negative tax bases or contribute deductions and tax credits to the share, a debit will be generated in favour of the Parent Company when the consolidated Group offsets or deducts them.

Prepaid and deferred taxes are accounted for on the basis of the differences between the carrying amounts of the assets and liabilities and their tax bases, using tax rates that are objectively expected to be in effect when the assets and liabilities are realised.

Current or deferred income tax is recognised in income unless it arises from a transaction or economic event that was recognised in the same year or in a different one against net equity or from a business combination.

The Group recognises deferred tax liabilities in all cases except where:

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

- They are related to investments in subsidiaries, associates and interests in joint ventures over which the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

The Group recognises deferred tax assets provided that:

- It is probable that sufficient taxable income will be available against which they can be utilised or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future. However, the deferred tax assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination, and, on the date of the transaction, does not affect the accounting result or the taxable base, are not recognised.

- They are temporary differences related to investments in subsidiaries, associates and joint ventures providing the temporary differences will reverse in the foreseeable future and sufficient taxable income is not expected to be generated against which the differences can be offset.

Deferred tax assets and liabilities are valued at the tax rates that will be applicable in the years in which it is expected to realize the assets or pay the liabilities, based on the regulations and rates that are in force or approved and pending publication and once the tax consequences that will derive from the way in which the Group expects to recover assets or settle liabilities have been considered. For these purposes, the Group has considered the deduction for the reversal of temporary measures developed in the thirty-seventh transitory provision of Act 27/2014, of November 27, on corporation tax, as an adjustment to the tax rate applicable to the temporary difference deductible associated with the non-deductibility of the depreciations made in 2013 and 2014.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, regardless of the expected date of realization or settlement.

At each accounting closing, the recorded deferred tax assets are reconsidered, making the appropriate corrections to them, to the extent that there are doubts about their future recovery. Likewise, at each closing, deferred tax assets not recorded in the consolidated statement of financial position are evaluated and are recognised to the extent that their recoverability with future tax benefits becomes probable.

For those companies that do not belong to the tax Group, the corresponding regulations of the legislation of the country of origin are applied, contemplating double taxation agreements and conventions, where appropriate.

Tax credits for the avoidance of double taxation and tax incentives and corporate income tax relief arising from economic events occurring in the year reduce the accrued corporate income tax expense, unless there are doubts as to their realisation.

The existence of uncertainties about the treatment of transactions for tax purposes is considered in the determination of the tax base, tax loss carryforwards and deductions applied. If the tax asset or liability exceeds the amount filed in the self-assessments, it is presented as current or non-current in the consolidated statement of financial position based on the expected date of recovery or settlement, taking into account, where appropriate, late interest payment on the liability as it accrues in the consolidated income statement. The Group records changes in events and circumstances regarding tax uncertainties as a change in estimate.

k) Classification of assets and liabilities as current and non-current-

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months after the end of the reporting period; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives for which the settlement period is longer than one year, and, in general, all obligations that will mature or be extinguished in the short term. Otherwise they are classified as non-current liabilities.

If a liability does not have, before the end of the reporting period, an unconditional right for the Group to defer settlement for at least twelve months from the date of the consolidated statement of financial position, the liability is classified as current.

l) Related party transactions-

Transactions between Group companies, except those related to mergers, spin-offs and non-monetary contributions of businesses, are recognised at the fair value of the consideration given or received. The difference between said value and the agreed amount is recorded according to the underlying economic nature.

m) Environmental assets and liabilities-

Expenses arising from business activities aimed at protecting and improving the environment are accounted for in the period in which they are incurred. When these expenses involve additions to property, plant and equipment to minimise environmental impact and protect and improve the environment, they are accounted for as an increase in the value of property, plant and equipment.

The Board of Directors of the Parent Company estimates that there are no significant contingencies related to the protection and improvement of the environment, and does not believe it necessary to constitute a provision for environmental risks and expenses as at 31 December 2021 and 2020.

During 2021 and 2020, the Group has not received grants of an environmental nature.

n) Capital grants-

Grants are recognised when there is reasonable assurance that the grant will be received, and all conditions imposed will be met. When the grant is related to an expense item, it is recognised as income in a systematic way over the period in which the related expenses are recorded, and for which the allowance has been granted. When the grant is related to an asset, it is recorded as income on a straight- line basis over the expected useful life of the corresponding asset.

IAS 20.24 allows two ways of presenting asset-related government grants. The Group has chosen to present the grants in the consolidated statement of financial position as deferred income, systematically recognising them as income over the useful life of the asset.

o) Business combinations-

The Group applies the accounting acquisition method for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are charged to the consolidated income statement as incurred.

Assets acquired and liabilities assumed are generally measured at fair value at the date of acquisition.

p) Financial reporting by segment-

The Group has five operating segments: i) operation of hydropower plants, ii) operation of wind farms, iii) operation of solar photovoltaic plants, iv) electricity commercialization and v) provision of other services (Note 5).

Operating segments are those components of the Group that carry out business activities from which revenue can be earned and expenses incurred, whose operating results are regularly reviewed by the Group's chief operating decision maker to decide on the resources to be allocated to the segment, assess its performance and for which separate financial information is available.

The only inter-segment transactions are those related to the transfer from the Other services segment to the Operation of hydropower plants, Operation of wind farms and Operation of solar photovoltaic plants segments once the facilities are ready to operate, both in terms of the assets and the related debt.

Inter-segment sales prices are established following the standard commercial terms and conditions available to unrelated third parties, except for the transfer of assets and liabilities from the Other services segment to the Operation of hydroelectric plants, Operation of wind farms and Operation of solar photovoltaic plants segments once the facilities are ready to operate, which is carried out at consolidated values.

5. Segment information

The assignment to each operating segment is made at the level of the company that owns the activity, taking into account the technology with which most of its revenues are generated. These segments are the basis for regular review, discussion and evaluation. Thus, the segments that have been identified are as follows:

- Operation of hydropower plants.
- Operation of wind farms.
- Operation of solar photovoltaic plants.
- Energy commercialization. This refers to the commercialization of energy other than that produced by the facilities owned by the Group.
- Other services include:

    - All those activities that generate revenues and bear expenses from sources other than the electricity produced by the facilities owned by the Group, or the commercialization of energy.
    - Renewable energy generation projects in progress, together with the related debt. Once these projects are ready to be operated, they are transferred at consolidated values to the Hydropower plant operation, Wind farm operation and Solar photovoltaic plant operation segments. The debt linked to the green bonds issued is also included.
    - The Group's corporate management costs, including personnel operating the generating facilities.

Furthermore, for the purposes of presenting its operating segments, and in relation to the Other operating expenses heading, the Group presents the sub-headings External services and Taxes grouped together on the same line and Losses, impairment and changes in trade provisions on a separate line.

The breakdown of the consolidated income statement and of the assets and liabilities in the consolidated statement of financial position for the years ended 31 December 2021 and 2020, disclosed by operating segment (in thousands of Euros), is as follows:

	31.12.2021					
	Operation of hydropwer plants (*)	Operation of wind farms	Operation of solar photovoltaic plants	Commerc -ialization	Other services	Total
Revenue	9,806	18,633	4,365	5,569	1,554	39,927
Change in inventories Finished products and work in progress	-	-	-	-	237	237
Self-constructed assets	-	-	-	-	1,368	1,368
Supplies	(210)	-	-	(5,042)	(829)	(6,081)
Other operating income	-	103	-	-	2	105
Personnel expense	-	-	-	(82)	(3,805)	(3,887)
External services and taxes	(1,790)	(2,960)	(455)	(69)	(4,068)	(9,342)
Losses, impairment and changes in trade provisions	15	10	(1,108)	9	-	(1,074)
Amortisation/depreciation	(3,037)	(5,483)	(1,113)	(8)	(310)	(9,951)
Allocation of grants for fixed assets	-	138	2	-	-	140
Impairment and gains/(losses) on disposal of fixed assets	(923)	1,334	-	-	(580)	(169)
Other gains/(losses)	3	172	-	-	38	213
Operating profit/(loss)	3,864	11,947	1,691	377	(6,393)	11,486
Finance income	1	91	31	6	38	167
Finance costs	(1,307)	(175)	(1,176)	-	(3,301)	(5,959)
Change in fair value of financial instruments	(2,586)	(11,808)	-	-	(95)	(14,489)
Impairment and gains/(losses) on disposals of financial instruments	-	-	-	-	(21)	(21)
Translation differences	466	-	224	(24)	(45)	621
Net financial income/cost	(3,426)	(11,892)	(921)	(18)	(3,424)	(19,681)
Profit/(loss) before tax	438	55	770	359	(9,817)	(8,195)
Income tax for the period	238	6,605	6,422	(54)	606	13,817
Profit/(loss) after tax	676	6,660	7,192	305	(9,211)	5,622
Segment assets-						
Non-current	64,910	107,667	45,172	52	43,016	260,817
Current	9,927	10,028	10,037	2,002	75,081	107,075
	74,837	117,695	55,209	2,054	118,097	367,892
Segment liabilities and equity	41,350	37,604	42,874	1,516	244,548	367,892
Additions for non-current assets						
Intangible assets	-	1	-	-	150	151
Property, plant and equipment	52	1,396	18,580	-	31,309	51,337
	52	1,397	18,580	-	31,459	51,488

(*) The Xestosa hydropower facility is reported on under the "Wind farm" segment due to the fact that such facility forms part of a company whose main activity is the operation of renewable energy wind farms. This plant accounts for approximately 10% of its owner company's power generation.

	31.12.2020					
	Operation of hydropwer plants (*)	Operation of wind farms	Operation of solar photovoltaic plants	Commerc -ialization	Other services	Total
Revenue	12,262	11,593	4,283	4,385	803	33,326
Change in inventories Finished products and work in progress	-	-		-	(5)	(5)
Self-constructed assets	-	-	-	-	-	-
Supplies	-	-	-	(3,625)	(27)	(3,652)
Other operating income	-	119	-	-	-	119
Personnel expense	-	-	-	(84)	(1,768)	(1,852)
External services and taxes	(3,075)	(2,871)	(360)	(115)	(3,670)	(10,091)
Losses, impairment and changes in trade provisions	(15)	(10)	1,005	-	-	980
Amortisation/depreciation	(2,978)	(3,954)	(1,011)	(2)	(195)	(8,140)
Allocation of grants for fixed assets	-	12	-	-	-	12
Impairment and gains/(losses) on disposal of fixed assets	-	2,894	-	-	(155)	2,739
Other gains/(losses)	65	86	-	-	3	154
Operating profit/(loss)	6,259	7,869	3,917	559	(5,014)	13,590
Finance income	13	119	22	2	79	235
Finance costs	(2,514)	(3,037)	(1,197)	-	(3,551)	(10,299)
Change in fair value of financial instruments	902	524	-	-	(136)	1,290
Translation differences	(172)	-	296	(11)	264	377
Net financial income/cost	(1,771)	(2,394)	(879)	(9)	(3,344)	(8,397)
Profit/(loss) before tax	4,488	5,475	3,038	550	(8,358)	5,193
Income tax for the period	(655)	(6)	2	(113)	1,347	575
Profit/(loss) after tax	3,833	5,469	3,040	437	(7,011)	5,768
Segment assets-						
Non-current	64,991	83,449	14,697	52	34,445	197,634
Current	9,864	13,193	3,858	1,109	3,270	31,294
	74,855	96,642	18,555	1,161	37,715	228,928
Segment liabilities and equity	37,216	23,156	14,794	912	152,850	228,928
Additions for non-current assets						
Intangible assets	-	-	-	-	1,110	1,110
Property, plant and equipment	13	7,294	-	-	25,404	32,711
	13	7,294	-	-	26,514	33,821

(*) The Xestosa hydropower facility is reported on under the "Wind farm" segment due to the fact that such facility forms part of a company whose main activity is the operation of renewable energy wind farms. This plant accounts for approximately 10% of its owner company's power generation.

The breakdown of the consolidated income statement for the years ended 31 December 2021 and 2020, as well as assets and liabilities, broken down by geographical region (in thousands of Euros), is as follows:

	31.12.2021				
	Spain	Guatemala	Honduras	Other	Total
Revenue	25,948	9,847	4,132	-	39,927
Self-constructed assets	237	-	-	-	237
Change in inventories Finished products and work in progress	1,368	-	-	-	1,368
Supplies	(814)	(5,252)	-	(15)	(6,081)
Other operating income	105	-	-	-	105
Personnel expense	(3,329)	(378)	(42)	(138)	(3,887)
External services and taxes	(6,496)	(1,994)	(531)	(321)	(9,342)
Losses, impairment and changes in trade provisions	20	14	(1,108)	-	(1,074)
Amortisation/depreciation	(7,732)	(1,140)	(1,018)	(61)	(9,951)
Allocation of grants for fixed assets	140	-	-	-	140
Impairment and gains/(losses) on disposal of fixed assets	756	(922)	-	(3)	(169)
Other gains/(losses)	213	-	-	-	213
Operating profit/(loss)	10,416	175	1,433	(538)	11,486
Finance income	114	8	31	14	167
Finance costs	(3,572)	(1,307)	(941)	(139)	(5,959)
Change in fair value of financial instruments	(14,489)	-	-	-	(14,489)
Translation differences	(38)	428	225	6	621
Impairment and gains/(losses) on disposals of financial instruments	(21)	-	-	-	(21)
Net financial income/cost	(18,006)	(871)	(685)	(119)	(19,681)
Profit/(loss) before tax	(7,590)	(696)	748	(657)	(8,195)
Income tax for the period	13,958	(130)	(11)	-	13,817
Profit/(loss) after tax	6,368	(826)	737	(657)	5,622
Segment assets-					
Non-current	204,944	37,111	14,956	3,806	260,817
Current	93,508	7,066	4,832	1,669	107,075
	298,452	44,177	19,788	5,475	367,892
Segment equity and liabilities	302,016	36,181	16,387	13,308	367,892

	31.12.2020				
	Spain	Guatemala	Honduras	Other	Total
Revenue	20,943	8,100	4,283	-	33,326
Self-constructed assets	-	-	-	-	-
Change in inventories Finished products and work in progress	-	(5)	-	-	(5)
Supplies	(27)	(3,625)	-	-	(3,652)
Other operating income	119	-	-	-	119
Personnel expense	(1,522)	(276)	(43)	(11)	(1,852)
External services and taxes	(7,901)	(1,458)	(508)	(224)	(10,091)
Losses, impairment and changes in trade provisions	(21)	(4)	1,005	-	980
Amortisation/depreciation	(6,074)	(1,038)	(1,017)	(11)	(8,140)
Allocation of grants for fixed assets	12	-	-	-	12
Impairment and gains/(losses) on disposal of fixed assets	2,739	-	-	-	2,739
Other gains/(losses)	155	-	(1)	-	154
Operating profit/(loss)	8,423	1,694	3,719	(246)	13,590
Finance income	207	6	22	-	235
Finance costs	(7,691)	(1,313)	(1,197)	(98)	(10,299)
Change in fair value of financial instruments	1,290	-	-	-	1,290
Translation differences	(13)	99	292	(1)	377
Net financial income/cost	(6,207)	(1,208)	(883)	(99)	(8,397)
Profit/(loss) before tax	2,216	486	2,836	(345)	5,193
Income tax for the period	773	(178)	(20)	-	575
Profit/(loss) after tax	2,989	308	2,816	(345)	5,768
Segment assets-					
Non-current	145,722	35,731	14,719	1,462	197,634
Current	21,214	5,960	3,926	194	31,294
	166,936	41,691	18,645	1,656	228,928
Segment equity and liabilities	166,936	41,691	18,645	1,656	228,928

The Group's non-current assets (other than financial instruments, equity accounted investments and deferred tax assets) at 31 December 2021 and 2020 are located in the following geographical areas (in thousands of Euros):

	2021	2020
Spain	182,807	140,529
Guatemala	36,914	35,579
Honduras	14,956	14,665
Other	3,809	1,373
	238,496	**192,146**

Non-current assets are distributed according to the country of incorporation of the Group company owning the relevant asset.

Revenue from ordinary activities from transactions with a single external customer representing 10% or more of revenue from ordinary activities by segment as at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Operation of wind farms	11,679	13,516
Commercialization	2,302	1,792
Operation of solar photovoltaic plants	4,132	4,283
Operation of hydropower plants	9,657	11,643
TOTAL	**27,770**	**31,234**

6. Intangible Assets and Goodwill

Movement in intangible assets in 2021 and 2020 and accumulated amortisation are as follows (in thousands of Euros):

	31.12.2020	Additions	Disposals	Other	Translation differences	31.12.2021
Cost-						
Easement rights	2,735	-	-	-	315	3,050
Other intangible assets	3,050	151	(22)	-	46	3,225
Total cost	5,785	151	(22)	-	361	6,275
Accumulated amortisation-						
Easement rights	(895)	(206)	-	-	(115)	(1,216)
Other intangible assets	(757)	(163)	15	-	(50)	(955)
Total accumulated amortisation	(1,652)	(369)	15	-	(165)	(2,171)
Accumulated impairment						
Other intangible assets	(87)	-	24	54	-	(9)
Other intangible assets	(87)	-	24	54	-	(9)
Carrying amount	**4,046**	**(218)**	**17**	**54**	**196**	**4,095**

	31.12.2019	Additions	Disposals	Translation differences	31.12.2020
Cost-					
Easement rights	3,017	-	-	(282)	2,735
Other intangible assets	1,982	1,110	(42)	-	3,050
Total cost	4,999	1,110	(42)	(282)	5,785
Accumulated amortisation-					
Easement rights	(772)	(262)	-	139	(895)
Other intangible assets	(653)	(104)	-	-	(757)
Total accumulated amortisation	(1,425)	(366)	-	139	(1,652)
Accumulated impairment					
Other intangible assets	(87)	-	-	-	(87)
Other intangible assets	(87)	-	-	-	(87)
Carrying amount	**3,487**	**744**	**(42)**	**(143)**	**4,046**

Additions in 2020 relate mainly to the sub-station linked to the Punta Maeda wind farm.

