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

(Together with the consolidated annual accounts and consolidated directors' report of Corporación Acciona Energías Renovables, S.A. and subsidiaries for the year ended 31 December 2023)

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

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

Independent Auditor's Report on the Consolidated Annual Accounts

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

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

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Corporación Acciona Energías Renovables, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2023, 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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

Recoverable amount of property, plant and equipment, intangible assets and right-of-use assets

See notes 3.2.e), 3.3, 4, 5 and 7 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2023 the Group has recognised property, plant and equipment, intangible assets and right-of-use assets for amounts of Euros 10,419 million, Euros 219 million and Euros 476 million, respectively, mainly comprising renewable energy electricity generation facilities in various geographical locations and under different regulatory scenarios. At 31 December 2023 the Group has significant accumulated impairment losses, recognised mainly in prior years. At the reporting date the Group evaluates whether any indications of impairment or impairment reversal have arisen, to determine whether it is necessary to calculate the recoverable amount of the assets or cash - generating units. As a result of the existence of these indications, the Group has estimated the recoverable amount of certain assets and cash-generating units and has recognised impairment losses amounting to Euros 11 million. The Group has calculated the recoverable amount by applying valuation techniques based on cash flows discount that require the exercising of judgement by management and the Directors, and the use of assumptions. Due to the high level of judgement and the uncertainty associated with these assessments and estimates, and the significance of the value of property, plant and equipment, intangible assets and right-of-use assets, their measurement has been considered a key audit matter.	Our audit procedures included the following: - We gained an understanding of the processes followed by the Group in identifying and evaluating indications of impairment and in estimating the recoverable amount of property, plant and equipment, intangible assets and right-of-use assets. In addition, we assessed the design and implementation of the Group's key controls over this process. - We evaluated the reasonableness of the methodology and assumptions used by the Group when estimating the recoverable amount, with the involvement of our valuation specialists. Moreover, we assessed the sensitivity of the recoverable amount to changes in the key assumptions, in order to determine their potential impact on the valuation. - We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

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

Other Information: Consolidated Directors' Report

Other information solely comprises the 2023 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

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

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

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

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2023, and that the content and presentation of the report are in accordance with applicable legislation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Corporación Acciona Energías Renovables, S.A. and its subsidiaries for 2023 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of Corporación Acciona Energías Renovables, S.A. are responsible for the presentation of the 2023 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

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

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

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

Additional Report to the Audit and Sustainability Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's Audit and Sustainability Committee dated 29 February 2024.

Contract Period

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

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

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

This report corresponds to stamp number 01/24/00389 issued by the Spanish Institute of Registered Auditors (ICJCE)

(Signed on original in Spanish)

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

29 February 2024

CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES, S.A.

AND

SUBSIDIARIES
(Consolidated Group)

2023 CONSOLIDATED ANNUAL ACCOUNTS
AND
DIRECTORS' REPORT

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

TABLE OF CONTENTS

ANNEXES

CONSOLIDATED BALANCE SHEET FOR FINANCIAL YEARS 2023 AND 2022 (Millions of euros)

ASSETS	NOTE	2023	2022
Property, plant and equipment	4	10,419	8,711
Right of use	5	476	376
Goodwill	6	13	
Other intangible assets	7	219	229
Non-current financial assets	10	67	32
Investments accounted for using the equity method	8	289	423
Deferred tax assets	11	564	509
Other non-current assets	11	154	146
NON-CURRENT ASSETS		12,201	10,426
Inventories	12	175	148
Trade and other receivables	13	868	631
Other current financial assets	10	155	200
Current tax assets	21	99	92
Other current assets	21	176	150
Cash and cash equivalents	14	736	612
Non-current assets held for sale	22	262	
CURRENT ASSETS		2,471	1,833
TOTAL ASSETS		14,672	12,259

EQUITY & LIABILITIES	NOTE	2023	2022
Capital		329	329
Retained earnings		5,093	4,694
Profit for the year		524	759
Treasury stock		(69)	(4)
Translation differences		(27)	92
Interim dividend			
Equity attributable to holders of parent company equity instruments		5,850	5,870
Minority interests		489	391
EQUITY	15	6,339	6,261
Debentures and other negotiable securities	17	2,325	1,361
Bank borrowings	17	1,510	403
Lease obligations	5	495	388
Deferred tax liabilities	21	797	767
Provisions	16	194	161
Other non-current liabilities	20	774	507
NON-CURRENT LIABILITIES		6,095	3,587
Debentures and other negotiable securities	17	165	607
Bank borrowings	17	103	58
Lease obligations	5	19	16
Trade and other accounts payable	35	496	592
Provisions	16	5	4
Current tax liabilities	21	13	42
Other current liabilities	20	1,022	1,092
Liabilities associated with held-for-sale assets	22	415	
CURRENT LIABILITIES		2,238	2,411
TOTAL LIABILITIES AND EQUITY		14,672	12,259

Notes 1 through 35 of the enclosed report are an inseparable part of the consolidated annual accounts for the 2023 financial year.