In 2021, an impairment reversal of Euros 24 thousand was recorded under Impairment and gains/(losses) on disposals of fixed assets in the consolidated income statement.

The heading Other intangible assets mainly includes the easement rights acquired as rights of way for power lines and accesses for the operation of hydropower plants, wind farms and solar photovoltaic plants, as well as computer software.

Easement rights includes the assignment contract signed between the company Energías del Ocosito, S.A. and Hidroeléctrica Tres Ríos, S.A. on 23 May 2016, whereby Hidroeléctrica Tres Ríos, S.A. grants energy generation and supply rights to Distribuidora de Electricidad de Occidente, S.A. until 30 April 2030. Details of the payments committed to by Energías del Ocosito, S.A. for the assignment of the PPA, are as follows:

	2021	2020
Up to 1 year	238	193
One to five years	973	963
Over five years	536	659
Total non-current	1,509	1,622
Total debt	**1,747**	**1,815**

Fully amortised assets-

At 31 December 2021 and 2020, fully amortised intangible assets amount to Euros 47 thousand and Euros 63 thousand, respectively.

Goodwill-

Goodwill recognised in intangible assets relates to the positive difference on first consolidation arising from the inclusion in the consolidated annual accounts of the net assets of the following companies (in thousands of Euros):

Company	2021	2020
Hidroeléctrica del Giesta, S.L	3,669	3,669
Energías de Pontevedra, S.L	236	236
Total	**3,905**	**3,905**

The movement in goodwill at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Carrying amount at start	3,905	3,975
Disposals	-	(70)
Carrying amount at end	**3,905**	**3,905**

Goodwill disposals recorded during 2020 relate to the winding up of the Guatemalan company Corporación Hidroeléctrica Guatemalteca, S.A., which generated a loss of Euros 215 thousand.

Goodwill is allocated to each company's cash generating units (CGUs) and is compared with the recoverable amount.

Impairment of goodwill-

Annually, the Group performs a review of the recoverable amount of its goodwill.

As described in the registration and measurement standards, to analyse the measurement of assets, the Group classifies the CGUs according to the generation technology used by the renewable energy facilities.

The cash flows considered for the impairment test are taken from the business plan applied to the Group.

The business plan considers an average inflation rate of 1.8% in the long term and the evolution of exchange rates is projected based on the curves published by international organisations.

In the goodwill impairment test analysis at 31 December 2021, cash flows have been discounted using a weighted average cost of capital (WACC) of 4.75% (5.1% for 2020).

Additionally, as required by IAS 36, a sensitivity analysis has been performed on the main variables included in the impairment tests, the main ones being the energy sales price curve and the WACC. Specifically, the following sensitivities have been performed:

- For the price curve, impairment tests have been sensitised assuming upward and downward variations of 5% of the energy sales price, keeping all the other variables the same.

- For the WACC, sensitivities have been performed considering variations of plus or minus 0.5% in the WACC value.

No evidence of impairment of goodwill has been detected as a result of the impairment tests or sensitivity analyses.

7. Property, plant and equipment

Movement in property, plant and equipment, plus the relevant accumulated depreciation in 2021 and 2020, is as follows (in thousands of Euros):

	31.12.2020	Additions	Disposals	Transfers	Translation differences	31.12.2021
Cost-						
Land and buildings	120,541	72	(150)	2,289	5,759	128,511
Plant, machinery and other	106,978	773	(37)	23,634	212	131,560
Assets under construction and advances	20,096	50,491	(595)	(25,923)	18	44,087
Total cost	247,615	51,336	(782)	-	5,989	304,158
Accumulated depreciation-						
Land and buildings	(34,026)	(3,860)	19	-	(966)	(38,833)
Plant, machinery and other items of PPE	(33,777)	(5,452)	32	-	(114)	(39,311)
Total accumulated depreciation	(67,803)	(9,312)	51	-	(1,080)	(78,144)
Accumulated impairment						
Land and buildings	(3,401)	(923)	811	-	(276)	(3,789)
Plant, machinery and other items of PPE	(647)	-	479	-	-	(168)
	(4,048)	(923)	1,290	-	(276)	(3,957)
Closing balance	**175,764**	**41,101**	**559**	-	**4,633**	**222,057**

	31.12.2019	Additions	Disposals	Transfers	Translation differences	31.12.2020
Cost-						
Land and buildings	121,259	44	-	4,184	(4,946)	120,541
Plant, machinery and other items of PPE	83,906	3,887	(55)	19,247	(7)	106,978
Assets under construction and advances	14,882	28,780	(135)	(23,431)	-	20,096
Total cost	220,047	32,711	(190)	-	(4,953)	247,615
Accumulated depreciation-						
Land and buildings	(30,915)	(3,746)	-	-	635	(34,026)
Plant, machinery and other items of PPE	(30,047)	(3,760)	-	-	30	(33,777)
Total accumulated depreciation	(60,962)	(7,506)	-	-	665	(67,803)
Accumulated impairment						
Land and buildings	(5,241)	-	1,840	-	-	(3,401)
Plant, machinery and other items of PPE	(1,736)	-	1,089	-	-	(647)
	(6,977)	-	2,929	-	-	(4,048)
Closing balance	**152,108**	**25,205**	**2,739**	**-**	**(4,288)**	**175,764**

The main additions in 2021 relate to investments in the construction of eight wind farms and twelve photovoltaic plants in the Canary Islands.

In addition, during 2021 the Group has carried out work on its assets amounting to Euros 1,368 thousand, capitalised and recorded under the Self-constructed assets heading in the consolidated income statement.

Disposals in the year ended 31 December 2021 relate chiefly to obsolete assets with a carrying amount of Euros 731 thousand. As a result of these transactions, a loss of Euros 553 thousand has been recognised under Impairment and gains/(losses) on disposals of fixed assets in the accompanying consolidated income statement.

In 2021, Euros 56 thousand have been capitalised for the financial expenses related to the financing of construction of the La Florida 3 wind farm in Gran Canaria.

The main additions in 2020 to property, plant and equipment under construction relate to the assets used to bring the Las Casillas 1, Lomo del Moral and Arcos del Coronadero wind farms in Gran Canaria into operation, the investments of Euros 3,707 thousand made for the construction of wind farms, solar photovoltaic plants and substations in Gran Canaria also, and the acquisition of the La Florida 3 wind farm project through the purchase of all the shares of the company Oilean Telde Eólica Energy, S.L.

Transfers in 2020 relate to the capitalised assets of the three wind farms La Caleta, El Rodeo and Las Casillas, which were completed in 2020, as well as to the assets of two wind farms and twelve photovoltaic plants on which construction started in 2020.

The main disposals in 2020 relate to capitalised project costs for which the Group has discontinued further processing.

At the 2021 and 2020 reporting dates, asset impairment tests have been performed where the Group has identified indications of impairment, including the analysis of a potential regulatory change and the review of cash flow projections for each CGU. The projections are made on the basis of the parameters included in the Group’s business plan.

The business plan considers an average inflation rate of 1.8% in the long term for Spain and 4.3% for Guatemala and changes in the exchange rates are projected based on the curves published by international organisations.

In the goodwill impairment test analysis at 31 December 2021, cash flows have been discounted using a weighted average cost of capital (WACC) of 4.75% for Spain (5.1% in 2020) and of 7.36% for Guatemala (7% in 2020).

In 2021, part of the impairment provisioned in prior years amounting to Euros 1,290 thousand (Euros 2,929 thousand in 2020) on the assets of the Xestosa hydropower plant, owned by Hidroeléctrica de Ourol, S.L., was reversed. A charge of Euros 923 thousand was also recognised on the assets of Energías del Ocosito, S.A.

The breakdown of accumulated impairment by company as of 31 December 2021 and 2020 is as follows (in thousands of Euros)

Company	**Country**	**2021**	**2020**
Energías del Ocosito, S.A.	Guatemala	3,504	2,305
Hidroeléctrica de Ourol, S.L.	Spain	453	1,743
		3,957	**4,048**

Additionally, as required by IAS 36, a sensitivity analysis has been performed on the main variables included in the impairment tests, the main ones being the energy sales price curve and the WACC. Specifically, the following sensitivities have been performed:

- For the price curve, impairment tests have been sensitised assuming upward and downward variations of 5% of the energy sales price, keeping all the other variables the same.

- For the WACC, sensitivities have been performed considering variations of plus or minus 0.5% in the WACC values calculated for Spain and Guatemala.

Additional results of the sensitivity test for 2021 are as follows:

	WACC		Operational growth	
Component	+0.50%	-0.50%	+5% -	-5%
Energías del Ocosito, S.A	(2,254)	2,481	1,932	(1,952)
Hidroeléctrica de Ourol, S.L.	(353)	453	453	(392)

(Additional impairment)/Additional reversals

Fully depreciated assets-

The breakdown of fully depreciated property, plant and equipment still in use as of 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Plant and machinery	716	144
Other plant, tools and furniture	306	180
Other fixed assets	266	188
Closing balance	**1,288**	**512**

Property, plant and equipment subject to guarantees-

At 31 December 2021 the Group holds pledged items as property, plant and equipment subject to guarantees as a result of the green bonds issued, assets with a carrying amount of Euros 87,217 thousand (Euros 93,230 thousand at 31 December 2020).

Insurance policy-

The Group takes out insurance policies to cover the possible risk of damage to its property, plant and equipment. The Parent Company's directors consider the insurance coverage taken out to be adequate, taking into consideration the various locations of the property, plant and equipment.

8. Leases

Right-of-use assets are presented in a separate sub-heading of the consolidated statement of financial position where the Group is a lessee of various assets, mainly offices, land and vehicles. The Group also acts as a lessee of land for the construction of wind farms and solar photovoltaic plants.

The only land leases recorded as "right-of-use assets" are those for which the consideration is fixed. Land leases for which the consideration is a variable amount are not recognised as "right-of-use assets" in accordance with IFRS 16. Likewise, in relation to the royalties payable to the owners of the concession arrangements leased by the Group, although they meet the definition of a lease, the right of use has not been recorded because it is a variable payment.

Movement in rights of use assets at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	31.12.2020	Additions	Disposals	Translation differences	31.12.2021
Cost					
Buildings	7,827	80	(120)	136	7,923
Vehicles	145	18	(64)	9	108
Buildings	450	254	-	(187)	517
	8,422	352	(184)	(42)	8,548
Accumulated amortisation					
Buildings	(366)	(184)	-	4	(546)
Vehicles	(109)	(39)	64	(79)	(163)
Buildings	(197)	(47)	-	161	(83)
	(672)	(270)	64	86	(792)
Closing balance	**7,750**	**82**	**(120)**	**44**	**7,756**

	31.12.2019	Additions	31.12.2020
Cost			
Buildings	4,829	2,998	7,827
Vehicles	145	-	145
Buildings	450	-	450
	5,424	2,998	8,422
Accumulated amortisation			
Buildings	(203)	(163)	(366)
Vehicles	(70)	(39)	(109)
Buildings	(131)	(66)	(197)
	(404)	(268)	(672)
Closing balance	**5,020**	**2,730**	**7,750**

As of 31 December 2020, the additions relate to a contract for the leasing of land signed on 8 July 2020 by the Group company EFD Ecoener Fotovoltaica Dominicana, S.R.L., terminating on 8 July 2070, whereby the contractual consideration is based on a fixed amount.

The incremental weighted average interest rate applied to financial lease liabilities recognised under IFRS 16 is 2.5% for land and buildings in Spain and 6% for land in Honduras, the Dominican Republic and Guatemala. In the case of movable property, 5.5% was used for vehicles leased in Spain. Given the similar characteristics of the contracts, the same incremental interest rate has been estimated for all the applicable periods.

To calculate the incremental interest rate for leased assets considered land and buildings, the Group has used the average financing rate for this type of asset as well as the area in which these assets are located on the relevant date of signing of the contracts.

The cash flows paid for interest on all contracts subject to IFRS 16 amount to Euros 64 thousand in 2021 and Euros 459 thousand for lease payments (Euros 35 thousand and Euros 409 thousand in 2020, respectively).

Short-term and low-value leases that have been excluded from the NIIF 16 calculation amount to Euros 566 thousand at the end of 2021 (Euros 883 thousand in 2020) and are recorded in Other operating expenses - external services in the consolidated income statement.

Additionally, the amount recorded in the consolidated income statement as variable lease expenses amounts to Euros 256 thousand at 2021 year end (Euros 278 thousand in 2020).

A breakdown of the minimum payments from future lease liabilities in these contracts, by maturity, is as follows (in thousands of Euros):

	2021	2020
Up to 1 year	513	456
Between 1 and 5 years	2,678	2,333
More than 5 years	19,643	18,297
Closing balance	**22,834**	**21,086**

9. Risk Policy and Management

Group management is generally responsible for establishing and monitoring the Group's risk management framework. The Board of Directors has empowered Group management to develop and supervise the Group's financial risk management policies. Group management is committed to managing financial risks and works to analyse those to which the Group is exposed, so that the Group can mitigate the potential uncertainties it faces.

The Group's risk management policies are established to identify and analyse the financial risks faced by the Group, set appropriate limits and risk controls and to monitor risks and compliance with limits. The risk management policies and systems are reviewed regularly to reflect changes in the Group's market, circumstances and activities. The Group, through its training, management and procedures, aims to maintain a disciplined and constructive financial control environment in which all employees understand their roles and obligations.

The activities carried out by the Group are exposed to various financial risks: market risk (including exchange rate risk, interest rate risk and market price risk), credit risk and liquidity risk. The risk assessment is carried out on the analysis of its impact probability and its severity, which allows the risks to be controlled and, through regular updates, makes it possible to act and adapt, mitigating threats that could arise from the changing and globalised environment in which the Group operates.

The Group's global risk management programme focuses on the uncertainty of the financial markets and tries to minimise the potential adverse effects on the Group's financial profitability. The Group uses derivatives to hedge certain risks.

Risks are classified into operational risks and risks related to the financial situation.

(a) <u>Financial risk</u>

Risk management is monitored by the Group's central finance department. This department identifies, assesses and hedges financial risks in close collaboration with the Group's operating units.

i. *<u>Market risk</u>*

Market risk is the risk that changes in market prices (for example, exchange rates or interest rates) affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control exposure to such risks within acceptable parameters, while optimising profitability. To manage market risks, the Group uses derivatives and closes long-term energy sales contracts at an established price. All these transactions are carried out within the guidelines established by the Group.

Interest rate risk

The Group adopts the policy of ensuring that most of its cash flows are exposed to a fixed interest rate. This is achieved partly by arranging fixed-rate instruments and partly by borrowing at variable rates.

As the Group does not have significant remunerated assets, the income and cash flows from the Group's operating activities are mostly independent from fluctuations in market interest rates. The Group's interest rate risk arises from non-current borrowings.

Income and cash flows from the Group's operating activities are mostly independent from fluctuations in market interest rates and consequently, given that the Group's indebtedness is at a fixed interest rate, it is estimated that the interest rate risk is not significant as of 31 December 2021.

As of 31 December 2021, the nominal amount of bank financing payable amounts to Euros 70 million (Euros 42 million at 31 December 2020.) The average interest rate on these debts at 2021 year end amounts to 3.28% (3.36% at 2020 year-end).

Market price risk

The Group is exposed to the risk of volatility in the energy market. The energy market is an active market, in which prices are subject to certain volatility as a result of the interaction of supply and demand. This exposes the Group to the risk of compromising its results.

The Group enters into Power Purchase Agreements (PPAs) with customers to secure the sale price of the energy sold and operates most of its facilities within the framework of regulated remuneration systems, enabling it to secure the price of energy over a period of time. The Group's policy is that these agreements and regulated remuneration systems cover at least 70% of income. At year end, they cover over 80%.

Below are details of the energy sales generated by the Group for each year:

In thousands of Euros	2021	2020
Energy sales (MWh)	344,590	298,120
Energy sales (thousands of Euros)	33,376	31,649
Average sales price (Euros/MWh)	96.86	106.16

Each change of 100 basis points in prices would have increased or decreased energy sales by Euros 334 thousand (2020: Euros 316 thousand). This analysis assumes that all other variables, at particular foreign exchange rates, remain the same.

Due to the generation mix and fixed sales price established by the Group to mitigate market price risk, the Covid-19 pandemic and the resulting health and economic crisis have not had a material impact on the Group's consolidated annual accounts.

Foreign currency risk

Foreign currency risk is associated with future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. The Group is exposed to transactional exchange rate risk if it carries out transactions in currencies other than the functional currencies of the different subsidiaries that comprise the Group. The main functional currency of the group companies is the Euro. Nonetheless, there are certain subsidiaries that operate with currencies other than the Euro, especially the dollar, lempira and quetzal.

To reduce the risk inherent to investments in foreign businesses with a functional currency other than the Euro, the Group tries to borrow in the same currency in which cash flows generated by the assets it finances.
The sensitivity analysis does not reveal significant impacts on the Group, either on equity or on the consolidated income statement, with regard fluctuations of five percent in the most relevant currencies compared to the functional currency of each company within the Group, based on the situation at the end of 2021 and 2020.