CONSOLIDATED INCOME STATEMENT FOR FINANCIAL YEARS 2023 AND 2022 (millions of euros)

	NOTE	2023	2022
Net revenue	24	3,547	4,351
Other revenue	24	442	343
Cost of goods sold	25	(1,776)	(2,206)
Personnel expenses	25	(256)	(210)
Depreciation and amortization and change in provisions	4, 5, 7 & 25	(491)	(434)
Other operating expenses	25	(753)	(735)
Equity method profit/ (loss) – analogous object	8	81	110
Results of asset impairment	25	(11)	(21)
Net profit on disposal of non-current assets	25	1	9
Other profit or loss		132	18
OPERATING RESULTS		916	1,225
Financial income	27	25	8
Financial expenses	27	(179)	(132)
Foreign exchange rate changes		5	20
Changes in provisions for investment			
Profit (loss) from changes in the value of financial instruments at fair value	19	9	(64)
PROFIT (LOSS) BEFORE-TAX FROM CONTINUING OPERATIONS		776	1,057
Corporate income tax expense	21	(209)	(262)
PROFIT FOR YEAR FROM CONTINUING OPERATIONS		567	795
PROFIT / (LOSS) FOR THE YEAR		567	795
Minority interests	15	(43)	(36)
PROFIT ATTRIBUTABLE TO PARENT COMPANY		524	759
BASIC EARNINGS PER SHARE (euro/share)	30	1.6	2.3
DILUTED EARNINGS PER SHARE (euro/share)	30	1.6	2.3

Notes 1 through 35 of the enclosed report are an inseparable part of the consolidated annual accounts for the 2023 financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FINANCIAL YEARS 2023 AND 2022
(Millions of euros)

	Note	2023	2022
A) CONSOLIDATED PROFIT(LOSS) FOR THE YEAR		567	795
1. Profit (loss) attributable to parent company		524	759
2. Minority interests		43	36
B) ITEMS NOT RESTATED ON THE INCOME STATEMENT:		(1)	1
1. Actuarial gains and losses and other adjustments		(1)	1
2. Tax effect	21		
B) ITEMS THAT MAY BE RESTATED ON THE INCOME STATEMENT		(251)	234
Income and expense recognised directly in equity		(120)	289
1. Due to valuation of financial instruments			
a) Financial assets available for sale			
2. From cash flow hedges	15	24	251
3. Translation differences	15	(136)	84
4. Other income and expense recognised directly in equity			
5. Tax effect	21	(8)	(46)
Transfers to the profit and loss account	15	(131)	(55)
1. Due to valuation of financial instruments			
a) Financial assets available for sale			
2. From cash flow hedges		(175)	(73)
3. Translation differences			
4. Other income and expense recognised directly in equity			
5. Tax effect	21	44	18
TOTAL COMPREHENSIVE INCOME / (EXPENSE) (A+B+C)	21	315	1,030
a) Attributable to the parent company	21	276	989
b) Attributable to minority shareholders	21	40	41

Notes 1 through 35 of the enclosed report are an inseparable part of the consolidated annual accounts for the 2023 financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR FINANCIAL YEARS 2023 AND 2022
(Millions of euros)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2023

	Share capital	Other reserves	Treasury stock	Interim dividend	Gains(losses) on exchange	Profit for the year	Cash flow hedges	Minority interests	Total
Opening balance at 01.01.2023	329	4,533	(4)	-	92	759	161	391	6,261
Adjustments due to changes in accounting criteria									-
Adjustments due to errors									-
Adjusted opening balance	329	4,533	(4)	-	92	759	161	391	6,261
Total comprehensive income and expenses		(1)			(119)	524	(129)	40	315
Adjustments for cash flow hedges							(129)	14	(115)
Translation differences					(119)			(17)	(136)
Actuarial changes in pensions		(1)							(1)
Profit for the year						524		43	567
Other changes in equity		529	(65)			(759)		58	(237)
Capital increases/(reductions)									-
Application of results		759				(759)			-
Dividend payments		(230)						(60)	(290)
Trading in treasury shares (net)			(65)						(65)
Other transactions with shareholders or owners								118	118
Balance at 31.12.2023	329	5,061	(69)	-	(27)	524	32	489	6,339

Notes 1 through 35 of the enclosed report are an inseparable part of the consolidated annual accounts for the 2023 financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2022
(Millions of euros)

	Share capital	Other reserves	Treasury stock	Interim dividend	Gains(losses) on exchange	Results for the year	Cash flow hedges	Minority interests	Total
Opening balance at 01.01.2022	329	4,260	(2)	-	21	363	4	379	5,354
Adjustments due to changes in accounting criteria									-
Adjustments due to errors									-
Adjusted opening balance	329	4,260	(2)	-	21	363	4	379	5,354
Total comprehensive income and expenses	-	1	-	-	71	759	158	41	1,030
Adjustments for cash flow hedges							158	(8)	150
Translation differences					71			13	84
Actuarial changes in pensions		1							1
Profit for the year						759		36	795
Other changes in equity	-	272	(2)		-	(363)	(1)	(29)	(123)
Capital increases (decreases) (Note 13.a)									-
Application of results		363				(363)			-
Dividend payments		(92)						(34)	(126)
Trading in treasury shares (net)			(2)						(2)
Other transactions with shareholders or owners		1					(1)	5	5
Other changes									-
Balance at 31.12.2022	329	4,533	(4)	-	92	759	161	391	6,261

CONSOLIDATED STATEMENT OF CASH FLOWS FOR FINANCIAL YEARS 2023 AND 2022 (Millions of euros)

	2023	2022
Profit before tax from continuing operations	776	1,057
Adjustments to profit		
Amortisation and impairment	502	454
Profit before tax of companies accounted for using the equity method	(81)	(110)
Net profit on disposal of non-current assets	(133)	(26)
Financial income and expense	156	125
Other profit not involving the movement of funds	(75)	(20)
Corrected and adjusted profit before tax from continuing operations	1,145	1,480
Changes in working capital		
Changes in inventory	6	(13)
Changes in current assets/liabilities	(413)	283
Other cash flows from operations		
Current financial income and expense	(152)	(87)
Dividends received from associates and other non-current financial investments	16	83
Income tax received(paid)	(282)	(312)
Changes in non-current assets/liabilities	44	(97)
Cash flows from operations	364	1,337
Acquisitions of PPE, intangible assets and non-current financial assets	(1,907)	(1,125)
Disposals of tangible and intangible assets and non-current financial assets		1
Investments in Group companies and associates	9	(148)
Disposals of group companies and associates		31
Cash flows from investments	(1,898)	(1,241)
Dividend payments	(230)	(92)
Dividends paid to external shareholders	(56)	(35)
From equity instrument issues		
From financial liability instrument issues	4,176	2,383
Payments on financial liability instruments issued	(2,265)	(2,365)
Net flows with Group from financial instrument issues		2
Net flows from other current financial assets	(46)	20
Lease payments	(14)	(24)
Other financial flows	97	(3)
Cash flows from financing	1,662	(114)
Effect of exchange rate fluctuations	(4)	5
Variation in cash and cash equivalents	124	(13)
Starting balance of cash and cash equivalents	612	625
Closing balance of cash and cash equivalents	**736**	**612**

Notes 1 through 35 of the enclosed report are an inseparable part of the consolidated annual accounts for the 2023 financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 CORPORACIÓN ACCIONA ENERGÍAS RENOVABLES S.A. AND SUBSIDIARIES (Consolidated Group)

1. About the Group

Corporación Acciona Energías Renovables, S.A.U. (hereinafter the ‘Parent Company’ or the ‘Company’) was founded as a limited liability company in Madrid on 12 June 2008. On 10 March 2021, it underwent a transformation whereby the parent Company became a public limited company. Its registered offices are located in Madrid, Avenida de la Gran Vía de Hortaleza, 1.

According to Chapter III.1 TRLSC, approved by Legislative Royal Decree 1/2010 of 2 July, Corporación Acciona Energías Renovables, S.L.U., the Parent Company of the Group, was registered in the Commercial Registry as a Sole Shareholder Company until it went public on 1 July 2021 and its stock started to trade on Spanish stock exchanges (SIBE- Madrid, Barcelona, Valencia and Bilbao stock exchanges).

At the 2023 year end, the majority shareholder of the Parent Company is Acciona, S.A. (see note 15 a), a company whose stock trades on the Spanish Stock Exchange Interconnection System (SIBE) in Madrid, Barcelona, Valencia and Bilbao).

Its corporate purpose consists of:

- The operation of all kinds of primary energy resources by promoting, developing, designing, building, managing, operating, maintaining and repairing (i) power plants that generated electricity from renewable energy sources and (ii) green hydrogen power plants.
- Marketing, selling and storing the electricity generated at power plants using renewal energy sources.
- Producing, transporting, storing, marketing and selling green hydrogen and hydrogen subproducts or derivatives.
- Drafting studies and undertaking research related to the electrical and energy business in general and renewable energies in particular, as well as the technologies applied to that business.
- R&D+i activities related to the aforementioned business as well as the development of new auxiliary technology for renewable energy.
- Activities of a preliminary or supplemental nature to those included in the corporate purpose.
- Providing services to investee companies and undertakings, to which end it may provide them with the necessary bonds and guarantees.
- Managing the investments in other enterprises and companies of the business group.

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

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

The Group’s total installed power at 31 December 2023 is 12,131 MW (9,884 MW at 31 December 2022) in all of the technologies with which the Group operates at both the domestic and international levels.

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

2.1 Basis of presentation and comparison of information

The consolidated annual accounts of Grupo Corporación Acciona Energías Renovables for the 2023 financial year were prepared by the Board of Directors on 29 February 2023 in such a way as to show a true and fair image of the Group's consolidated equity and financial position at 31 December 2023 and of its consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended.

These annual accounts were prepared in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, which establishes that all companies governed by the laws of a member state of the European Union whose securities are listed on a regulated market of one of its member states must present consolidated annual accounts for the financial years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter IFRS) previously adopted by the European Union. In particular, they must be prepared in accordance with the principles and criteria in the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) in force at 31 December 2023, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council. The most significant mandatory accounting principles and measurement standards are summarised in Note 3 along with alternatives allowed by law and the standards and interpretations that had not taken effect as of the date of these consolidated annual accounts.

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

Grupo Corporación Acciona Energías Renovables is in turn part of the Acciona Group, whose consolidated annual accounts for the 2022 financial year were approved at the General Meeting of Shareholders of Acciona, S.A. held on 19 June 2023 and filed with the Madrid Commercial Registry. Likewise, in financial year 2023 Grupo Corporación Acciona Energías Renovables is part of Grupo Acciona, S.A., whose consolidated annual accounts were prepared according to IFRS-EU and will be filed, once approved, with the Madrid Commercial Registry as required by law.

At 31 December 2023, there were no significant changes to accounting estimates or policies and there were no material errors to be corrected.

For comparison purposes only and for each item on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of comprehensive income and expense, consolidated statement of changes in equity, and the notes to the consolidated financial statements, the Directors have included the corresponding amounts for the previous year as well as the amounts for the 2023 financial year using identical accounting principles which are consistent with IFRS-EU.

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

2.2. Regulatory framework

The assets owned by the other member companies of Grupo Corporación Acciona Energías Renovables in other countries are governed by the particular laws applicable in the countries where they are located. The regulatory framework that applies to the Group's electricity production plants are described in Annex V of these consolidated annual accounts.

2.3. Consolidation principles

a. Consolidation method

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

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

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

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

b. Elimination on consolidation

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

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

c. Subsidiaries

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

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

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

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

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

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

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

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

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

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

d. Continuing operations

Joint ventures are those undertakings that are jointly managed by a Group company and one or more unrelated third parties, where the parties act jointly to direct the relevant activities and where the decisions on such relevant activities require the unanimous consent of the parties.

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

The financial statements of joint ventures are consolidated by the Company using the proportional integration method so that their balances are only added and subsequently eliminated in proportion to the Group's percentage of ownership in the capital of these companies and the operating income and expenses, as long as they are transactions with third parties or other operators.