The breakdown, in the main foreign currencies and in Euros (showing its equivalent in Euros), of the Group's financial assets and liabilities is as follows:

In thousands of Euros	2021				
	Quetzal (Guatemala) (*)	Lempira (Honduras) (*)	Euros	Other currencies (*)	Total
Cash	1,235	1,144	38,858	1,305	42,542
Non-current debt	32,490	13,240	146,269	1,461	193,460
Current debt	5,365	1,208	9,744	61	16,378

(*) Corresponds to the equivalent value in Euros at the year-end closing date

In thousands of Euros	2020				
	Quetzal (Guatemala) (*)	Lempira (Honduras) (*)	Euros	Other currencies (*)	Total
Cash	1,368	1,330	10,892	91	13,681
Non-current debt	32,052	13,264	138,856	1,346	185,518
Current debt	2,514	1,039	15,537	42	19,133

(*) Corresponds to the equivalent value in Euros at the year-end closing date

ii. *Credit risk*

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each client. However, the Directors also consider factors that may influence the credit risk of its customer base, including the risk of default associated with the industry and the country in which clients operate.

Credit risk is the risk of financial loss for the Group if a client or counterparty of a financial instrument does not comply with its contractual obligations and arises mainly from accounts receivable from clients and investments in debt instruments.

The objective of managing this risk is to reduce, as far as possible, its impact by studying the solvency of the Group's clients for preventive purposes. Once the contracts are in execution, the credit quality of the pending collection amounts are periodically evaluated and the estimated recoverable amounts that are considered doubtful are reviewed.

The Group has established a credit policy whereby each new customer is individually analysed for creditworthiness.

Likewise, the Group holds its cash in financial institutions with a high credit rating.

The Group limits its exposure to the credit risk associated with trade receivables by establishing payment periods of 30 days and 90 days for individual and corporate customers, respectively.

Impairment losses on financial and contractual assets recognised as of 31 December 2021 and 2020 are described in Note 10.

The impairment scales in 2021 and 2020 have been reviewed, reflecting the real and expected impact of the Covid-19 pandemic in each geographic region, although since the Group's services are classified as "essential" the impact has been limited.

iii. *Liquidity risk*

Liquidity risk is the risk that the Group finds difficulties to meet obligations associated with its financial liabilities settled through the delivery of cash or another asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it has enough liquidity to meet its liabilities when they mature, without incurring unacceptable losses or risking damage to the reputation of the Group.

The Group manages liquidity risk cautiously, based on maintaining enough cash and the availability of financing through the issue of negotiable securities or available credit facilities, if necessary.

10. Financial assets by category

All of the Group’s financial assets are financial assets at amortised cost, except for the equity instruments included in Current investments, which relate to assets at fair value through profit or loss.

Financial assets classified as Trade and other receivables are measured at nominal value as they constitute an acceptable approximation of their fair value.

Net losses and gains by category of financial asset

Net gains and losses by category of financial assets at 31 December 2021 and 2020 are as follows (in thousands of Euros):

Loans and receivables

	2021	2020
Impairment losses	(1,074)	980
Changes in fair value of financial instruments	(94)	-
Impairment and gains/(losses) on disposals of financial instruments	(21)	-
Finance income	167	235
	1,015	**1,215**

11. Financial investments and trade receivables

a) Financial investments-

Details of financial investments at 31 December 2021 and 2020 are as follows (in thousands of Euros):

	2021		2020	
	Non-current	Current	Non-current	Current
Fair value-				
Unrelated parties				
Equity instruments	-	39,906	-	-
	-	**39,906**	**-**	**-**
Amortised cost-				
Related parties				
Equity instruments	4	-	1	-
Credits	-	702	-	376
Unrelated parties				
Credits (Note 15)	196	297	414	249
Deposits and guarantees	54	205	40	17
Other financial assets	-	1,101	-	1,395
	254	2,305	455	2,037
	254	**42,211**	**455**	**2,037**

Current equity instruments of Euros 39,906 thousand related to positions in investment funds. The loss of fair value generated by these transactions at 31 December 2021 amounts to Euros 94 thousand, which is included in the consolidated income statement under Changes in the fair value of financial instruments.

At 31 December 2021, current receivables from related parties amount to Euros 702 thousand (Euros 376 thousand in 2020), relating to balances receivable in respect of the income tax consolidation of Group companies with the Parent Company of the tax group, Luis de Valdivia, S.L.U.

At 31 December 2021 and 2020, non-current receivables from unrelated parties mainly contains the amount receivable on a contract with Agrícola La Entrada, S.A. for Euros 176 thousand and Euros 237 thousand (non-current and current balances, respectively), which in 2020 totalled Euros 400 thousand and Euros 240 thousand, respectively.

At 31 December 2021 and 2020, Other current financial assets with unrelated parties mainly includes deposits formalised by the Group company Llanos del Sur Fotovoltaica, S.A. amounting to Euros 1,008 thousand and Euros 1,353 thousand, respectively.

b) Trade and other receivables-

The breakdown of trade and other receivables at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Trade receivables for sales and services rendered	14,325	11,335
Impairment of receivables	(7,026)	(5,431)
Other receivables from tax authorities	11,349	7,799
Other receivables	698	-
	19,346	**13,703**

Trade receivables for sales and services rendered mainly includes balances receivable for the sale of energy in Spain, Honduras and Guatemala, as well as the incentive recognised in the Llanos del Sur solar photovoltaic plant in Honduras, amounting to 7,026 thousand (Euros 5,390 thousand in 2020), which is impaired in full.

Public entities, other essentially includes capital grants for the construction of wind farms and solar photovoltaic plants in the Canary Islands pending receipt for Euros 6,532 thousand (Euros 4,673 thousand in 2020 relating to VAT) (see Note 16).

Movements in the impairment provision for trade receivables and client contract assets during the year was as follows (in thousands of Euros):

	2021	2020
Opening balance	5,431	6,807
Charges	1,115	945
Reversals	(41)	(1,925)
Translation differences	521	(396)
Closing balance	**7,026**	**5,431**

Allocations at 31 December 2021 and 2020 relate to the incentive recognised in each year linked to the Llanos del Sur solar photovoltaic plant in Honduras. As of December 31, 2020, an impairment reversal associated with accounts receivable from Llanos del Sur Fotovoltaica, S.A. was registered due to the collection of the pending balances.

c) Classification by maturity-

The classification of financial assets by maturity at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021					
	Less than a year	Two years	Three to five years	Subsequent years	Less current portion	Total non-current
Investments in related parties and associates						
Equity instruments	-	-	-	4	-	4
Credits	702	-	-	-	(702)	-
Financial investments						
Equity instruments	39,906	-	-	-	(39,906)	-
Credits	297	196	-	-	(297)	196
Deposits and guarantees	205	-	-	54	(205)	54
Other financial assets	1,101	-	-	-	(1,101)	-
Trade and other receivables						
Trade receivables for sales and services rendered	7,299	-	-	-	(7,299)	-
Sundry debtors	698	-	-	-	(698)	-
Total financial assets	**50,208**	**196**	**-**	**58**	**(50,208)**	**254**

	2020						
	Less than a year	Two years	Three years	Four to five years	Subsequent years	Less current portion	Total non-current
Investments in related parties and associates							
Equity instruments	-	-	-	-	1	-	1
Credits	376	-	-	-	-	(376)	-
Financial investments							
Credits	249	245	169	-	-	(249)	414
Deposits and guarantees	17	-	-	-	40	(17)	40
Other financial assets	1,395	-	-	-	-	(1,395)	-
Trade and other receivables							
Trade receivables for sales and services rendered	5,904	-	-	-	-	(5,904)	-
Total financial assets	**7,941**	**245**	**169**	**-**	**41**	**(7,941)**	**455**

12. Cash and cash equivalents

At 31 December 2021 and 2020, the details are as follows:

	2021	2020
Cash	37,528	13,681
Other cash equivalents	5,014	-
Closing balance	**42,542**	**13,681**

At 31 December 2021, the Group holds Euros 9,023 thousand in restricted cash as collateral for the green bonds listed on 10 September 2020 (Euros 9,016 thousand at 31 December 2020).

Other cash equivalents at 31 December 2021 includes fixed income notes on the Alternative Fixed Income Market (MARF).

13. Equity

Details of equity and movement are shown in the consolidated statement of changes in equity.

Capital-

Grupo Ecoener, S.A. was incorporated as a public limited company (*sociedad anónima*) on 28 January 2020, with a share capital of Euros 60 thousand, represented by 600 registered shares with a nominal value of Euros 100 each, fully subscribed and paid up by means of monetary contribution.

On 12 June 2020, the then Sole Shareholder made a capital increase of Euros 500 thousand by creating 5,000 new registered shares with a nominal value of Euros 100, fully subscribed and paid up as well as a share premium of Euros 950 per share, worth Euros 4,750 thousand. This capital increase was carried out throughout a non- monetary contribution (See Note 1).

At 31 December 2020, the Parent Company's share capital amounts to Euros 560 thousand, represented by 5,600 registered shares with a par value of Euros 100.

On 22 March 2021, the then Sole Shareholder made a capital increase in the amount of Euros 12,240 thousand by issuing 122,400 new shares charged to freely available reserves. At the same time, in the same act, approval was given to change the nominal value of all the shares by means of a split of 312.5 new shares for each existing share. As a result of this transaction, capital was set at 40,000,000 shares with a nominal value of Euros 0.32.

On 30 April 2021, the then Sole Shareholder of Grupo Ecoener, S.A. increased capital by Euros 5,424 thousand by issuing 16,949,150 new shares of the Parent Company with a par value of Euros 0.32 per share.

On 4 May 2021, the Parent Company was floated on the stock exchange with the flotation of all the shares issued on 30 April 2021 at a share premium of Euros 5.58 per share. As a result, the total amount of the IPO issue amounted to Euros 100 million.

The Parent Company’s share capital at 31 December 2021 amounts to Euros 18,224 thousand, represented by 56,949,150 shares with a par value of Euros 0.32 each, fully subscribed and paid up.

In relation to these capital increases and the IPO, the Parent Company has recorded the incremental expenses associated with them with a reduction in reserves, net of the tax effect, amounting to Euros 4,689 thousand.

Details of the Parent Company's shareholders who hold a stake of more than 3% are as follows:

	Ownership percentage	
	2021	2020
Luis de Valdivia Castro (*)	70.98%	100.00%
Carmen Ybarra Careaga (**)	6.14%	-
Gam Holding AG	4.76%	-
Handelsbanken Fonder AB	3.33%	-

(*) Through its shareholding in Luis de Valdivia S.L.U. (previously Ecoener, S.L.U.)
(**) Through its shareholding in Onchena, S.L.

Share premium-

At 31 December 2021, the share premium totals Euros 99,326 thousand (Euros 4,750 at 31 December 2020).

This reserve is freely available.

Reserves

The Parent Company shall be obliged to allocate 10% of profit for the year to a reserve fund amounting to at least 20% of share capital. At 31 December 2021 and 2021, this reserve had not reached the current legal minimum. This reserve, as long as it does not exceed the aforementioned limit, may only be used to offset losses if no other reserves for this purpose are available.

At 31 December 2021, the legal reserve amounted to Euros 2,560 thousand, which corresponds in full to the distribution of profit for the year ended 31 December 2020 and which was approved by the Group’s then Sole Shareholder on 22 March 2021

The capitalization reserve amounts to 137 thousand euros, as of December 31, 2021 and 2020, has been allocated in accordance with articles 25 and 62 of the Corporate Tax Law, which establishes that the reserve should be allocated for the amount of the right to reduce the tax base of the tax group for the year. The right to reduce the tax group’s taxable income amounts to 10% of the increase in the tax group's own funds, as defined in the said article, without in any case exceeding 10% of the tax group’s positive taxable income for the tax period prior to the reduction and the integration referred to in section 12 of article 11 of the Law and to the offsetting of tax losses. However, if the tax group has insufficient taxable income to apply the reduction, the outstanding amounts may be applied in the tax periods ending in the two years immediately following the end of the tax period in which the entitlement to the reduction arose, together with the reduction that may be applicable in that year and up to the limit indicated. The reserve is not available and is subject to the condition that the increase in the tax group's own funds is maintained for a period of 5 years from the end of the tax period to which the reduction relates, unless there are accounting losses.

During 2020, contribution returns and dividends of Euros 8,061 thousand were made from subsidiaries to the then Sole Shareholder of the Parent Company, the main ones being:

- On 17 March 2020, Dragmoc, S.L. agreed to distribute a dividend in the amount of Euros 985 thousand.

- On 22 April and 17 June 2020, Hidroeléctrica del Giesta, S.L. agreed to distribute two dividends of Euros 787 thousand and Euros 134 thousand, respectively.

- On 22 April 2020, Energía de Pontevedra, S.L. agreed to distribute a dividend in the amount of Euros 1,105 thousand.

- Hidroeléctrica del Giesta, S.L. and Energías de Pontevedra, S.L. repaid contributions in 2020 amounting to Euros 4,047 thousand and Euros 1,093 thousand, respectively.

In 2020, shareholders contributions were made for an amount of Euros 375 thousand.

Other Shareholder contributions-

On 4 March 2021, the then Sole shareholder of Grupo Ecoener, S.A. made a shareholder contribution by cancelling part of the loan it had with Grupo Ecoener, S.A. for Euros 6,500 thousand, recorded under Non-current debt with related parties in the consolidated annual accounts for 2020 (see Notes 15 and 20).

At 31 December 2020, Grupo Ecoener, S.A. records an amount of Euros 73 thousand relating to the net value of assets and liabilities contributed by the then Sole Shareholder through the business transfer transaction carried out on 1 November 2020 (See Note 1).

Translation differences-

Details of the translation differences, generated entirely by the conversion to Euros of the annual accounts of the companies located abroad as at 31 December 2021 and 2020, are as follows (in thousands of Euros):

	2021	2020
Countries:		
Guatemala	(732)	136
Panama	6	3
Dominican Republic	(37)	2
Honduras	270	(497)
Kenya	5	-
Serbia	(1)	-
Colombia	(17)	-
Closing balance	**(506)**	**(356)**

Non-controlling interests-

The breakdown of and movements in non-controlling interests at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Opening balance	8,972	8,033
Allocation of profit/(loss)	(245)	2,311
Dividends	(756)	(1,514)
Other movements	79	142
Closing balance	**8,050**	**8,972**

In 2021, the payment of dividends to the non-controlling interests Drago Renovables, S.L., Mocan Renovables, S.L., and Llanos del Sur Fotovoltaica, S.A. was recorded for a total amount of Euros 756 thousand (Euros 1,514 thousand in 2020).

The breakdown by company of the non-controlling interest balance at 31 December 2021 and 2020 is shown below (in thousands of Euros):

	2021	2020
Hidroeléctrica de Ourol, S.L.	1,480	729
Hidro Quetzal, S.A.	2,055	2,054
Ecoener Ingeniería, S.A.	66	49
Energías del Ocosito, S.A.	(219)	445
Energías de Forcarei, S.L.	44	44
Llanos del Sur Fotovoltaica, S.A.	2,557	2,193
Conservilla Majorera, S.L.	-	(5)
Cresta de Gallo, S.L.	-	(3)
Mosquera de Tamadaba, S.L.	-	(5)
Ecoener Ingeniería Honduras, S.A.	4	3
Drago Renovables, S.L.	1,128	1,902
Mocan Renovables, S.L.	698	1,566
Amagante Herreño, S.L.	237	-
Closing balance	**8,050**	**8,972**

Non-controlling companies have the usual protection rights, mainly in terms of investment, divestment and financing restrictions. There are no significant restrictions or relevant substantive rights that limit the Group's ability to access dividends.

The subsidiaries with the most significant non-controlling interests are Llanos del Sur Fotovoltaica, S.A., Hidro Quetzal, S.A., Drago Renovables, S.L. and Mocan Renovables, S.L. The breakdown of assets and liabilities at the end of 2021 and 2020 is as follows (in thousands of Euros):

	2021				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net equity
Hidro Quetzal, S.A.	-	17	-	-	17
Llanos del Sur Fotovoltaica, S.A.	14,933	4,655	13,240	1,210	5,138
Drago Renovables, S.L.	30,974	2,505	4,380	269	28,830
Mocan Renovables, S.L.	11,124	1,022	2,015	96	10,035

	2020				
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net equity
Hidro Quetzal, S.A.	15	8,407	-	-	8,422
Llanos del Sur Fotovoltaica, S.A.	14,646	9,190	13,272	1,147	9,417
Drago Renovables, S.L.	30,547	3,446	25,363	2,399	6,231
Mocan Renovables, S.L.	12,168	1,460	9,232	1,111	3,285

Earnings/(losses) per share-

Basic earnings per share are determined by dividing the net income attributable to Parent Company shareholders by the weighted average number of shares outstanding during that period, excluding, where appropriate, the average number of treasury shares held during such period.

The Parent Company has no potentially dilutive effects, and consequently, basic earnings per share coincide with diluted earnings per share.

At 31 December 2021 and 2020, basic and diluted earnings per share are as follows:

	2021(*)	2020(*)
Number of shares	56,949,150	1,750,000
Average number of shares	43,001,488	1,052,226
Profit/(loss) attributed to Parent Company	6,058	3,457
Earnings per share (Euros per share)	0.141	3.285

(*) Earnings per share are calculated on the basis of the number of equivalent shares on such date, following the split mentioned in section 13.1.