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

e. Equity method

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

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

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

When the Group's investment in associates has been reduced to zero, additional constructive obligations, if any, in subsidiaries accounted for using the equity method are recognised under 'non-current provisions' in the consolidated balance sheet.

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

f. Translation differences

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

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

g. Changes in the scope of consolidation and minority interests

The significant changes in the scope of consolidation for the twelve-month period ended 31 December June 2023 are as follows:

- In April 2023, the company Acciona Generación Renovable, S.A., wholly owned by the Group, agreed to purchase 50% of the share capital of Med Wind Energy, S.L., subject to the fulfilment of certain conditions precedent, mainly related to compliance with competition regulations.

  This company's most relevant asset is the ownership of 50% of the share capital of Energías Renovables Mediterráneas, S.A. (Renomar), a company that operates 493.5 MW of wind power assets in the Valencia region, in which the Group already held a 50% stake, and which was accounted for using the equity method. As a result of this acquisition, the Group has indirectly increased its stake in Energías Renovables Mediterráneas, S.A. by 25% to 75%, gaining control over it.

  The acquisition was completed in June 2023 after verification of compliance with the conditions precedent. The total purchase price was €118 million, which was paid in full. The details of the business combination are as follows (in millions of euros):

Company	Cash payment (25%) [a]	Previous interest (50%) [b]	Acquisition cost [a + b]	Effective percentage	Fair value of assets and liabilities
Renomar (50% owned by Med Wind Energy, S.L.)	118	237	355	75%	474

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

Details of identified assets:	Med Wind Energy
Non-current assets	563
Current assets	177
Total identified assets	740
Non-current liabilities	215
Current liabilities	51
Total identified liabilities	266
Total identifiable net assets	474

According to IFRS 3 in relation to business combinations carried out in stages, the pre-existing shareholding was revalued, giving rise to a gain of €145 million which was recorded under 'Other gains and losses' on the consolidated income statement. Among other things, it includes the reversal of margins on internal transactions and the reclassification of items carried directly in equity to profit or loss. Net assets are measured using a discounted cash flow method whose data are not directly observable (as with any valuation model) and therefore correspond to level 3 of the IFRS3 hierarchy. Goodwill (Negative difference on consolidation).

The net revenue and after tax profit contributed by Renomar from the date of the business combination until 31 December 2023 was €89.3 million and €24.9 million, respectively. Had the business combination taken place on 1 January 2023, net revenue and after tax profit would have been €144.8 and €43 million, respectively.

- In May 2023, Corporación Eólica Catalana, S.L., 50% owned by the Group and 50% by Acciona, S.A., acquired 70% of the share capital of Solideo Eco Systems, S.L. and Solideo Energy, S.L. The purchase price was €26 million.

  The Solideo Group is a leader in self-consumption and energy efficiency solutions for residential customers and small and medium-sized enterprises. Solideo also offers batteries for electric storage, charging points for electric vehicles and aerothermal air-conditioning systems. The company's business plan envisages the launch of new business segments such as distributed generation, on a small scale and close to the consumption points, the creation of solar communities and energy sales.

  Solideo has managed to become a leader in Catalonia in electricity self-consumption. Its strategic plan for the coming years is based on continuing to expand geographically in order to provide nationwide coverage. The integration of Solideo's business gives the Group access to the domestic and SME market and creates important synergies with different business divisions of the group.

  The details of the business combination recorded by Corporación Eólica Catalana, S.L. is as follows (in millions of euros):

Company	Acquisition cost	Indirect percentage acquired	Goodwill
Solideo Group	26	70%	26

  The details of the fair value of the integrated assets and liabilities of the Solideo Group at the time of the acquisition are shown below (in millions of euros):

	Solideo Group
Other intangible assets	1
Other non-current assets	1
Non-current assets	2
Current assets	14
Total identified assets	16
Non-current liabilities	2
Current liabilities	14
Total identified liabilities	16

- In August 2023, Acciona Energía Internacional, S.A., subsidiary 75% owned by the Group, agreed to purchase 34.4% of the share capital of Amper Central Solar, S.A., owner of Moura photovoltaic plant in Portugal. Acciona Energía Internacional, S.A. owned 65.6% of the company, which was consolidated into the Group using the equity method (non-controlling interest). Following the acquisition of the remaining 34.4% which brought the total controlled by Acciona Energía Internacional, S.A. to 100% (75% controlled indirectly by the Group), the company is now fully consolidated.

The total acquisition price was €10 million, which was paid in full. The details of the business combination are as follows:

Company	Cash payment (34.4%)	Previous interest (65.6%)	Fair value of assets and liabilities
Amper Central Solar, S.A.	10	44	54

The details of the tentative fair value of the company's integrated assets and liabilities time of the takeover of control are shown below (in millions of euros):

	Amper Central Solar, S.A.
Non-current assets	49
Current assets	23
Total identified assets	72
Non-current liabilities	11
Current liabilities	7
Total identified liabilities	18
Total identifiable net assets	54

According to IFRS 3 in relation to business combinations carried out in stages, the pre-existing shareholding (€56 million) measured at fair value gave rise to a net loss of €12 million which was recorded under 'Other gains and losses'. Net assets are measured using a discounted cash flow method whose data are not directly observable (as with any valuation model) and therefore correspond to level 3 of the IFRS 3 hierarchy.

Net revenue and after tax profit (before minority interests) contributed by the company from the date of the business combination until 31 December 2023 was €17 million and €12 million, respectively. Had the business combination taken place on 1 January 2023, net revenue and after tax profit (before minority interests) would have been €36 and €27 million, respectively.

There were no significant changes in the scope of consolidation during the year other than the ones described above.

These changes in the scope of consolidation in 2023 and 2022, along with other less significant ones are shown in Annex IV. The impact on the enclosed consolidated annual accounts is discussed in the pertinent notes of this report.