14. Non-current provisions

Details of provisions at 31 December 2021 and 2020 are as follows (in thousands of Euros):

	2021	2020
Tax provision	430	414
Dismantling provision	1,456	942
Closing balance	**1,886**	**1,356**

The tax provision covers the possible expenditure that could arise from the corporate tax inspections being undertaken by the Spanish tax authorities into the Group companies Hidroeléctrica de Ourol, S.L. and Energías de Pontevedra, S.L. (Note 19).

At 31 December 2021, the Group records a decommissioning provision of Euros 1,456 thousand linked to the wind farms built in the Canary Islands (Euros 878 thousand in 2020).

The provisions increase the value of the assets. For its calculation, the Group performed a detailed technical analysis estimating the average cost of dismantling per installed MW in 14 thousand euros.

In accordance with applicable legislation, these companies must compulsorily restore the lands on which the wind farms operate to their original conditions once operations have concluded. Decommissioning is scheduled to take place between 2040 and 2045 depending on each of the wind farms.

During 2021 and 2020, finance costs were recorded due to updates in provisions for a total amount of Euros 5 thousand recorded as finance costs in the consolidated income statement.

15. Debt and trade payables

At 31 December 2021 and 2020, all of the Group's financial liabilities relate to financial liabilities at amortised cost, except for derivatives, which are liabilities accounted for at fair value with changes through profit or loss.

At 31 December 2021 and 2020, financial liabilities classified as Trade and payables are measured at nominal value as they constitute an acceptable estimate of the fair value and do not vary significantly, except for debt with financial institutions which is measured at amortised cost.

Debt-

Details of debt at 31 December 2021 and 2020 are as follows (in thousands of Euros):

	2021		2020	
	Non-current	Current	Non-current	Current
Related parties				
Debt with related parties	-	180	8,479	834
Unrelated parties				
Debt and payables				
Bonds and other marketable securities	109,874	6,221	116,096	6,382
Bank borrowings	62,215	8,408	39,947	3,184
Lease payables	7,142	277	6,724	392
Derivatives	-	-	-	1,554
Other financial liabilities	14,229	1,292	14,272	6,787
	193,460	**16,378**	**185,518**	**19,133**

Debt with related parties-

At 31 December 2020, there is one Parent Company account payable with the then Sole Shareholder amounting to Euros 8,479 thousand. On 4 March 2021, a shareholder contribution was made by cancelling Euros 6,500 thousand of this debt (see Notes 13 and 20).

Bonds and other marketable securities-

On 10 September 2020, the Group company Ecoener Emisiones, S.A. issued two classes of green bonds listed on the Open Market (Freiverkerh) of the Frankfurt Stock Exchange, amounting to Euros 130 million, the main features of which are as follows:

Class 1: The nominal amount of these bonds is Euros 39,000 thousand with maturity set at 31 December 2040. Interest of 2.35% is applicable to these bonds.

Class 2: The nominal amount of these bonds is Euros 91,000 thousand with maturity set at 31 December 2040. Interest of 2.35% is applicable to these bonds.

During fiscal year 2021, the Group has paid Euros 6,590 thousand in principal and Euros 2,885 thousand in interest (Euros 5,499 thousand and Euros 936 thousand, respectively, during fiscal year 2020).

The Group provides the following guarantees to ensure the return of the bonds issued:

- The following Group companies: Hidroeléctrica del Giesta, S.L., Energías de Pontevedra, S.L., Hidroeléctrica de Ourol, S.L. Sociedad Lucense de Energía Hidráulica y Eólica, S.L., Drago Renovables, S.L., Mocan Renovables, S.L. y Yesquera de Aluce, S.L., have signed a promissory mortgage guarantee on the assets of the operating plants. Additionally, they pledge regarding certain credit rights and bank accounts have been signed.

- Ecoener Emisiones, S.A.U., has signed a real guarantee on all the shares under its ownership.

- The Parent Company of the Group has signed a real guarantee on the shares held by the company Ecoener Emisiones, S.A.U.

Additionally, cash and cash equivalents (see Note 12) include certain amounts of restricted cash relating to the green bond restrictions, including a debt services reserve account and maintenance reserve for Euros 8,023 thousand and Euros 1,000 thousand, respectively (Euros 8,016 thousand and Euros 1,000 thousand in 2020).

The nominal amounts and maturities of the two classes of bonds issued by Ecoener Emisiones, S.A.U., are as follows (in thousands of Euros):

Maturity	2021	2020
2021	-	6,382
2022	6,221	6,221
2023	8,050	8,050
2024	9,143	9,143
2025	9,080	9,080
2026	8,497	8,497
Subsequent years	75,104	75,105
Closing balance	**116,075**	**122,478**

The nominal maturities for both classes of bonds are subject to compliance by the Group with a series of financial and non-financial covenants as detailed in the issuance agreement. At 31 December 2021, the Directors of the Parent expect to meet the terms set out in the aforementioned marketable securities contract, as they were met at 31 December 2020.

Additionally, the Group maintains a series of commitments, such as the constitution of guarantees on certain critical assets, the sale of certain critical assets or the performance of certain corporate restructuring operations, among others, which in the event of non- fulfilment could lead to their early maturity (See Notes 6 and 7). The Groups' management estimate that none of the ratios will be breached, therefore classifying such debt in accordance to the previously scheduled maturities.

Due to the market interest rate environment, the fair value of the bonds does amounts to Euros 116,368 thousand.

Bank borrowings-

On 28 May 2018, the Group company Llanos del Sur Fotovoltaica, S.A. signed a loan agreement with Banco Atlantida for USD 19,493 thousand, the final maturity date of which is 16 December 2028. At 31 December 2021 and 31 December 2020, the amount pending repayment is Euros 13,552 thousand and Euros 13,421 thousand, respectively.

The Group company Energías del Ocosito, S.A. has outstanding capital of Euros 31,782 thousand at 31 December 2021 (Euros 28,769 thousand at 31 December 2020), relating to the loan signed with Banrural, amounting to USD 39,378 thousand and maturing in 2033.

In 2021, the Group’s Spanish subsidiaries signed loans for a total amount granted of Euros 40,160 thousand, mainly corresponding to financing for the construction of wind and solar photovoltaic plants located in Gran Canaria. The average term of these loans is 17 years. At 31 December 2021, the capital not drawn down on these loans is Euros 15,590 thousand.

Additionally, during the fiscal year 2021, the Spanish subsidiaries of the Group signed 3 loans for a total amount of 700 thousand euros, maturing in September 2022.

All loans arranged by the Group accrue interest at market rates.

Lease payables-

Most of the leases affected by this regulation relate to leases of land on which the power generation plants are installed and office leases (Note 8).

Derivatives-

On 8 October 2020, the energy production companies in Spain signed an agreement with Axpo Iberia, S.L. to secure the sales price of all the energy produced in 2021.

At 31 December 2020, the Group records a balance payable of Euros 1,554 thousand for valuation of the derivative under Changes in the fair value of financial instruments in the consolidated income statement.

Derivatives are classified as level 2 in the fair value hierarchy. These levels are defined based on the observability of significant measurement inputs, as follows:

Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2: inputs other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

Other financial liabilities-

Other non-current financial liabilities at 31 December 2021 and 2020 mainly includes the debt with Ecoener Inversiones, S.C.A., SICAV-RAIF for Euros 12,650 thousand. This debt consists of two tranches of Euros 5,150 thousand and Euros 7,500 thousand, ultimately maturing on 31 December 2025 and 17 September 2025, respectively.

Similarly, at 31 December 2020 Other current financial liabilities includes the debt arising on the construction of the Lomo del Moral wind farm, which was paid for in 2021.

Trade and other payables-

The breakdown of Trade and other payables at 31 December 2021 and 2020, is as follows (in thousands of Euros):

	2021	2020
Non-current trade payables	11,830	163
Current trade payables		
Current payables to suppliers	1,216	4
Other payables	5,408	3,729
Personnel	34	9
Public entities	1,043	943
Advances from clients	540	-
Closing balance	**20,071**	**4,848**

At 31 December 2021 and 2020, non-current trade payables includes Euros 11,830 thousand and Euros 163 thousand, respectively, the adjustment for deviations in market prices for 2021 and 2020 and the adjustment for the 2017-2019 and 2014-2016 regulatory semi-periods which will be settled as of the regulatory semi-period subsequent to the period in which they were recorded and over the rest of the regulatory useful life of the wind farms and hydropower plants operated by the Group (Note 4.m.i).

Net gains and losses by category of financial liability

The amount of net gains and losses by categories of financial liabilities is as follows (in thousands of euros).

	Debt and payables		Financial liabilities at fair value with changes through profit or loss	
	2021	2020	2021	2020
Financial expenses at amortised cost	5,959	10,299	-	-
Change in fair value of financial instruments	-	-	(14,395)	1,290
Net profit/(loss) in the income statement	**5,959**	**10,299**	**(14,395)**	**1,290**

Classification of debt by maturity-

	2021						
		Non-current debt					
	Current debt	Two years	Three years	Four years	Five years	Subsequent years	Total non-current
Non-current and current debt-							
Related parties							
Debts with related parties	180	-	-	-	-	-	-
Unrelated parties							
Debt and payables							
Bonds and other marketable securities	6,221	8,050	9,143	9,080	8,497	75,104	109,874
Bank borrowings	8,408	6,323	5,102	5,116	5,198	40,476	62,215
Lease payables	277	585	411	380	374	5,392	7,142
Other financial liabilities	1,292	-	1,849	7,230	5,150	-	14,229
Total non-current and current debt-	**16,378**	**14,958**	**16,505**	**21,807**	**19,219**	**120,972**	**193,460**
Trade and other payables-							
Suppliers	1,216	-	-	-	-	-	-
Sundry creditors	5,408	1,872	1,872	1,551	1,551	4,986	11,830
Personnel	34	-	-	-	-	-	-
Public entities, other	1,043	-	-	-	-	-	-
Advances from customers	540						
Total trade and other payables	**8,241**	**1,872**	**1,872**	**1,551**	**1,551**	**4,986**	**11,830**

	2020						
		Non-current debt					
	Current debt	Two years	Three years	Four years	Five years	Subsequent years	Total non-current
Non-current and current debt-							
Related parties	834	8,479	-	-	-	-	8,479
Debts with related parties							
Unrelated parties							
Debt and payables							
Bonds and other marketable securities	6,382	6,221	8,050	9,143	9,080	83,603	116,096
Bank borrowings	3,184	710	2,332	2,485	2,633	31,787	39,947
Lease payables	392	384	373	346	309	5,312	6,724
Derivatives	1,554	-	-	-	-	-	-
Other financial liabilities	6,787	-	-	1,622	7,500	5,150	14,272
Total non-current and current debt-	**19,133**	**15,794**	**10,755**	**13,596**	**19,522**	**125,852**	**185,518**
Trade and other payables-							
Suppliers	4	-	-	-	-	-	-
Sundry creditors	3,729	163	-	-	-	-	163
Personnel	9	-	-	-	-	-	-
Public entities, other	943	-	-	-	-	-	-
Total trade and other payables	**4.685**	**163**	**-**	**-**	**-**	**-**	**163**

16. Grants

Details of non-refundable capital grants received and movement at 31 December 2021 and 2020 are as follows (in thousands of Euros):

	Amount granted	Balance at 31.12.2020	Additions	Transfers to results	Balance at 31.12.2021
Grants awarded by official bodies	**13,402**	**3,607**	9,782	(137)	**13,252**
Other grants	11	-	11	(3)	8
Grants	**13,413**	**3,607**	**9,793**	**(140)**	**13,260**

	Amount granted	Balance at 31.12.2019	Additions	Transfers to results	Balance at 31.12.2020
Grants awarded by official bodies	**3,618**	**3,618**	**1**	**(12)**	**3,607**
Grants	**3,618**	**3,618**	**1**	**(12)**	**3,607**

In 2021, the Institute for Energy Diversification and Saving (IDAE), part of the Ministry for Ecological Transition, awarded the Group grants totalling Euros 9,782 thousand to finance construction work on wind farms and photovoltaic solar plants in the Canary Islands. At 31 December 2021, the amount pending collection of these grants amounts to Euros 6,532 thousand (see Note 11).

The Directors of the Parent Company expect to fulfil the terms that led to the awarding of the grants received, which comprise the construction of the funded assets.

17. Late payments to suppliers. "Reporting Requirement". Third Additional Provision of Law 15/2010 of 5 July 2010

In accordance with the second final provision of Law 31/2014 of 3 December, amending the third additional provision of Law 15/2010 of 5 July, amending Law 3/2004 of 29 December establishing measures to combat late payment in commercial transactions, and in relation to the information to be included in the notes to the annual accounts on deferrals of payments to suppliers in commercial transactions, calculated on the basis of the provisions of the Resolution of 29 January 2016 of the Spanish Accounting and Auditing Institute (ICAC), details of average payments made by the Group's Parent Company to suppliers in 2021 and 2020 are as follows:

	2021	2020
Average supplier payment period (days)	20	87
Transactions paid ratio (days)	19	62
Transactions payable ratio (days)	45	322
Total payments made (thousands of Euros)	40,991	11,606
Total payments outstanding (thousands of Euros)	1,973	1,255

18. Other assets and liabilities

Details of accruals at 31 December 2021 and 2020 are as follows (in thousands of Euros):

	2021		2020	
	Non-current	Current	Non-current	Current
Other assets	665	1,710	681	815
Other liabilities	2,319	163	2,464	118

Other non-current assets mainly reflects the straight-line expenses of the royalties on rented land in the Canary Islands (see Note 8).

Other non-current assets mainly reflects advanced payments linked to the land leases on which two of the wind farms are located.

Other liabilities relates entirely to the linear allocation to net profit/(loss) of accruals recorded by Hidroeléctrica de Ourol, S.L. for the collection made in advance to several companies due to the rights of use of energy evacuation infrastructures owned by Hidroeléctrica de Ourol, S.L. The amounts pending registration as income at 31 December 2021 will be registered over the subsequent 22 years, based on the agreed contract term.

19. Taxation

The breakdown of balances with the tax authorities at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021		2020	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	22,085	-	5,033	-
Current tax assets	-	1,266	-	828
Value added tax	-	4,817	-	7,647
Capital grants	-	6,532	-	-
Other tax	-	-	-	152
	22,085	**12,615**	**5,033**	**8,627**
Liabilities-				
Deferred tax liabilities	1,141	-	126	-
Current tax liabilities	-	82	-	142
Value added tax and similar taxes	-	304	-	436
Social security	-	83	-	43
Withholdings	-	607	-	106
Tax on energy production value	-	-	-	333
Other	-	49	-	25
	1,141	**1,125**	**126**	**1,085**

The Parent Company pays corporate income tax in Spain under the special tax consolidation regime, forming part of the consolidated tax group number 146/10, of which Luis de Valdivia, S.L.U. is the parent company. This group is entirely formed by companies based in Spain, in which the direct or indirect ownership percentage is equal to or greater than 70%. The Group companies would be all considered as subsidiaries in Spain except for Hidroeléctrica de Ourol S.L., Drago Renovables S.L., Mocan Renovables S.L. and Amagante Herreño S.L. The Tax Group was established in 2010.

The companies not included in the consolidated tax group are taxed individually in accordance with the tax regime prevailing in each country.

As a result of the Company being taxed under the special tax consolidation scheme, the calculation of individual tax takes into account the eliminations of results from transaction carried out during the year between the companies in the tax Group are considered, as well as the incorporation of eliminations carried out in previous years. Deductions are calculated by taking into account the limits and requirements of the tax group, regardless of the individual tax base of each company.

A reconciliation of net income and expenses for the period with taxable income at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Consolidated profit/(loss) for the year	5,622	5,768
Income tax	(13,817)	(575)
Consolidated profit/(loss) before tax	(8,195)	5,193
Permanent differences		
Of individual companies		
Increases	3,167	-
Decreases	(6,517)	(3,582)
Temporary differences originating in the year-		
Individual companies		
Increases	-	4,249
Decreases	(905)	(504)
Temporary differences originating in prior years-		
Individual companies		
Increases	29	-
Decreases	-	(261)
Tax base	**(12,421)**	**5,095**
Offsetting of tax loss carryforwards	-	(645)
Capitalization reserve	-	(404)
Adjusted tax base	**(12,421)**	**4,046**

The negative temporary differences originating in 2021 and 2020 arise mostly due to the reversal of the amortisation of non-deductible fixed assets in the years 2013 and 2014.

The positive temporary differences correspond mainly to the limitation on the deductibility of finance costs.

Permanent differences in 2021 relate mainly to expenses incurred on the capital increase and IPO, which have been recorded as a decrease in reserves of Euros 6,253 thousand, net of tax effect. Furthermore, a taxable income increase of Euros 650 thousand and Euros 2,516 thousand has been recorded for the elimination of consolidated results of foreign companies and the elimination of transactions between Group companies, respectively.

Permanent differences in 2020 relate mainly to the impairment reversal in the Xestosa hydropower plant for Euros 2,954 thousand, the elimination of the consolidated results of foreign companies in the amount of Euros 3,340 thousand and the elimination of transactions between Group companies in the amount of Euros 2,270 thousand.

The current tax rates in each country in which the Group's companies have their residence are listed below:

Country	Applicable tax
Spain	25% of profit
Guatemala	25% of profit
Guatemala	7% of income
Honduras	25% of profit; 1% of assets and 5% of surplus profit

Llanos del Sur Fotovoltaica, S.A.(Honduras) is exempt from income tax payment and all those taxes related to income for its solar photovoltaic energy production activity over a 10 years period. This exemption will end in the year 2025.