3. Main accounting principles

3.1 Adoption of new standards and interpretations

Standards and interpretations applied this financial year

The following modifications and interpretations of accounting standards which took effect in 2023 were considered in preparing the enclosed consolidated annual accounts:

Standards, modifications and interpretations	Description	Mandatory application for financial years starting on or after:
Approved for use in the EU		
Amendments to IAS 1- Disclosure of accounting policies	Amendments that enable entities to appropriately identify the material accounting policy information that should be disclosed in the financial statements.	1 January 2023
Amendments to IAS 8 - Definition of accounting estimate	Amendments and clarifications as to what should be understood as a change of an accounting estimate	1 January 2023
Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	Clarifications on how companies should record deferred tax assets and liabilities arising on transactions such as leases and decommissioning obligations.	1 January 2023
Amendments to IFRS 17 - Insurance contracts First-time application of IFRS 17 and IFRS 9. Comparative information	Amendments to the transition requirements of IFRS 17 for insurance entities applying IFRS 17 and IFRS 9 for the first time at the same time.	1 January 2023
IFRS 17 - Insurance Contracts and amendments	Replaces IFRS 4 and clarifies the principles of registration, measurement, presentation and disclosure of insurance contracts in order to ensure that the entity provides relevant and reliable information that allows the users of the information to determine the effects of the contracts on their financial statements.	1 January 2023
Amendments to IAS 12 Tax Reform - Pillar 2 Model Rules.	This amendment introduces a mandatory temporary exemption from the recognition of deferred taxes in IAS 12 related to the entry into force of the Pillar 2 international tax model. It also includes additional disclosure requirements.	1 January 2023

Except as indicated below, these amendments were applied without any significant effect on the reported figures or the presentation or disclosure of information, either because they did not represent a significant change or because they refer to economic events that do not affect the Group.

Regarding the amendments to IAS 12 - Deferred taxes arising from assets and liabilities resulting from a single transaction, the scope of the exemption from initial recognition is reduced so that it does not apply to transactions that generate deductible and taxable temporary differences. Consequently, deferred tax assets and liabilities associated with:

- right of use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the related amounts recognised as part of the cost of the related assets.

The recognition of these deferred taxes, also applicable to the comparative period, had no material impact on equity for the purposes of these condensed consolidated financial statements taken as a whole because they were already recognised before the modification.

As for the amendment to IAS12 - Tax Reform - Pillar 2 Model Rules, the Group is closely monitoring developments surrounding the implementation of international tax reforms that introduce an additional global minimum tax (Pillar 2). In 2023, the International Accounting Standards Board issued amendments to IAS 12 that provide a mandatory, temporary exception from deferred tax accounting for the additional tax and require new disclosures in the annual financial statements.

The Group confirms that it applies the mandatory exception to recognise and disclose information on deferred tax assets and liabilities related to this additional tax. Furthermore, considering the existing regulatory framework, the Group's analysis is still underway. The preliminary conclusions are discussed note 21 on the tax situation.

Standards and interpretations issued but not yet in force

At 31 December 2023, the following standards and interpretations were published by the International Accounting Standards Board (IASB) but are not yet in force, either because the effective date is after the closing date of the consolidated annual accounts or because they had not yet been adopted by the European Union:

Standards, modifications and interpretations	Description	Mandatory application for financial years starting on or after:
Approved for use in the EU		
Amendment to IFRS 16 Lease liability in a sale and leaseback transaction.	This amendment clarifies the subsequent accounting for lease liabilities arising in sale and leaseback transactions.	1 January 2024
Not approved for use in the EU		
Amendments to IAS 1 - Classification of liabilities as current and non-current and liabilities with covenants.	Clarifications regarding the presentation of liabilities as current or non-current, and in particular with maturities contingent upon the fulfilment of covenants.	1 January 2024
Amendments of IAS 7 and IFRS 7 - Financing agreements with suppliers	This amendment introduces specific disclosure requirements for supplier financing agreements and their effects on the company's liabilities and cash flows, including liquidity risk and associated risk management.	1 January 2024
Amendments to IAS 21: Lack of exchangeability	This amendment establishes an approach that specifies when one currency can be exchanged for another or, alternatively, how to determine the exchange rate to be used.	1 January 2025

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

3.2 Measurement standards

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

A) Property, plant and equipment

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

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

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

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

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

In-house work the company's assets is measured at accumulated cost which is obtaining by adding external costs plus in-house costs, which are determined on the basis of in-house materials consumption and manufacturing costs incurred. At 31 December 2023, the company recognised €328 million under 'Other revenue' in the enclosed consolidated income statement for work carried out by the Group for its own property, plant and equipment, most of which relates to wind power projects in Spain, Peru, Australia, Croatia and the Dominican Republic, primarily.

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

Depreciation is generally calculated using a straight-line method on the acquisition cost of the assets less the residual value. It is understood that the land on which buildings and other constructions are built has an indefinite useful life and is therefore not subject to depreciation. Companies depreciate property, plant and equipment by spreading the cost of the assets over the estimated useful life. The annual depreciation rates for financial year 2023 are as follows:

Annual depreciation rate	
ASSETS ASSOCIATED WITH THE ELECTRICAL BUSINESS	
Wind farms	3.33%
Hydroelectric plants	1% - 4%
Photovoltaic solar power plants	3.33%
Other electricity-generating plants	4%-6%
OTHER ASSETS	
Buildings	2%
Other plant and machinery	5%-16.6%
Other plant, tools and equipment	10%-20%
Other PPE	20%-33,3%

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

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

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

B) Leases and right of use

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

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

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

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

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

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

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

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

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

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

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

- Low value leases: This refers to leases that are insignificant, i.e. contracts whose underlying asset is deemed to be of little relevance. The Group has determined that €5,000 is the reference amount for determining the upper limit of this value.
- Short-term leases: Contracts with estimated rental terms less than 12 months.