Energías del Ocosito, S.A.(Guatemala) is exempt from income tax payment and all those taxes related to income for its hydropower production activity over a period of 10 years. This exemption will end in the year 2026.

The relationship between consolidated income tax expense/(income) and consolidated profit/(loss) at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Consolidated profit/(loss) before tax	(8,195)	5,193
Permanent differences	(3,350)	(3,582)
	(11,545)	1,611
Income tax (25%)	-	403
Deductions and credits for the current year	13,322	(235)
Change in deferred tax assets	(219)	-
Capitalised taxable income	3,948	-
Change in deferred tax liabilities	(1,563)	-
Taxable income used by other companies in the tax group	(1,226)	-
Adjustment to prior year’s income tax	(676)	-
Capitalization reserve	-	(101)
Other adjustments	133	508
Consolidated income tax income	**13,817**	**575**

The deductions and discounts relate to the benefits applied by the group companies incorporated in the Canary Islands, and which are contemplated in Law 19/1994 of 6 July amending the Economic and Tax Regime in the Canary Islands.

The applicable Canary Islands tax legislation establishes a discount of fifty percent of the total tax corresponding to income derived from the sale of tangible goods produced in said territory. Likewise, the deduction for investments in new fixed assets continues to apply in the Canary Islands. In 2021 and 2020, the Group companies benefiting from these rebates and deductions had at their disposal the wind farms, solar photovoltaic plants and substations to support the tax benefits.

The breakdown of income tax income at 31 December 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Current tax expense	(246)	(414)
Deferred income tax	14,739	997
Tax adjustments	(676)	(8)
Consolidated income tax income	**13,817**	**575**

Movement in deferred tax assets and liabilities are as follows (in thousands of Euros):

	31.12.2020	Additions	Disposals	31.12.2021
Deferred tax assets				
Non-deductible financial expenses	1,805	33	(208)	1,630
Non-deductible amortisation	288	7	(50)	245
Tax loss carryforwards	486	3,948	-	4,434
Rights to tax deductions	2,454	15,776	(2,454)	15,776
	5,033	**19,764**	**(2,712)**	**22,085**
Deferred tax liabilities-				
Temporary differences	-	1,128	-	1,128
Right of use lease	126	13	(126)	13
	126	**1,141**	**(126)**	**1,141**

	31.12.2019	Additions	Disposals	31.12.2020
Deferred assets-				
Non-deductible financial expenses	741	1,064	-	1,805
Non-deductible amortisation	349	7	(68)	288
Tax loss carryforwards	398	92	(4)	486
Right of use lease	6	-	(6)	-
Rights to tax deductions	2,689	-	(235)	2,454
	4,183	**1,163**	**(313)**	**5,033**
Liabilities-				
Right of use lease	-	126	-	126
	-	**126**	**-**	**126**

Negative tax bases pending offset by individual companies within the Grupo Ecoener, S.A. consolidation scope at 31 December 2021 and 2020 which have been generated by companies based in Spain and which are recorded in the accompanying consolidated statement of financial position, are summarised below:

	2021	2020
2012	1,204	1,204
2013	411	411
2014	64	64
2015	106	106
2016	25	25
2017	57	57
2018	25	25
2019	41	41
2020	279	11
2021	15,526	-
	17,738	**1,944**

Similarly, negative tax bases pending offset by individual companies within the Grupo Ecoener, S.A. consolidation scope at 31 December 2021 and 2020 which have not been recorded in the accompanying consolidated statement of financial position are summarised below: Details of these tax bases are as follows:

	2021	2020
2003	1	1
2008	19	19
2009	627	627
2010	3	3
2012	18	18
2013	15	15
2014	2	2
2015	2	2
2016	1	1
2017	1	1
	689	**689**

In 2021, the Group increased its deferred tax assets by Euros 17,052 thousand, of which Euros 15,776 thousand correspond to deductions for investments made in fixed assets of dependent companies established in Canary Islands. This capitalization has been based on the analysis carried out by the Group based on the expected future results of the facilities that have generated the deduction and of other companies that are part of the tax group.

Recoverability analysis of deferred tax assets and activated tax credits

As stated in the accounting policies, the Group recognises deferred tax assets in the consolidated statement of financial position only if they are recoverable within a reasonable period, also considering the legally established limits for their application. For estimating the recovery of activated tax credits, a time horizon is considered in accordance with the Group's current business situation, bearing in mind the maximum recoverability periods of such credits established by the applicable tax regulations.

The analysis of the recoverability of tax credits pending offset is carried out by the Group using estimates for each of the companies with activated tax credits, on which it makes the necessary tax adjustments to determine the relevant tax bases. Additionally, the Group considers the limitations to the offsetting of taxable bases established by the respective jurisdictions, carrying out a specific analysis for each of them. The Group also assesses the existence of deferred tax liabilities with which to offset these tax losses in the future. In the estimates and budgets, the Group considers the operating, financial and macroeconomic circumstances applicable to each company, such as the use level of installed production capacity in each facility, the sale prices in the market for the energy produced and, if appropriate, the applicable regulatory remuneration scheme, the financial framework applicable to each project and the operating expenses associated with it. These parameters are projected considering historical data and forecasts and reports from experts and independent bodies, as well as objectives set by the Group.

Years open to tax inspection-

In accordance with current legislation, taxes cannot be considered definitively settled until they have been inspected by the tax authorities or until a four-year limitation period has passed. Spanish Group companies have tax inspections for 2018-2021 and for 2017 to 2021 pending with regard corporation tax.

Administrative actions-

On 16 March 2020, an inspection began on the 2017 corporation tax of the Group company Hidroeléctrica de Ourol, S.L., regarding certain adjustments to the accounting result. The inspection was completed on 12 February 2021 with an acceptance report and no penalties.

During 2016, the Group received notification of the start of an inspection relating to corporation tax for 2011 to 2013. In 2017, the tax authorities issued a report and a proposed penalty in relation to an impairment registered in the tax group company Energías de Pontevedra, S.L., against which unaddressed allegations were presented. On 28 March 2018, the tax authorities issued a settlement agreement and the imposition of a penalty for an amount of Euros 405 thousand and Euros 176 thousand, respectively. An economic-administrative complaint was filed against both agreements.

In addition, on 27 November 2014, the Group company Hidroeléctrica de Ourol, S.L. signed a non-conformity report in relation to the partial corporate income tax inspection for 2012 and 2013. In this inspection, a settlement agreement was issued and a penalty was imposed in relation to an impairment recorded in this company, amounting to Euros 681 thousand and Euros 411 thousand, respectively. The claims submitted were rejected. An economic-administrative complaint was filed against both agreements. On 9 November 2018, a decision was issued upholding the complaint filed with regard to the penalty, and establishing that the calculation of value for impairment purposes should be subject to a contradictory expert appraisal. Hidroeléctrica de Ourol, S.L. lodged an appeal requesting that the settlement be annulled on the grounds that the settlement agreement itself lacks a formalised valuation.

On 19 November 2021, the Central Economic-Administrative Court ruled on the appeal, upholding the issue relating to the formal aspect and therefore annulling the settlement relating to Hidroeléctrica de Ourol, S.L.

Notwithstanding the foregoing, until the appeals of the two aforementioned inspection procedures relating to the deductibility of the impairment expense are definitively resolved, and in compliance with the criteria described in the inspection reports, in the tax returns for 2014-2020 both Hidroeléctrica de Ourol, S.L., and Energías de Pontevedra, S.L. recorded the difference between the criterion applied by the Company and that proposed by the tax authorities for the years subject to partial inspection. Despite the expectation that the appeal will be favourably resolved, at 31 December 2021 and 2020, the Group had a tax provision of Euros 414 thousand and Euros 430 thousand, respectively. The change reflects the financial restatement of the provision (Note 14). The Board of Directors considers the amounts detailed above to be enough, as they have solid arguments to partially justify the deductibility of said impairment.

On 23 July 2021, an inspection procedure was started for the 2017 and 2018 corporate income tax corresponding to the tax group headed by Luis de Valdivia, S.L.U., which includes Luis de Valdivia, S.L.U. itself and the subsidiaries Hidroeléctrica del Giesta S.L., Sociedad Lucense de Energía Hidráulica y Eólica, S.L., Drago Renovables, S.L. and Mocan Renovables, S.L. In addition, these actions include VAT from the fourth quarter for Hidroeléctrica del Giesta S.L. and Sociedad Lucense de Energía Hidráulica y Eólica, S.L.

The Group has carried out an analysis and estimates that there are no uncertain tax positions in the tax returns presented by the Group, and different to the above, which should be disclosed in these consolidated annual accounts.

In the opinion of the Parent Company's directors, the possibility that additional liabilities may materialise in the current or future inspections is remote and, in any case, the tax debt that may arise from them would not significantly affect the consolidated annual accounts for 2021.

20. Balances and transactions with related parties

Balances with related parties-

The breakdown of debit and credit balances with related parties excluded from the consolidation scope, equity accounted companies, joint ventures, and related parties, including senior management personnel and members of the Board of Directors at 31 December 2021 and 2020, is detailed below (in thousands of Euros):

	2021	2020
Non-current investments with related parties		
Other financial assets (Note 10)	4	1
Current investments with related parties		
Other financial assets (Note 10)	702	376
Total assets with related parties	**706**	**377**
Non-current-		
Debt with related parties (Note 15)	-	8,479
Current-		
Other liabilities (Note 15)	-	6,322
Debt with related parties	180	834
Trade and other payables	-	174
	180	7,330
Total liabilities with related parties	**180**	**15,809**

Transactions with related parties-

The main transactions carried out by the Group with its main shareholder and its directors in 2021 and 2020 are shown below (in thousands of Euros):

	2021		2020
	Shareholders	Directors	
Finance costs	45	-	168
Services received	100	97	2,483
Total expenses	**145**	**97**	**2,651**
Finance income	1	-	169
Services rendered	1,118	-	-
Total income	**1,119**	**-**	**169**
Other transactions			
Other shareholder contributions (Notes 13 and 15)	6,500	-	-
Acquisition of fixed assets	774	-	-
Other transactions	**7,274**	**-**	**-**

Details of the dividends distributed in 2021 and 2020 by Grupo Ecoener, S.A. and its subsidiaries to the former Sole Shareholder are shown in Note 13.

Information regarding the members of the Board of Directors and the Group's senior management team-

On 28 January 2020, the then Sole Shareholder set up the Parent Company and appointed the Board of Directors, comprising four people.

On 7 April 2021, the Board of Directors approved the "intention to float" in order to apply for the Parent Company's shares to be admitted for trading on the Spanish stock exchanges.

In view of the foregoing and in accordance with good corporate governance recommendations, on 12 April 2021, the then Sole Shareholder of the Parent Company certified by public deed the resignation of the current directors, a change in the number of members of the Board of Directors and the appointment of new directors.

Therefore, at 31 December 2021, there are ten members of the Board of Directors (four in 2020).

At 31 December 2021, senior management functions are performed by six individuals who are not members of the Board of Directors. At 31 December 2020, senior management functions are performed by one of the members of the Board of Directors.

Conflicts of interest concerning the Parent Company's directors-

The Parent Company's Board of Directors and the people related to them have had no conflicts of interest that need to be disclosed in accordance with the provisions of Article 229 of the TRLSC.

However, the Parent Company's directors have been informed that the Chairman of the Parent Company's Board of Directors holds management positions in other companies with the same, similar or complementary type of activity as the Company which belong to the business group of which Luis de Valdivia, S.L.U. is the Parent company.

On April 9, 2021, the annual general Meeting of shareholders decided to authorize Mr. Luis de Valdivia Castro, sole shareholder of the company Luis de Valdivia, S.L.U. (previously called Ecoener, S.L.U.) and Chairman of the Board of Directors, so that he could continue with the development of projects already started by the above-mentioned Company, in accordance with articles 229 and 230 of the Capital Companies Law. Luis de Valdivia, S.L.U. company has most of the voting rights of Grupo Ecoener, S.A., according to the provisions of article 42 of the Code of Commerce.

The conflict of interest and non-competition waiver mentioned on the previous paragraph did not include future projects developed by Luis de Valdivia, S.L.U. (previously called Ecoener, S.L.U.) or through companies other than the latter. The annual general Meeting of shareholders realized that the development of future proyects by the company shall be carried out following the procedure established in articles 32 and 33 of the Regulations of the Board of Directors, in relation to articles 229 and 230 of the Capital Companies Law.

Director and Senior Management remuneration-

At 31 December 2021, the Parent Company has paid the annual civil liability insurance premium for Directors and Senior Management of Euros 95 thousand. In 2020, no premium was paid for this item, as the premium was settled by the then Sole Shareholder.

Below are details of the remuneration paid and received by members of the Board of Directors during 2021:

	Amount
Fixed remuneration	918
Allowances	107
Remuneration for membership of Board committees	67
Salaries	91
Other items	19
Total remuneration	**1,202**

At 31 December 2021, the amount due to senior management is Euros 434 thousand.

At 31 December 2020, the position of director was not paid and none of the Parent Company's directors had an employment relationship with the Parent.

On remuneration of Chairman of the Management Board: on October 29, 2021, Luis de Valdivia, SLU company controlled by Mr. Luis de Valdivia Castro, signed a service provision agreement with Grupo Ecoener, SA, for consulting services, strategic consulting and business development, in which the participation of Mr. Luis de Valdivia Castro is essential. The total compensation paid under contract is 100 thousand euros until December 31, 2021 and 350 thousand euros per year from January 1, 2022.

The celebration of this contrat was approved by the Board of Directors, with the abstention of Mr. Luis de Valdivia, on September 17, 2021, after a favourable report from the Audit Committee , approved during the meeting, held on September 16, 2021, as it is a related-party transaction. The Approval of the Service Contract was subject to later approval of the amendment to the Directors' Remuneration Policy. The Remuneration Policy was amended by the Extraordinary General Shareholders' Meeting of the Company on October 29, 2021, at the proposal of the Board of Directors of the Company, following a favorable report from the Appointments and Remuneration Committee, with the abstention of Luis de Valdivia, S.L.U., in compliance with the provisions of the Capital Companies Act, the Bylaws and the Regulations of the Board of Directors.

21. Income and expense

Revenue-

The breakdown of the Group's revenue by operating segment for 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Operation of hydropower plants	9,806	12,262
Operation of wind farms	18,633	11,593
Operation of solar photovoltaic plants	4,365	4,283
Energy commercialization	5,569	4,385
Other income	1,554	803
Total revenue	**39,927**	**33,326**

At 31 December 2021, a decrease due to the adjustment for market price deviations based on Royal Decree 413/214 is recorded for Euros 12,636 thousand in 2021 (an increase in revenue of Euros 3,303 thousand in 2020). In addition, there is an expense for the reversal of the adjustment for the 2014-2016 periods of Euros 91 thousand (Euros 91 thousand in 2020) and income in the amount of Euros 489 thousand (Euros 489 thousand in 2020) for the reversal of the adjustment for the 2017-2019 sub-period.

Other operating expenses-

Details of other operating expenses for 2021 and 2020, expressed in thousands of Euros, are as follows:

	2021	2020
Leases and fees	818	938
Repairs and maintenance	1,654	1,472
Independent professional services	1,426	1,182
Insurance premiums	846	578
Other services	3,482	3,545
Other items	567	332
External services	**8,793**	**8,047**
Taxes	549	2,044
Losses, impairment and changes in trade provisions	1,074	(980)
Total operating expenses	**10,416**	**9,111**

Other services includes board remuneration expenses of Euros 1,111 thousand at 31 December 2021.

The heading of Taxes for the year 2021 includes the reversal of the hydroelectric charges corresponding to the years 2013 to 2020, in accordance with the court rulings issued for an amount of 903 thousand euros.

Personnel expense-

The breakdown of employee benefit costs during 2021 and 2020 is as follows (in thousands of Euros):

	2021	2020
Social Security payable by the company	683	335
Other employee benefits expenses	1	1
Total personnel expense	**684**	**336**

22. Employee information

The average number of Group employees in 2021 and 2020, broken down by category, is as follows:

	2021	2020
Management	5	4
Administrative-type employees	3	2
Other qualified personnel	57	29
Other non-qualified personnel	9	7
Total	**74**	**42**

At 31 December 2021 and 2020 the distribution by gender of personnel and the members of the Board of Directors is as follows:

	31.12.2021		31.12.2020	
	Male	Female	Male	Female
Board of Directors	7	3	2	2
Other management personnel	8	-	3	-
Administrative-type employees	1	2	1	1
Other qualified personnel	47	25	18	9
Other non-qualified personnel	22	2	5	2
Total	**85**	**32**	**29**	**14**

At 31 December 2021 and 2020, the Group has no employees with a disability equal to or greater than 33%.

23. Audit fees

The fees for services rendered by the auditing firm KPMG Auditores, S.L. regarding the Group's annual accounts for the years ended 31 December 2021 and 2020, regardless of the time of invoicing, are as follows (in thousands of Euros):

	2021	2020
Audit services	145	287
Other services	358	-
Total	**503**	**287**

The network and other entities linked to KPMG International have billed the Group during the years ended 31 December 2021 and 2020 the following fees for professional services (in thousands of Euros):

	2021	2020
Audit services	47	37
Other services	15	15
Total	**62**	**52**

24. Guarantee commitments to third parties and other contingent liabilities

At 31 December 2021 and 2020, the Group had been granted certain guarantees and surety certificates from various financial institutions and insurance companies to guarantee compliance with the obligations and commitments acquired with different institutions and official bodies. These are detailed below (in thousands of Euros):

	31.12.2021	31.12.2020
Fulfilment of facility commitments	5,153	2,297
Fulfilment of FEDER Canary Island funds	8,419	7,031
Tax	466	682
Reservation of grid connection point	26,503	12,328
Total	**40,541**	**22,338**

In addition, a pledge has been granted on the shares of Ecoener Emisiones, S.A.U. as security for the debt held by the latter as a result of the bond issue on the Open Market (Freiverkerh) of the Frankfurt Stock Exchange.