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

C) Goodwill

Business combinations in which the Group acquires control of one or more businesses are accounted for by the acquisition method in accordance with IFRS 3 Business Combinations.

As part of the business combination process, the excess of the cost of the business combination plus the value assigned to minority shareholders plus the fair value of any previous stake in the acquired business over the net value of assets acquired and the liabilities assumed is recognised as goodwill. The deficit, if any, after evaluating the amount of the consideration paid, the value assigned to minority shares and the identification and measurement of the net assets acquired at fair value are recognised in income.

The acquired assets and liabilities are tentatively measured on the takeover date and then revised no later than one year after the acquisition date.

Goodwill is not amortised; rather, it is tested for impairment each year or more often to see if there are indications of a potential loss in value. To this end, the goodwill arising from the business combinations mentioned above is assigned to each cash-generating unit (CGU) or groups of CGUs which are expected to benefit from the synergies of the business combination. After the initial recognition, goodwill is recognised at cost less any losses due to value impairment.

Goodwill that is generated internally is not recognised as an asset. Goodwill is only recorded when the assets have been acquired for a consideration and they represent anticipated payments by the acquiring entity of the future economic benefits derived from the assets of the acquired entity that are not separately or individually identifiable and recognisable.

For goodwill arising from the acquisition of companies with functional currencies other than the euro, they are converted to euros at the exchange rate in effect on the closing date of the consolidated balance sheet.

D) Other intangible assets

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

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

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

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

Research and development

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

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

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

Administrative concessions and other rights

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

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

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

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

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

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

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

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

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

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

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

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

- These assets are normally built by a member company of the Group. In this regard, the income and expenses related to the construction of infrastructure or betterments are recognised as a gross amount (sales and cost of sales in the consolidated accounts), recognised the construction margin in the consolidated annual accounts. No adjustments were necessary for this reason in 2023 or 2022.

Computer software

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

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

E) Impairment of PPE, intangible assets and companies accounted for using the equity method

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

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

- Relevant fluctuations in the market value of the Group's assets, considering comparable transactions in the different markets.
- Assessment of the forward pricing behaviour of the assets that sell their energy at market prices.
- Unexpected shortfalls in anticipated production that persist over time, due either to technical or evacuation capacity constraints or changes in the assets' technical or economic performance.
- Changes in the leal, regulatory, economic or technological environment where the assets are located.
- Relevant changes in macroeconomic variables such as inflation and interest rates.

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

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

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

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

Fixed assets associated with projects

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

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

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

- There are plentiful historical series from reliable external sources.

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

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

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

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

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

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

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

F) Information to be disclosed on financial instruments

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

- Categories of financial assets and liabilities, including derivative financial instruments and measurement standards are discussed in note 3.2.g).
- Classification of fair value measurements for financial assets and for derivative financial instruments according to the fair value hierarchy established in IFRS 13 are discussed in note 3.2.g).
- Capital disclosure requirements (quantitative and qualitative information) are discussed in note 15.g).
- Accounting and risk management policies are described in Note 18.
- Derivative financial instruments and hedge accounting are discussed in Note 19.
- Transfers from equity to income due to the settlement of hedging operations using derivative financial instruments are discussed in Note 27.

G) Financial instruments

Current and non-current financial assets, except hedges

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

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

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

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

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

  The Group has devised an impairment model based on expected losses resulting from a default event for the next 12 months or for the entire life of the financial instrument, depending on the type of non-current financial asset and how the credit risk has evolved since its initial recognition. This model considers the type of client (public bodies, key accounts, etc.), as well as the credit history for the last five years. Changes in credit ratings from external market sources are used to assess significant change in credit risk for the classification of assets into tranches. For trade debtors and other accounts receivables classified as short-term, the Group has followed the simplified expected loss model established in the standard based on credit loss history.

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

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

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

There were no restatements of the financial assets between the categories defined in the preceding paragraphs in 2023 or 2022.

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

Transfers of financial assets

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

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

Bank overdrafts and loans that accrue interest are recorded at the amount received, net of direct issuing costs.

Finance charges, including premiums payable on settlements or redemptions, and direct issuing costs are recorded based on an accrual criterion on the income statement using the effective interest rate method. They are added to the carrying value of the instrument if not settled in the accrual period.

These obligations are subsequently measured at amortised cost using the effective interest rate method.

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

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

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

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

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

In the case of North American wind farms, for facilities with tax incentives (PTC or ITC) and accelerated tax depreciation (see Annex V), through financing structures known as 'Tax Equity Investments', investment partners are incorporated with a stake in the economic interest of the projects obtained by taking advantage of the tax benefits thereof and until a rate of return is obtained on the investment made, which depends on the performance of the projects themselves. The investment thus maintained is treated by Grupo Corporación Acciona Energías Renovables as related-party debt under the heading of Other non-current and current liabilities. The debt is paid down as the tax benefits are realised, and with a small percentage of the annual free cash generated by the project. The expected maturity of these debts is associated with the tax incentives obtained for the asset, which in the case of the Group's US projects, all of which have PTCs of around 10 years from the project's operating start date and around seven years for ITC projects.

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

As a general rule, with this type of structure no guarantees are provided by the sponsoring partner or the project associated with the investment partner regarding the repayment of the debt or its expected return. Its primary resource is limited to the cash flows from the project itself, to the extent that it is capable of generating them. The Group considers views these types of structures as financial liabilities, as established in IAS 32, although they are analysed on a case-by-case basis. Note 20 on related-party transactions contains a breakdown of the financial liabilities with related-parties related to the recognition of investments in this these types of structures.