The Parent Company's Board of Directors does not expect significant liabilities to arise for the Group in relation to the guarantees detailed above.

As mentioned in Note 7, the Group holds pledged items of property, plant and equipment subject to guarantees.

25. Events after the reporting period

From 31 December 2021 up to the date of authorisation for issue of these Consolidated Annual Accounts by the Group's Board of Directors, no significant events have taken place or have come to their attention.

GRUPO ECOENER, S.A. AND SUBSIDIARIES

Information relating to subsidiaries at 31 December 2021
(Thousands of Euros)

Company	Registered office	Activity	% of effective shareholding
Sub- Grupo Ecoener Emisiones			
Ecoener Emisiones, S.A.	España	Other Services	100%
Drago Renovables, S.L.	España	Wind farms	75%
Energías de Pontevedra, S.L.	España	Wind farms	100%
Hidroeléctrica de Ourol, S.L.	España	Wind farms	70%
Hidroeléctrica del Giesta, S.L. (*)	España	Hydropwer plants	100%
Mocan Renovables, S.L.	España	Wind farms	75%
Soc. Lucense de Energía Hidráulica, S.L.	España	Hydropwer plants	100%
Yesquera de Aluce, S.L.	España	Wind farms	100%
Sub- Grupo Ecoener Invers. de Centroamérica			
Ecoener Invers. de Centroamérica S.A.	Guatemala	Other Services	99,99%
Comercializadora Centroamericana de Energía La Ceiba, S.A. (*)	Guatemala	Commercialization	100%
Ecoener Solar de Guatemala, S.A.	Guatemala	Other Services	100%
Ecoener Sol de Escuintla, S.A.	Guatemala	Other Services	100%
Ecoener Ingeniería, S.A.	Guatemala	Other Services	98%
Ecoener Ingeniería Honduras, S.A.	Honduras	Other Services	100%
Llanos del Sur Fotovoltaica, S.A. (*)	Honduras	Solar photovoltaic plants	50%
Sub-Grupo Energías de Forcarei			
Energías de Forcarei, S.L.	España	Other Services	97%
Hidro Quetzal, S.A.	Guatemala	Other Services	76%
Energías del Ocosito, S.A. (*)	Guatemala	Hydropwer plants	100%
Sub- Grupo Ecoener Inversiones SCA, SICAV-NAIF			
Ecoener Inversiones SCA, SICAV-NAIF	Malta	Other Services	100%
Alamillo de Doramas, S.L. (*)	España	Wind farms	81%
Cardo de Plata, S.L. (*)	España	Wind farms	100%
Amagante Herreño, S.L.	España	Other Services	51%
Aquis Querquennis, S.L.	España	Wind farms	100%
Bejeque Rojo, S.L.	España	Other Services	100%
Bencomia de Risco, S.L. (*)	España	Solar photovoltaic plants	100%
Canutillo de Sabinosa, S.L. (*)	España	Solar photovoltaic plants	100%
Cardoncillo Gris, S.L.	Spain	Other Services	100%
Chajorra de Aluce, S.L.	Spain	Other Services	100%
Colino Majorero, S.L.	Spain	Other Services	100%
Dama de Bandama, S.L.	Spain	Other Services	100%
Ecoener Ingeniería, S.L.	Spain	Other Services	100%
Ecoener Inversiones, S.L.	Spain	Other Services	100%
Eólicos de Ferrol, S.L.	Spain	Other Services	100%
Eólicos del Matorral, S.L. (*)	Spain	Other Services	100%
Eólicos Herculinos, S.L.	Spain	Other Services	100%
Fonte Dos Arcos, S.L.	Spain	Other Services	100%
Helecho de Cristal, S.L.	Spain	Other Services	100%
Herdanera, S.L.	Spain	Other Services	100%
Hierba Muda, S.L.	Spain	Other Services	100%
Magarza del Andén, S.L.	Spain	Other Services	100%
Magarza Plateada, S.L.	Spain	Other Services	100%

GRUPO ECOENER, S.A. AND SUBSIDIARIES

Information relating to subsidiaries at 31 December 2021
(Thousands of Euros)

Company	Registered office	Activity	% of effective shareholding
Malva de Risco, S.L.	Spain	Other Services	100%
Oilean Telde Eolica Energy, S.L. (*)	Spain	Other Services	100%
Picocernicalo, S.L.	Spain	Other Services	100%
Risoela, S.L.	Spain	Other Services	100%
Rosalito Palmero, S.L.	Spain	Other Services	100%
Salvia Blanca, S.L.	Spain	Other Services	100%
Siempreviva Azul, S.L.	Spain	Other Services	100%
Siempreviva Gigante, S.L. (*)	Spain	Other Services	100%
Sociedad Eólica Punta Maeda, S.L.	Spain	Other Services	100%
Tabaiba Solar, S.L. (*)	Spain	Solar photovoltaic plants	100%
Tiraventos, S.L.	Spain	Other Service	100%
Violeta de Anaga, S.L	Spain	Other Service	100%
Violeta Palmera, S.L. (*)	Spain	Wind farms	100%
Ecoener del Norte Panamá S.A.	Panama	Other Services	100%
Ecoener del Sur Panamá S.A.	Panama	Other Services	100%
Ecoener Energias Panamá S.A.	Panama	Other Services	100%
Ecoener Fotovoltaica Panamá S.A.	Panama	Other Services	99%
Ecoener Generadora Panamá S.A.	Panama	Other Services	100%
Ecoener Industrial Panamá, S.A.	Panama	Other Services	100%
Ecoener Ingeniería Panamá, S.A.	Panama	Other Services	99%
Ecoener Productora Panamá S.A.	Panama	Other Services	100%
Ecoener Renovables Panamá, S.A.	Panama	Other Services	99%
Ecoener Solar Panamá, S.A.	Panama	Other Services	99%
Ecoener Técnicas Panamá S.A.	Panama	Other Services	100%
Aquis Querquennis Dominicana, SR.L.	Dominican Republic	Other Services	100%
EFD Ecoener Fotovoltaica Dominicana, S.R.L.	Dominican Republic	Other Services	99%
EID Ecoener Inversiones Dominicana S.R.L.	Dominican Republic	Other Services	99%
LCV Ecoener Solares Dominicana, S.R.L.	Dominican Republic	Other Services	99%
Aquis Querquennis Colombia, S.A.S.	Colombia	Other Services	100%
Ecoener Fotovoltaica Pradera SAS E.S.P.	Colombia	Other Services	100%
Genersol, S.A.	Colombia	Other Services	100%
Ecoener Kenia Kipkurere Ltd	Kenya	Other Services	100%
Ecoener Kenia Kundos Ltd.	Kenya	Other Services	100%
Leo City Ltd	Kenya	Other Services	100%
Ecoener Wind Power Plant d.o.o. Beograd	Serbia	Other Services	100%
Ecoener Mirazul Dos, S.A.	Nicaragua	Other Services	98%
Equity consolidated-			
Yerbamora, S.L.	Spain	Other Services	50%

(*) Financial statements audited by KPMG, their network or other affiliated entities.

GRUPO ECOENER, S.A. AND SUBSIDIARIES

Information relating to subsidiaries at 31 December 2020
(Thousands of Euros)

Company	Registered office	Activity	% of effective shareholding
Sub- Group Ecoener Emisiones			
Ecoener Emisiones, S.A.	España	Other Services	100%
Drago Renovables, S.L. (*)	España	Wind farms	75%
Mocan Renovables, S.L. (*)	España	Wind farms	75%
Hidroeléctrica del Giesta, S.L. (*)	España	Hydropwer plants	100%
Hidroeléctrica de Ourol, S.L.	España	Wind farms	70%
Soc. Lucense de Energía Hidráulica, S.L.	España	Hydropwer plants	100%
Energías de Pontevedra, S.L.	España	Wind farms	100%
Sub- Group Ecoener Invers. de Centroamérica			
Ecoener Invers. de Centroamérica S.A.	Guatemala	Other Services	99,99%
Ecoener Ingeniería, S.A.	Guatemala	Other Services	98%
Comercializadora Centroamericana de Energía La Ceiba, S.A. (*)	Guatemala	Commercialization	100%
Llanos del Sur Fotovoltaica, S.A.	Honduras	Solar photovoltaic plants	50%
Ecoener Ingeniería Honduras, S.A.	Honduras	Other Services	98%
Sub-Group Energías de Forcarei			
Energías de Forcarei, S.L.	España	Other Services	97%
Hidro Quetzal, S.A.	Guatemala	Other Services	76%
Energías del Ocosito, S.A. (*)	Guatemala	Other Services	76%
Sub- Group Ecoener Inversiones SCA, SICAV-RAIF			
Ecoener Inversiones SCA, SICAV-RAIF	Luxemburgo	Other Services	97%
Cardo de Plata, S.L. (*)	España	Wind farms	100%
Alamillo de Doramas, S.L. (*)	España	Other Services	81%
Amagante Herreño, S.L.	España	Other Services	100%
Ecoener Operación y Mantenimiento, S.L.	España	Other Services	100%
Bejeque Rojo, S.L.	España	Other Services	100%
Bencomia de Risco, S.L.	España	Other Services	100%
Canutillo de Sabinosa, S.L.	España	Other Services	100%
Cardoncillo Gris, S.L.	España	Other Services	100%
Chajorra de Aluce, S.L.	España	Other Services	100%
Colino Majorero, S.L.	Spain	Other Services	100%
Conservilla Majorera, S.L.	Spain	Other Services	
Cresta de Gallo, S.L.	Spain	Other Services	
Dama de Bandama, S.L.	Spain	Other Services	100%
Ecoener Ingeniería, S.L.	Spain	Other Services	100%
Ecoener Servicios Constructivos, S.L.	Spain	Other Services	100%
Eólicos de Ferrol, S.L.	Spain	Other Services	100%
Eólicos del Matorral, S.L.	Spain	Other Services	100%
Helecho de Cristal, S.L.	Spain	Other Services	100%
Herdanera, S.L.	Spain	Other Services	100%
Hierba Muda, S.L.	Spain	Other Services	100%
Magarza del Andén, S.L.	Spain	Other Services	100%
Magarza Plateada, S.L.	Spain	Other Services	100%
Malva de Risco, S.L.	Spain	Other Services	100%
Mosquera de Tamadaba, S.L.	Spain	Other Services	75%
Oilean Telde Eolica Energy, S.L.	Spain	Other Services	100%
Picocernicalo, S.L.	Spain	Other Services	100%
Risoela, S.L.	Spain	Other Services	100%
Rosalito Palmero, S.L.	Spain	Other Services	100%
Salvia Blanca, S.L.	Spain	Other Services	100%
Siempreviva Azul, S.L.	Spain	Other Services	100%
Siempreviva Gigante, S.L.	Spain	Other Services	100%
Sociedad Eólica Punta Maeda, S.L.	Spain	Other Services	100%
Tabaiba Solar, S.L.	Spain	Other Services	100%
Tiraventos, S.L.	Spain	Other Services	100%
Violeta de Anaga, S.L	Spain	Other Services	100%
Violeta Palmera, S.L.	Spain	Other Services	100%
Yesquera de Aluce, S.L.	Spain	Wind farms	100%
Drago General Partner, S.À.R.L.	Luxembourg	Other Services	100%
Ecoener Ingeniería Panamá, S.A.	Panama	Other Services	99%
Ecoener Renovables Panamá, S.A.	Panama	Other Services	99%
Ecoener Solar Panamá, S.A.	Panama	Other Services	99%
EFD Ecoener Fotovoltaica Dominicana, S.R.L.	Dominican Republic	Other Services	99%
LCV Ecoener Solares Dominicana, S.R.L.	Domincan Republic	Other Services	99%
Equity consolidated-			
Yerbamora, S.L.	Spain	Other Services	50%

(*) Financial statements audited by KPMG, their network or other affiliated entities.

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

AUTHORISATION FOR ISSUE OF THE CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Consolidated Annual Accounts and consolidated directors' report for the year ended 31 December 2021 have been authorised for issue by the Board of Directors of the Parent Company of Grupo Ecoener, S.A. at their meeting on 24 February 2022.

Mr. Luis de Valdivia Castro Chair	Mr. Fernando Rodríguez Alfonso Deputy-Chair
Ms María Eugenia Girón Dávila Board member	Mr. Fernando Lacadena Azpeitia Board member
Mr. Juan Carlos Ureta Domingo Board member	Mr. Eduardo Serra Rexach Board member
Mr. Carlos González-Bueno Catalán de Ocón Board member	Ms. Ana Isabel Palacio del Valle Lersundi Board member
Mr. Dean Tenerelli Board member	Ms. Inés Juste Bellosillo Board member

Grupo Ecoener, S.A. and Subsidiaries

Consolidated Directors' Report for the year ended 31 December 2021

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

GRUPO ECOENER, S.A. AND SUBSIDIARIES

Information relating to subsidiaries at 31 December 2020
(Thousands of Euros)

1. Company profile

Grupo Ecoener, S.A. was incorporated as a public limited liability company, pursuant to Spanish legislation, on 28 January 2020, and was registered at La Coruña Mercantile Registry. Its headquarters is located at Cantón Grande, 6 - 6º (La Coruña).

In 2020 restructuring took place and the Group's then Sole Shareholder decided to transfer the following businesses to Grupo Ecoener, S.A.:

a) Its shareholdings in the companies that own its renewable energy generation facilities.
b) Its activity to promote and develop renewable energy facilities, understood as all the work carried out from the earliest stages of identifying opportunities to their transformation into a project ready to be built.
c) And its activity to operate and maintain renewable energy facilities.

On 4 March 2021, the then Sole Shareholder of Grupo Ecoener, S.A. made a shareholder contribution by cancelling part of the loan it had with the Parent Company for Euros 6,500 thousand, recorded under Non-current debt with related parties in the consolidated annual accounts for 2020.

On 22 March 2021, share capital was increased by Euros 12,240 thousand by issuing 122,400 new registered shares, with a nominal value of Euros 100 each, through capitalization of an amount of Euros 12,240 thousand of freely available reserves to share capital. Simultaneously, a proposal was made to amend the nominal value of the shares, which become Euros 0.32, creating 312.5 new shares for each existing share, thus converting the previous 128,000 registered shares into 40,000,000 registered shares of the Company of the same class and series, fully subscribed and paid up.

On 4 May 2021, the Parent Company was floated on the stock exchange. Prior to this, share capital was increased by issuing and putting into circulation 16,949,150 new ordinary shares of the Parent Company of the same class and series at a nominal value of Euros 0.32 per share applicable to the newly issued ordinary shares subscribed in the qualified investor tranche. The acquisition price when the company was floated was Euros 5.90 per share. As a result, the total nominal value of the issue was Euros 100,000 thousand.

The Group mainly engages in the following business activities:

a) The generation of electricity from renewable energy sources such as wind, hydropower, solar power, biomass and other sources, as well as the design, development, construction, management, maintenance, operation and closure and dismantling of the corresponding production facilities.
b) Ownership, through concession arrangements or administrative authorisations, of the activities and facilities described above.
c) The execution of purchases and sales, transfers, mortgages, leases, usufructs and any other legal transactions relating to the production or facilities described in the foregoing points.

The Ecoener Group is currently specialised in the construction, management, development, maintenance and operation of renewable energy facilities. The Group operates hydropower plants, wind farms and solar photovoltaic plants, monitoring all three technologies and generating energy in the long term to contribute to truly sustainable development.

The Group has an extensive geographical reach across 10 countries where it operates, builds and develops renewable energy projects (Spain, Honduras, Guatemala and the Dominican Republic where it has assets in operation or under construction and also promotes projects; and Panama, Colombia, Ecuador, Kenya, Georgia and Serbia where it is developing projects that are at different stages of the project pipeline).

GRUPO ECOENER, S.A. AND SUBSIDIARIES

Information relating to subsidiaries at 31 December 2020
(Thousands of Euros)

1.1 Operation

Segments and business divisions

The three main renewable energy technologies (hydro, wind and solar photovoltaic) and, to a lesser extent, energy commercialization, constitute the Group's lines of business and are the basis for assessing the results generated for management decision-making at corporate level.

Classifying projects as pipeline and portfolio is a significant indicator of the current situation and growth potential of our operating segments and provides useful information on business trends and performance in previous years.

Business management is based on the capacity to successfully execute projects classified as "Early Stage" and "Advanced Development", and to fully develop our "Backlog" projects.

The abovementioned categories include the pipeline projects.

Assets classified as "Under Construction" and "In Operation" are included in our portfolio, but not under the pipeline definition.

In accordance with this classification, the following characteristics or requirements must be met by the projects at each stage thereof, in accordance with our parameters:

- Early Stage: projects under analysis, where the suitability and viability in terms of the chosen location has been verified, and in which there is a chance (not quantified) of obtaining the right to use the land and obtaining the access and connection point.
- Advanced Development: projects in which there is at least a 50% chance of obtaining the right to use the land and at least a 90% chance of obtaining an access and connection point; and also those in which there is at least a 90% chance of obtaining the right to use the land and at least a 50% chance of obtaining the access and connection point.
- "Backlog": projects that (i) have agreements that allow the use of the land, or have a legal mechanism that allows such use without the need for an agreement, (ii) have access and/or connection permits, and (iii) have been able to obtain some and have, in any case, a 90% chance of obtaining all the necessary permits for construction.