Derivative financial instruments and hedges

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

Accounting criteria

Derivatives are recorded at fair value on the date of the consolidated balance sheet (see valuation methods below) under 'Current and non-current financial assets' if the value is positive or 'Current and non-current bank borrowings' if the value is negative. Changes in the fair value of derivative financial instruments are recognised in the consolidated income statement as they occur unless the derivative is designated as a hedge and is highly effective. If the derivative is classified as a hedge and meets the accounting criteria applicable to an effective hedge, it is registered as follows:

- Fair value hedges: hedges contracted to reduce the risk of fluctuations in the value of the assets and liabilities recorded on the consolidated balance sheet (underlying). Gains or losses on the hedging of the underlying is recognised as a hedge adjustment in the consolidated balance sheet, and changes in the value of the underlying and the hedging instrument are recorded under the same heading in the consolidated income statement.

- Cash flow hedges are intended to reduce the potential risk of potential fluctuations of cash flows caused by the payment of the interest accrued on non-current financial liabilities or exchange rate fluctuations. Changes in the fair value of derivatives are designated as hedges are recorded, to the extent that such hedges are cash flow hedges, under the heading of 'Reserves - adjustments due to value changes' in consolidated equity. The cumulative loss or gain is taken to the consolidated income statement to the extent that the underlying has an impact on the income statement due to the hedged risks, netting the effect under the same caption on the consolidated income statement. The changes in value that represent the ineffective part of the hedges are taken directly to the consolidated income statement.

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

The Group's hedging policy

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

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

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

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

The Group has no compound financial instruments with implicit derivatives.

Procedure for measuring derivatives and credit risk adjustment

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

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

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

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

At 31 December 2023, to determine the credit risk adjustment for derivative measurement purposes, the Company used a technique based on simulations of total anticipated exposure (which includes both actual and potential exposure) adjusted by the probability of default over time and severity (or potential loss) assigned to the Company and to each one of the counterparties.

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

EAD * PD * LGD, where:

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

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

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

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

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

To adjust the fair value (market value adjusted by bilateral credit risk), the Company considers the credit enhancements relative to guarantees or collateral when determining the loss severity rate applicable to each position. Severity is considered constant in time. If there are no credit enhancements relative to guarantees or collateral, the standard market rate of 40% for unsecured senior debt is used. However, that rate can be anywhere from 65.2% to 98.4%, depending on the degree of completion of the project (construction or operating phase) and the geographical area (Western Europe, Eastern Europe, North America, Latin America, Oceania and Africa) for derivatives under Project Finance schemes.

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

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

Trade payables

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

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

The balances held under reverse factoring agreements in the Grupo Corporación Acciona Energías Renovables refer, practically in their entirety, to the suppliers of equipment and installations for energy production projects under construction. The nature and characteristics of these commercial agreements do not differ with respect to the liabilities maintained in other similar contracts and the same is true for guarantees and payment conditions. The primary obligor with respect to trade payables is the Group at all times, and the Group does not maintain balances with confirming companies beyond the maturity dates established contractually with suppliers.

Regarding the classification of these items in the cash flow statement and given that practically all of the confirming lines are related to suppliers of plant and equipment for projects under construction, the cash flows are classified as investments, with the item 'Acquisition of property, plant and equipment, intangible assets and other non-current financial assets' on the consolidated cash flow statement rising or falling accordingly during the year.

Current/Non-current classification

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

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

H) Stocks

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

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

I) Treasury stock

The Group measures treasury shares acquired at cost, i.e., the value of the consideration paid plus costs directly related to the transaction. Both the acquisition cost of treasury shares and the final result of transactions involving treasury shares are recognised directly in consolidated equity (see note 15 c).

J) Termination benefits

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

K) Provisions

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

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

Litigation and/or claims in progress

At the end of 2023 and 2022, there were different legal proceedings underway involving the consolidated companies in connection with the normal conduct of their business. The Directors, based on the opinions of the Group's legal advisers, do not believe that these proceedings, once settled, will have a significant effect on the consolidated annual accounts of the financial years in which they are settled; consequently, it was not deemed necessary to set up any additional provisions.

Provisions for pensions and similar obligations

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

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

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

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

For each plan, if the difference between the actuarial liability for past services and the plan's assets is positive, the difference is recorded on the consolidated balance sheet under on the consolidated balance sheet under ‘trade and other accounts receivable’, but only provided that the difference can be recovered by the Group, usually by deducting the amount from future contributions.

The impact of these plans on the consolidated income statement is not significant (see Note 16).

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

Provisions for dismantling

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

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

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

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

Provisions for liabilities

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

L) Grants

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

M) Revenue recognition

Income is calculated as the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered as part of the ordinary course of business, less discounts, VAT and other sales tax.

Income and expenses are recorded based on the accrual principles, i.e., when the real movement of the goods and services they represent takes place, regardless of when the monetary or financial exchange associated with them occurs.

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

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

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

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

Revenue from power sales

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

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

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

According to RD 413/2014, renewable energy generation assets in Spain receive certain incentives. In addition to the remuneration for the sale of generated energy at market prices, these assets may receive specific remuneration composed of a term per unit of power (investment remuneration) that covers the investment costs of a standard facility that cannot be recovered by the sale of energy and a term for the operation that covers the difference between operating costs and revenue from the facility's participation in the market. The Royal Decree also establishes that ministerial orders will update certain remuneration parameters in each regulatory half-period. Order TED/171/2020 established the remuneration parameters for estimating these incentives for the 2020-2022 regulatory period. Subsequently, on 11 December 2022, Order TED/1232/2022 was published, establishing the new remuneration parameters for 2022 as a result of the extraordinary anticipation of the review of parameters approved for that year in application of the provisions of LRD 6/2022, splitting the current half-period into two (2020-2021 and 2022). Likewise, the proposed parameters to be applied to the following regulatory half-period (2023-2025) were published on 28 December 2022 and are expected to be approved by Ministerial Order in early 2023. However, with the publication of Order TED/741/2023 on 8 July 2023, the definitive parameters applicable to the aforementioned period were approved. This Order makes significant adjustments to the prices associated with the band system compared to the published draft, as well as other minor modifications (modification in the application of points to the different prices and bands or correction of the adjustment values of previous years due to the detection of errors in the models).