The following tables show the installed capacity in MW of the portfolio facilities, as well as the project pipeline, at 31 December 2021, by technology and geography:

	Portfolio		Pipeline		
	In Operation	Under Construction	Backlog	Advanced development	Early stage
Hydropower	52	3	-	120	482
Wind	73	31	51	-	90
Solar photovoltaic	46	109	224	174	380
Total	**171**	**143**	**275**	**294**	**952**

	Portfolio		Pipeline		
	In Operation	Under Construction	Backlog	Advanced development	Early stage
Spain	141	47	90	72	-
Rest of Europe	-	-	-	-	210
Central and South America	30	96	185	202	657
Africa	-	-	-	20	85
Total	**171**	**143**	**275**	**294**	**952**

As of 31 December 2021, our facility portfolio amounts to 314 MW, distributed among facilities in operation (171 MW) and facilities under construction (143 MW) located in four countries (Spain, Guatemala, Honduras and the Dominican Republic).

Furthermore, at 31 December 2021, our pipeline projects represent 1,521 MW, which includes the Backlog projects (275 MW), Advanced Development projects (294 MW) and Early Stage projects (952 MW) in Spain and another 8 countries in Europe, Central and South America and Africa.

Portfolio diversification by technology and geography implies a natural hedge called the "portfolio effect", which mitigates fluctuations in the availability of resources at any given time.

2. Business performance and results

2.1 Significant events during the period

Twelve solar photovoltaic plants built in 2021 with a combined installed capacity of 30 MW and two wind farms built in 2020 and 2021 with a combined installed capacity of 8 MW came on stream in 2021.

Six wind farms with a combined installed capacity of 31 MW and eight solar photovoltaic plants with a combined installed capacity of 109 MW are currently under construction. The expansion of a hydropower plant with an installed capacity of 3 MW is also under construction.

In 2021, the Group arranged, among others, three loans with financial institutions totalling Euros 39,660 thousand to finance the construction of three wind farms and twelve solar photovoltaic plants.

2.2 Key financial indicators

Results for 2021 are in line with the estimates established for the year, due mainly to the positive performance of the renewable energy industry worldwide. This business performance is underpinned by various aspects, such as a significant rise in electricity demand, with the renewable energy industry experiencing the highest level of growth among the energy producing sectors.

The most noteworthy figures obtained in 2021 and 2020 are as follows (in thousands of Euros):

GRUPO ECOENER, S.A. AND SUBSIDIARIES

Information relating to subsidiaries at 31 December 2020
(Thousands of Euros)

	31.12.2021	31.12.2020	Change	Change (%)
Revenue	39,927	33,326	6,601	19.81%
EBITDA	21,437	21,730	(293)	(1.35%)
EBITDA margin (%)	*53.69%*	*65.20%*	*(11.52%)*	(17.66%)
Adjusted EBITDA	22,467	17,857	4,610	25.81%
ADJUSTED EBITDA margin (%)	*56.27%*	*53.58%*	0	5.01%
Operating profit/(loss)	*11,486*	*13,590*	(2,104)	(15.49%)
Net profit/(loss)	*5,622*	*5,768*	(146)	(2.52%)
Working capital	*82,211*	*7,216*	74,991	1039.23%
Net financial debt	*118,368*	*182,193*	*(63,825)*	*(35.03%)*

At an equity level, at 31 December 2021 the Group's assets total Euros 367,892 thousand (Euros 228,928 thousand at 31 December 2020), equity amounts to Euros 119,132 thousand (Euros 11,616 thousand at 31 December 2020) and current and non-current liabilities amount to Euros 248,760 thousand (Euros 217,312 thousand at 31 December 2020), of which Euros 70,623 thousand comprise bank borrowings (Euros 43,131 thousand at 31 December 2020).

Revenue

The Ecoener Group has five main lines of business, namely: (i) operation of hydropower plants; (ii) operation of wind farms; (iii) operation of solar photovoltaic plants; (iv) energy commercialization; and (v) other services.

Energy production saw the following changes during 2021 with respect to 2020:

- hydropower output increased to 145.51 GWh in 2021, representing a 12.93% (or 16.66 GWh) rise on 2020 when 128.85 GWh was produced.
- wind power output increased to 172.56 GWh in 2021, representing a 20.25% (or 29.07 GWh) rise on 2020 when 143.49 GWh was produced.
- the solar photovoltaic segment increased to 26.52 GWh in 2021, reflecting a 2.85% (or 0.74 GWh) increase on the 25.78 GWh produced in 2020.

The breakdown of revenue by geographical area in 2021 and 2020 is as follows (in thousands of Euros):

	31.12.2021	31.12.2020	Change	Change (%)
Spain	25,948	20,943	5,005	23.90%
Guatemala	9,847	8,100	1,747	21.57%
Honduras	4,132	4,283	(151)	(3.53%)
Total	**39,927**	**33,326**	**6,601**	**19.81%**

The breakdown of revenue by operating segment in 2021 and 2020 is as follows (in thousands of Euros):

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	31.12.2021	31.12.2020	Change	Change (%)
Wind farms	18,633	11,593	7,040	60.73%
Hydropower plants	9,806	12,262	(2,456)	(20.04%)
Commercialization	5,569	4,385	1,184	27.00%
Solar photovoltaic plants	4,365	4,283	82	1.91%
Other services	1,554	803	751	93.52%
Total	**39,927**	**33,326**	**6,601**	**19.81%**

Revenue increased by Euros 6,601 thousand (19.81%) to Euros 39,927 thousand in 2021 from Euros 33,326 thousand in 2020, essentially due to:

- a Euro 7,040 thousand (60.73%) increase in revenue generated by the wind farms due to the commissioning of the El Rodeo, La Caleta and Las Casillas I, Arcos del Coronadero and Lomo del Moral wind farms in the Canary Islands, with an aggregate installed capacity of 22 MW;
- a decrease of Euros 2,456 thousand (20.04%) in revenue generated by the Group's hydropower plants both in Spain (Cierves, San Bartolomé, Peneda, Arnoya, Landro and Xestosa – facilities with an aggregate capacity of 38 MW) and in Guatemala (Las Fuentes II with capacity of 14 MW);
- a Euros 1,184 thousand (27.00%) increase in revenue generated by the energy commercialization segment due mainly to a 45.16% increase in the MW sold and a 20.10% increase in the number of supply points;
- a Euros 82 thousand (1.91%) increase in revenue generated by the Llanos del Sur solar photovoltaic plant in Honduras, a facility with capacity of 16 MW. Although the completion in December of 12 solar photovoltaic plants in Gran Canaria, with an aggregate installed capacity of 30 MW, had no material impact on the segment's revenue in 2021, its contribution will be significant in 2022.

Operating profit/(loss)

Operating profit decreased (15.92%) to Euros 11,486 thousand in 2021 from Euros 13,590 thousand in 2020, due mainly to corporate efforts to develop the pipeline. This results in:

- a 14.32% increase in other operating expenses to Euros 10,476 thousand in the year ended 31 December 2021 from Euros 9,112 thousand in the year ended 31 December 2020.
- an increase in personnel expenses to Euros 3,887 thousand in 2021 from Euros 1,853 thousand in 2020, with a 76% increase in the average number of employees from 42 in 2020 to 74 in 2021.

Profit/(loss) before tax

Profit/(loss) before tax decreased by (258.98%) to Euros (8,254) thousand in 2021 from Euros 5,192 thousand in 2020, due mainly to:

- a (1.223%) decrease in changes in the fair value of financial instruments heading, which reflects a loss of Euros (14,489) thousand in the year ended 31 December 2021 versus profit of Euros 1,290 thousand in the year ended 31 December 2020. This change was essentially due to the loss arising from the valuation of the financial instrument on the sales price of energy arranged by Group companies owning generation facilities in Spain. The financial instrument was effective from 1 January 2021 to 31 December 2021. The Group has not arranged any financial instruments to hedge the energy price in Spain in 2022.

- partially offset by a decrease of (42.14%) in finance costs to Euros 5,959 thousand in 2021 from Euros 10,299 thousand in 2020, as a result of the effect throughout the year of the lower interest rate of the green bond issued by the Group in September 2020 relating to the interest rate of the pre-existing debt until September 2020 cancelled with part of the proceeds from the green bond issue.
- and the favourable exchange rate changes in Honduras and Guatemala, which result in an increase of 64.72% in translation differences to Euros 621 thousand in the year ended 31 December 2021 from Euros 377 thousand in the year ended 31 December 2020.

2.2.1 Alternative performance measures

The Group has prepared its Consolidated Annual Accounts for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), including information for 2020. The Group has also presented certain alternative performance measures (APMs) to provide additional information that will contribute to the comparability and understanding of its financial information and will help with decision-making and assessing the Group's performance. The APMs should be considered by users of the financial information as complementary to, and not as a substitute for, the aggregates presented in accordance with the basis of presentation of the consolidated annual accounts. The Group's most significant APMs are as follows:

A. EBITDA

Definition: Consolidated profit/(loss) for the year – Net financial income/cost – Income tax – Depreciation and amortisation.

Reconciliation: the reconciliation of this APM with the Consolidated Annual Accounts for the year ended 31 December 2021 is as follows (amounts in thousands of Euros):

	31.12.2021	**31.12.2020**
Profit/(loss) for the year	5,622	5,767
(-) Net financial income/cost	19,681	8,397
(-) Income tax for the year	(13,817)	(574)
(-) Depreciation and amortisation	9,951	8,140
EBITDA	**21,437**	**21,730**

Explanation of use: EBITDA is considered a measure business performance because it provides information for analysing the results obtained throughout the year (excluding interest, tax, depreciation and amortisation). It is also a measure of operating cash flows that reflect cash generation. Additionally, it is an aggregate widely used by investors when assessing companies, as well as by rating agencies and creditors to assess the level of indebtedness by comparing EBITDA with net financial debt or with debt service.

B. EBITDA MARGIN

Definition: EBITDA / revenue.

Reconciliation: the reconciliation of this APM with the Consolidated Annual Accounts for the year ended 31 December 2021 is as follows (amounts in thousands of Euros):

	31.12.2021	**31.12.2020**
EBITDA (I)	21,437	21,730
Revenue (II)	39,927	33,326
EBITDA margin (I/II)	**53.69%**	**65.20%**

Explanation of use: the EBITDA margin is considered by the Group as a measure of business performance, as it provides information on the percentage contribution of EBITDA to revenue. This contribution allows comparative analyses to be conducted on project margin performance.

C. ADJUSTED EBITDA

Definition: EBITDA – Other profit/(loss) – Losses, impairment and changes in trade provisions – Impairment and gains/(losses) on disposals of fixed assets.

Reconciliation: the reconciliation of this APM with the Consolidated Annual Accounts for the year ended 31 December 2021 is as follows (amounts in thousands of Euros):

	31.12.2021	**31.12.2020**
EBITDA	**21,437**	**21,730**
(-) Other profit/(loss)	(213)	(154)
(-) Losses, impairment and changes in trade provisions	1,074	(980)
(-) Impairment and gains/(losses) on disposals of fixed assets	169	(2,739)
Adjusted EBITDA	**22,467**	**17,857**

Explanation of use: Adjusted EBITDA is considered by the Group as a measure of business performance, as it provides an analysis of operating profit/(loss), excluding income not arising strictly from its activity, and impairment and disposals of non-current assets.

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D. ADJUSTED EBITDA MARGIN

Definition: Adjusted EBITDA / revenue

Reconciliation: the reconciliation of this APM with the Consolidated Annual Accounts for the year ended 31 December 2021 is as follows (amounts in thousands of Euros):

	31.12.2021	**31.12.2020**
Adjusted EBITDA (I)	22,466	17,857
Revenue (II)	39,927	33,326
Adjusted EBITDA margin (II/I)	**56.27%**	**53.58%**

Explanation of use: the adjusted EBITDA margin is considered by the Group as a measure of business performance, excluding income not arising strictly from its activity, and impairment and disposals of non-current assets, since it provides information on the percentage contribution of adjusted EBITDA to revenue.

E. WORKING CAPITAL

Definition: Total current assets – Total current liabilities.

Reconciliation: the reconciliation of this APM with the Consolidated Annual Accounts for the year ended 31 December 2021 is as follows (amounts in thousands of Euros):

	31.12.2021	**31.12.2020**
Total current assets (I)	107,075	31,294
Total current liabilities (II)	24,864	24,078
Working capital (I-II)	**82,211**	**7,216**

Explanation of use: Working capital is a financial aggregate used to measure the Group's business performance, as it provides an analysis of liquidity, operational efficiency and financial health in the short term.

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F. NET FINANCIAL DEBT

Definition: Non-current debt + Current debt – Non-current and current lease liabilities – Current investments – Cash and cash equivalents.

Reconciliation: the reconciliation of this APM with the Consolidated Annual Accounts for the year ended 31 December 2021 is as follows (amounts in thousands of Euros):

	31.12.2021	**31.12.2020**
Non-current debt (I)	193,460	185,518
Non-current lease liabilities (II)	7,142	6,724
Current debt (III)	16,378	19,133
Current lease liabilities (IV)	277	392
Current financial investments (V)	41,509	1,661
Cash and cash equivalents (VI)	42,542	13,681
Net financial debt (I-II+III-IV-V-VI	**118,368**	**182,193**

Explanation of use: Net financial debt is an aggregate that measures the financial debt position of the Group. It is an aggregate widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to assess the level of net indebtedness.

2.2.2 Operating segments

2021

(Thousands of Euros)	**Hydropower plants (*)**	**Wind farms**	**Solar photovoltaic plants**	**Commerc-ialization**	**Other services**	**Total**
Revenue (I)	**9,806**	**18,633**	**4,365**	**5,569**	**1,554**	**39,927**
Profit/(loss) for the year	676	6,660	7,192	305	(9,211)	5,622
(-) Net financial income/cost	3,426	11,892	921	18	3,424	19,681
(-) Income tax for the year	(238)	(6,605)	(6,422)	54	(606)	(13,817)
(-) Depreciation and amortisation	3,037	5,483	1,113	8	310	9,951
EBITDA (II)	**6,901**	**17,430**	**2,804**	**385**	**(6,083)**	**21,437**
(-) Other profit/(loss)	(3)	(172)	-	-	(38)	(213)
(-) Losses, impairment and changes in trade provisions	(15)	(10)	1,108	(9)	-	1,074
(-) Impairment and gains/(losses) on disposals of fixed assets	923	(1,334)	-	-	580	169
Adjusted EBITDA (III)	**7,807**	**15,914**	**3,911**	**376**	**(5,542)**	**22,466**
EBITDA margin (II/I)	**70.38%**	**93.54%**	**64.22%**	**6.93%**	**(391.51%)**	**53.69%**
Adjusted EBITDA margin (III/I)	**79.61%**	**85.41%**	**89.60%**	**6.75%**	**(356.63%)**	**56.27%**

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2020

(Thousands of Euros)	Hydropower plants (*)	Wind farms	Solar photovoltaic plants	Commerc-ialization	Other services	Total
Revenue (I)	**12,262**	**11,593**	**4,283**	**4,385**	**802**	**33,326**
Profit/(loss) for the year	3,834	5,469	3,040	437	(7,012)	5,768
(-) Net financial income/cost	1,771	2,394	879	9	3,344	8,397
(-) Income tax for the year	655	6	(2)	113	(1,347)	(575)
(-) Depreciation and amortisation	2,978	3,954	1,011	2	195	8,140
EBITDA (II)	**9,237**	**11,823**	**4,928**	**561**	**(4,820)**	**21,730**
(-) Other profit/(loss)	(65)	(86)	-	-	(3)	(154)
(-) Losses, impairment and changes in trade provisions	15	10	(1,005)	-	-	(980)
(-) Impairment and gains/(losses) on disposals of fixed assets	-	(2,894)	-	-	155	(2,739)
Adjusted EBITDA¡ (III)	**9,188**	**8,853**	**3,923**	**561**	**(4,668)**	**17,857**
EBITDA margin (II/I)	**75.33%**	**101.98%**	**115.06%**	**12.79%**	**(601.00%)**	**65.20%**
Adjusted EBITDA margin (III/I)	**74.92%**	**76.37%**	**91.59%**	**12.79%**	**(582.04%)**	**53.58%**

(*) The Xestosa hydropower facility is reported on under the "Wind farm" segment due to the fact that such facility forms part of a company whose main activity is the operation of renewable energy wind farms. This plant accounts for approximately 10% of its owner company's power generation.

2.2.3 Geographical Information

2021

(Thousands of Euros)	Spain	Guatemala	Honduras	Other	Total
Revenue (I)	**25,948**	**9,847**	**4,132**	**-**	**39,927**
Profit/(loss) for the year	6,368	(826)	737	(657)	5,622
(-) Net financial income/cost	18,005	872	685	119	19,680
(-) Income tax for the year	(13,959)	130	11	-	(13,817)
(-) Depreciation and amortisation	7,732	1,140	1,019	60	9,951
EBITDA (II)	**18,148**	**1,314**	**2,453**	**(479)**	**21,436**
(-) Other profit/(loss)	(213)				(213)
(-) Losses, impairment and changes in trade provisions	(20)	(14)	1,108	-	1,074
(-) Impairment and gains/(losses) on disposals of fixed assets	(756)	923	-	2	169
Adjusted EBITDA (III)	**17,159**	**2,223**	**3,561**	**(477)**	**22,466**
EBITDA margin (II/I)	**69.94%**	**13.34%**	**59.73%**	**-**	**53.69%**
Adjusted EBITDA margin (III/I)	**66.13%**	**22.58%**	**86.18%**	**-**	**56.27%**

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2020

(Thousands of Euros)	Spain	Guatemala	Honduras	Other	Total
Revenue (I)	**20,943**	**8,100**	**4,283**	**-**	**33,326**
Profit/(loss) for the year	2,989	308	2,816	(345)	5,768
(-) Net financial income/cost	6,207	1,208	883	99	8,397
(-) Income tax for the year	-773	178	20	-	-575
(-) Depreciation and amortisation	6,074	1,038	1,017	11	8,140
EBITDA (II)	**14,497**	**2,732**	**4,736**	**(235)**	**21,730**
(-) Other profit/(loss)	(155)	-	1	-	(154)
(-) Losses, impairment and changes in trade provisions	21	4	(1,005)	-	(980)
(-) Impairment and gains/(losses) on disposals of fixed assets	(2,739)	-	-	-	(2,739)
Adjusted EBITDA¡ (III)	**11,624**	**2,736**	**3,732**	**(235)**	**17,857**
EBITDA margin (II/I)	**69.22%**	**33.73%**	**110.58%**	**-**	**65.20%**
Adjusted EBITDA margin (III/I)	**55.50%**	**33.78%**	**87.14%**	**-**	**53.58%**

2.3 Key non-financial indicators

2.3.1 Production

All of the electricity generated by the Group comes from renewable sources: hydropower, wind power and solar photovoltaic power, in the following regions:

Electricity production (GWh)						
Technology	**Country**	**Region**	**31.12.2021**	**31.12.2020**	**31.12.2019**	**31.12.2018**
Hydropower	Spain	Galicia	110.95	92.88	101.45	107.52
Hydropower	Guatemala	Quetzaltenango	34.56	35.97	31.39	27.86
Hydropower	**All**	**All**	**145.51**	**128.85**	**132.84**	**135.38**
Wind	Spain	Galicia	57.08	63.16	61.21	62.48
Wind	Spain	Canary Islands	115.48	80.33	81.14	82.22
Wind	**All**	**All**	**172.56**	**143.49**	**142.35**	**144.7**
Solar photovoltaic	Spain	Canary Islands	1.03	-	-	-
Solar photovoltaic	Honduras	Choluteca	25.49	25.78	27.77	26.96
Solar photovoltaic	**All**	**All**	**26.52**	**25.78**	**27.77**	**26.96**
All	**All**	**All**	**344.59**	**298.12**	**302.96**	**307.04**

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Power in operation by region (MW)						
Country	**Region**	**Technology**	**31.12.2021**	**31.12.2020**	**31.12.2019**	**31.12.2018**
Spain	Galicia	Hydropower	38	38	38	38
Spain	Galicia	Wind	21	21	21	21
Spain	Canary Islands	Wind	52	44	29	29
Spain	Canary Islands	Solar photovoltaic	30	-	-	-
Spain	**All**	**All**	**141**	**103**	**88**	**88**
Guatemala	**Quetzaltenango**	**Hydropower**	**14**	**14**	**14**	**14**
Honduras	**Choluteca**	**Solar photovoltaic**	**16**	**16**	**16**	**16**
All	**All**	**All**	**171**	**133**	**118**	**118**

Power in operation by technology (MW)						
Technology	**Country**	**Region**	**31.12.2021**	**31.12.2020**	**31.12.2019**	**31.12.2018**
Hydropower	Spain	Galicia	38	38	38	38
Hydropower	Guatemala	Quetzaltenango	14	14	14	14
Hydropower	**All**	**All**	**52**	**52**	**52**	**52**
Wind	Spain	Galicia	21	21	21	21
Wind	Spain	Canary Islands	52	44	29	29
Wind	**All**	**All**	**73**	**65**	**50**	**50**
Solar photovoltaic	Spain	Canary Islands	30	-	-	-
Solar photovoltaic	Honduras	Choluteca	16	16	16	16
Solar photovoltaic	**All**	**All**	**46**	**16**	**16**	**16**
All	**All**	**All**	**171**	**133**	**118**	**118**

(Thousands of Euros)

2.3.2 Personnel

The average number of Group employees in 2021 and 2020, broken down by category, is as follows:

	2021	2020
Management	5	4
Administrative-type employees	3	2
Other qualified personnel	57	29
Other non-qualified personnel	9	7
	74	**42**

At 31 December 2021 and 2020 the distribution by gender of personnel and the members of the board of directors is as follows:

	31.12.2021		31.12.2020	
	Male	Female	Male	Female
Board of Directors	7	3	1	2
Other management personnel	8	-	3	-
Administrative-type employees	1	2	1	1
Other qualified personnel	47	24	18	9
Other non-qualified personnel	22	2	5	2
	85	**32**	**28**	**14**

2.4 Average supplier payment period

The average payment period in 2021 was 19 days (in 2020 it was 87 days). This represents a reduction in the average supplier payment period in 2021 compared with 2020, as a result of efforts to align events giving rise to payments with those giving rise to collection in order to reduce payment time.

3. Liquidity and capital resources

The main sources of financing used by the Group are as follows:

- A group of hydropower and wind facilities in Spain with an aggregate installed capacity of 93 MW is financed with a non-recourse green bond. The bond was issued in September 2020 for Euros 130,000 thousand at a fixed interest rate of 2.35% maturing on 31 December 2040, to replace the pre-existing financing linked to the facilities and to finance development of the pipeline. The green bond, subscribed by Manulife, Avivayo Schroders, involved extending the maturity and reducing the cost of financing compared to the terms of the pre-existing debt cancelled with the resources raised by the bond issue.
- The hydropower plant in Guatemala, the photovoltaic plants in Honduras and Gran Canaria and three wind farms, also in Gran Canaria, are financed by local banks with bank loans under project finance structures.

- Two wind farms in Gran Canaria are financed by private investors using a structure that is suitable for materialising specific tax incentives applicable in the Canary Islands.

The Group's current and non-current financial liabilities amount to Euros 209,838 thousand at 31 December 2020 (Euros 204,651 thousand at 31 December 2021), representing 84.35% (94.2% at 31 December 2020) of our total liabilities on these dates. The increase in financial liabilities at 31 December 2021 relates to three project finance transactions for the construction of three wind farms and twelve solar photovoltaic plants in Gran Canaria.

With the IPO, which was formalised with the issue and flotation of new shares for a nominal amount of Euros 100,000 thousand, the Group provided itself with additional liquidity to develop the pipeline.

The Group regularly reviews the operating circumstances of the plants, electricity sales conditions on the market, changes in the cost structure and other events that may lead to a decision to repay, exchange, repurchase or refinance part of its existing debt, enter into new indebtedness or increase capital.

In terms of liquidity, the cash flows from operations and external financing are the main sources of cash for existing operations, capital expenditure, investments and debt service. The Group's overall financing policy is to manage liquidity to ensure the availability of funds to meet the obligations arising from its operations.

3.1 Financial obligations

The following table provides a breakdown of current and non-current financial liabilities at 31 December 2021 and 2020 (in thousands of Euros)

	31.12.2021		31.12.2020	
	Non-current	Current	Non-current	Current
Bank borrowings	62,215	8,408	39,947	3,184
Lease liabilities	7,142	277	6,724	392
Bonds and other marketable securities	109,874	6,221	116,096	6,382
Debt with Group companies	-	180	8,479	834
Derivatives	-	-	-	1,554
Other financial liabilities	14,229	1,221	14,272	6,787
Total non-current and current debt	193,460	16,378	185,518	19,133

The main financial liability is the green bond. The maturities of the bond's nominal value, in thousands of Euros, distributed in classes A1 and A2 are as follows:

Thousand Euros	2020	2021	2022	2023	2024	Subsequent years	Total
Class A1	1,650	1,977	1,926	2,472	2,796	28,179	**39,000**
Class A2	3,849	4,613	4,494	5,768	6,524	65,752	**91,000**
Total	**5,499**	**6,590**	**6,420**	**8,240**	**9,320**	**93,931**	**130,000**

The amounts and maturities of the green bond and bank loans under project finance structures are subject to compliance with a number of financial and non-financial covenants, which have been met up until 31 December 2021.

3.2 Contractual obligations and off consolidated statement of financial position

The Group is exposed to contingent liabilities relating to bank guarantees, surety certificates and other guarantees provided in the normal course of operations. At 31 December 2021 the amount provided by guarantees totals Euros 40,541 thousand (Euros 22,338 thousand at 31 December 2020).

4. Main risks and uncertainties

4.1. Operational risks

4.1.1 Regulatory risk

a) Regulatory changes

Electricity generation is regulated in all jurisdictions in which the Group operates. Therefore, regulation can have a direct impact on results.

The Group is subject to the laws and regulations in force in the markets in which it operates, all of which are subject to change and some of which may conflict with each other. The Group operates in different geographical locations, including emerging markets and markets with political uncertainties. Note 2 to the 2021 consolidated annual accounts describes the most relevant regulatory framework affecting the Group.

b) Licenses, authorisations, concessions and permits

The Group is required to obtain various interconnection, environmental, construction and other administrative approvals in relation to its operations in the countries in which it is present. Failure to comply with applicable laws, regulations or standards or to obtain or renew the necessary permits and approvals may result in the loss of the right to operate facilities or continue operations, the imposition of administrative liabilities or the processing of non-compliance proceedings or other measures that could close or limit production from the Group's generation facilities, affecting its capacity to successfully compete within its operating segment, which could have a material adverse effect on the consolidated income statement.

4.1.2 Operational risk

a) Project pipeline

Changes in the size of the pipeline or project portfolio may have a significant impact on the Group's operating results. Generally speaking, the increase in the number of projects translates into an overall rise in expenditure in the consolidated income statement.

b) Significant upfront investments in projects

Accomplishing the projects in the Group's pipeline requires relevant upfront investments, particularly in connection with costs associated with project analysis and feasibility studies, payments for land rights, payments for interconnection and grid connectivity arrangements, government permits and engineering for our renewable energy facilities, in addition to the personnel-hours, which affect operating results.

c) Risks related to normal operations in the course of business

The operational risk in the Group's activities is centred on the impossibility of generating electricity, or of completing works on a solar photovoltaic or hydropower plant or wind farm. In order to minimise these risks, the Group adopts the following measures:

- Insurance: the majority of the aforementioned operational risks can be insured. The Group has an insurance programme, contracted with insurers of recognised solvency, to adequately cover the risks related to the development of projects, both in the construction and assembly phase and in the operation of the plants. The proper management of risk and its appropriate transfer to the insurance market is one of the basic pillars of insurance policies. The insurance programme covers anticipated loss of profits, civil liability, risks of material damage, machinery breakdowns and loss of operational profits and civil liability for pollution.

- Quality process: the Group implements adequate operational and maintenance processes so that uninsurable interruptions in electricity generation are minimised. Moreover, the Group's spare part availability criteria at the plants is aimed at rapidly resolving production stoppages.

4.1.3 Customer concentration

The Group mainly operates its assets under the framework of PPA contracts for the sale of energy and with regulated remuneration schemes which, in many cases, have a main client as the buyer of energy and with an established energy sale price. This high concentration of customers is mitigated by the fact that the contracts are long-term and oblige the buyer to purchase energy during that period, so future business will only be lost as a result of the buyer's insolvency, and not as a result of commercial decisions.

The Group generates the remaining income through commercial remuneration systems, selling the energy generated on the market.

4.2. Financial risks

Risk management is controlled by the Group's Central Finance Department in accordance with policies. This department identifies, assesses and hedges financial risks in close collaboration with the Group's operating units.

4.2.1 Market risk

Market risk is the risk that changes in market prices (for example, exchange rates or interest rates) affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage and control exposure to such risks within acceptable parameters, while optimising profitability. To manage market risks, the Group uses derivatives and closes long-term energy sales contracts at an established price. All these transactions are carried out within the guidelines established by the Group.

a) *Interest rate risk*

The Group adopts the policy of ensuring that most of its cash flows are exposed to a fixed interest rate. This is achieved in part by underwriting fixed-rate instruments and by formalising borrowings at a variable rate and using interest rate swaps as hedges for the variability of cash flows attributable to changes in interest rates.

As the Group does not have significant remunerated assets, the income and cash flows from the Group's operating activities are mostly independent from fluctuations in market interest rates. The Group’s interest rate risk arises from non-current borrowings.

Income and cash flows from the Group's operating activities are mostly independent from fluctuations in market interest rates and consequently, given that the Group's indebtedness is at a fixed interest rate, it is estimated that the interest rate risk is not significant as of 31 December 2021.

As of 31 December 2021, the nominal amount of bank financing payable amounts to Euros 70 million (Euros 42 million at 31 December 2020.) The average interest rate on these debts at 2021 year end amounts to 3.28% (3.36% at 2020 year-end).

b) *Market price risk*

The Group is exposed to the risk of volatility in the energy market. The energy market is an active market, in which prices are subject to certain volatility as a result of the interaction of supply and demand. This exposes the Group to the risk of compromising its results.

The Group enters into Power Purchase Agreements (PPAs) with customers to secure the sales price of the energy sold and operates most of its facilities within the framework of regulated remuneration systems, enabling it to secure the price of energy over a period of time. The Group's policy is that these agreements and regulated remuneration systems cover at least 70% of income. At year end, they cover over 80%.

c) *Currency risk*

Foreign currency risk is associated with future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. The Group is exposed to transactional exchange rate risk if it carries out transactions in currencies other than the functional currencies of the different subsidiaries that comprise the Group. The main functional currency of the group companies is the Euro. Nonetheless, there are certain subsidiaries that operate with currencies other than the Euro, especially the dollar, lempira and quetzal.

To reduce the risk inherent to investments in foreign businesses with a functional currency other than the euro, the Group tries to borrow in the same currency in which cash flows generated by the assets it finances.

4.2.2 Credit risk

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each client. However, the Directors also consider factors that may influence the credit risk of its customer base, including the risk of default associated with the industry and the country in which clients operate.

Credit risk is the risk of financial loss for the Group if a client or counterparty of a financial instrument does not comply with its contractual obligations and arises mainly from accounts receivable from clients and investments in debt instruments.

The objective of managing this risk is to reduce, as far as possible, its impact by studying the solvency of the Group's clients for preventive purposes. Once the contracts are in execution, the credit quality of the pending collection amounts are periodically evaluated and the estimated recoverable amounts that are considered doubtful are reviewed.

The Group has established a credit policy whereby each new customer is individually analysed for creditworthiness.

Likewise, the Group holds its cash in financial institutions with a high credit rating.

Therefore, the credit risk has historically been limited, including the years ended 31 December 2021 and 2020, and only sporadic impairments of receivables have been recorded.

4.2.3 Liquidity Risk

Liquidity risk is the risk that the Group finds difficulties to meet obligations associated with its financial liabilities settled through the delivery of cash or another asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it has enough liquidity to meet its liabilities when they mature, without incurring unacceptable losses or risking damage to the reputation of the Group.

The Group uses the cost of its activities to calculate the cost of its products and services, which helps monitor cash flow requirements and optimise cash return on investments.

The Group manages liquidity risk cautiously, based on maintaining enough cash and the availability of financing through the issue of negotiable securities or available credit facilities, if necessary.

5. Significant events after the reporting date

Subsequent to the 31 December 2021 reporting date and up to the date of issue of this report, no significant events have taken place.

6. Outlook for the Group[i]

The Group will continue to promote investments relating to the development and construction of pipeline projects.

The current business outlook puts the Group in a favourable position as indicated by current industry trends. In the medium and long term, electrical power is expected to exponentially gain market share and continue to evolve until becoming the largest energy provider, covering 49% of the world's energy demand.

The Group is in an ideal position to capitalise on the drive for renewable energies, based on experience in operating the three main technologies (hydropower, wind and solar photovoltaic), monitoring all phases of the value chain, from identifying an opportunity to operating the facility, and the geographic diversification of the portfolio and pipeline.

The Backlog (275 MW), Advanced Development (294 MW) and Early Stage (952 MW) projects are indicators of the strength of the Group's business plan, its capacity for geographic expansion and the means to generate additional operating income and cash flows in the short and medium term.

Based on the foregoing, our strategy for the coming years will be twofold:

i. to prioritise areas of growth based on profitability criteria and risk control.
ii. to ensure that this growth is sustainable from an environmental point of view and includes the communities where the projects are developed.

7. R&D activities

In 2021 and 2020, the Group did not make any significant investments in research and development activities.

8. Acquisition and disposal of treasury shares

Grupo Ecoener, S.A. (the Parent of the Group) does not have treasury shares.

9. Dividend policy

The Group’s objective is to reinvest operating cash flows in developing pipeline projects and increasing value for shareholders by executing the business plan. Dividends are not expected to be paid out until 2024, when the dividend policy will be re-evaluated based on the business outlook and financial performance.

The future dividend policy will depend on various factors, including income and generation of cash flows, distributable profit, financial position, debt servicing obligations, cash requirements (including investment plans), compliance with obligations to be exceeded or not exceeded contained in the debt instrument agreements, future outlook, market conditions and other factors that may be considered relevant at the time. The Board of Directors shall be in charge of carrying out the dividend payment proposal, and the Annual General Meeting shall be in charge of approving it.