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

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

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

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

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

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

This situation arises at standard facilities when the Group's management considers the market forecast and estimates at the end of the year that when the remuneration parameters for the next regulatory half-period are adjusted it is highly likely that no return on investment will be obtained (e.g., when the associated NPV is zero). In such cases, the valuation assigned to the liability associated with the adjustment for market price deviations is considered to be zero and therefore the negative differences up to that date are adjusted at that time under the same heading in the consolidated income statement and in accordance with the provisions of IAS 8 with respect to a change in estimates.

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

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

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

Assets originating as a result of positive differences arising from the adjustment for market price deviations are recognised under 'Other non-current assets' in the consolidated balance sheet or under 'Trade and other receivables', depending on whether the debt matures within twelve months of the closing date of the consolidated financial statements. Liabilities materialising as a result of the negative differences arising from this mechanism are recorded under 'Other non-current liabilities' or 'Trade and other payables', again depending on the expected maturity date.

At 31 December 2023, the current situation of the energy market, the expected evolution of energy prices in the short and medium term, the analysis of other qualitative factors and the analysis of the order to update parameters which was published on 8 July 2023 all indicate:

- Practically all of the standard assets operated by the Group in Spain have ceased to receive remuneration for investment at least during the next regulatory half-period (2023-2025). Only the biomass business maintains a certain level of remuneration.

- The evolution of energy prices estimated by the Group's management at year-end anticipates the depletion of the NPV at type IT-00657 to IT-00659 wind power plants operated by the Group in Spain, as it is highly likely that with estimated future prices the minimum guaranteed return in RD 413/2014 will be achieved. Once the minimum guaranteed return is reached, keeping it within the remuneration system entails no significant cost or additional obligation as opposed to abandoning it. In these cases, the Group's directors have reached the conclusion that at the date of these consolidated financial statements exiting the remuneration system would have no more adverse economic consequences than remaining in it. However, in view of the proliferation of regulatory changes in recent months and the expectation that additional changes may be coming given the current situation of energy markets, it would not be prudent for the Group to leave the system at this time.

- On the other hand, for IT-00660 to IT-00663 type wind power plants, and contrary to the estimate at the end of 2022, this price evolution does not guarantee that the minimum return will be achieved during the regulatory life. Therefore, the accumulated negative differences related to these wind power plants were recognised during the year. The impact of recognising these amounts resulted in a €28.6 million increase in liabilities, a €28.6 million decrease in revenue and a €29.8 decrease in pre-tax profit.

- For biomass assets, as estimated at the end of 2022, leaving the remuneration system could have more adverse economic consequences than remaining in it, since this activity could be remunerated during the remainder of its regulatory life, depending on the prices in force during that time.

In view of these circumstances, at 31 December 2023 the Group has recorded €45.2 million in non-current liabilities arising from the adjustment for negative deviations in market prices for IT-00660 to IT-00663 type wind power assets and biomass assets; at 31 December 2022, the Group had recorded €34.5 million in liabilities of this nature for biomass assets only (see 20).

Turnkey project income

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

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

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

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

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

N) Corporate income tax Deferred tax assets and liabilities

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

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

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

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

Recognition of deferred tax liabilities

The Group always recognises deferred tax liabilities except:

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

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

Recognition of deferred tax assets

The Group recognised deferred tax assets as long as:

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

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

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

O) Transactions and balances denominated in foreign currency

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

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

P) Activities affecting the environment

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

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

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

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

Q) Discontinued operations and non-current assets and liabilities held for sale

The Group classifies as non-current assets held for sale property, plant and equipment, intangible assets, other non-current assets and those included under 'Investments accounted for using the equity method' and disposal groups (group of assets to be disposed of together with their directly associated liabilities) when, as of the closing date of the consolidated balance sheet, actions are being take to sell assets for a fair market price and it is estimated that the sale will go through within the next twelve months.

In turn, the Group considers relevant business lines that have been sold or otherwise disposed of or that meet the conditions to be classified as held for sale as discontinued operations, including, where appropriate, other assets which, together with the business line, are part of the same sales plan or a consequence of acquired commitments. Enterprises acquired for the sole purpose of being resold are also considered discontinued operations.

These assets or disposal groups are recognised the lesser of the carrying value or estimated selling value, less the cost incurred to conclude the sale and they cease to be amortised as soon as they are classified as non-current assets held for sale, but at each balance sheet date the related valuation adjustments are made so that the carrying value does not exceed fair value less the cost of the sale.

Non-current assets held for sale and the liabilities directly associated with them, as well as those assets net of discontinued operations, are presented in the accompanying consolidated balance sheet as follows: assets as a single line item titled 'Non-current assets held for sale and discontinued operations'; and liabilities as a single line item titled 'Liabilities held for sale and discontinued operations'.

The after tax profit or loss generated by discontinued operations is presented on a single line on the consolidated income statement as 'After tax profit or loss from discontinued operations'.

As of December of the current year, the Group maintains certain assets as held for sale (see Note 22). These assets do not meet the requirements to be considered as discontinued operations.

R) Earnings per share

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

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

S) Consolidated cash flow statement

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

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

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

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

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

3.3 Accounting estimates and judgments

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

When preparing the enclosed consolidated annual accounts for financial years 2023 and 2022, the Group's management used certain estimates to assess the value of some assets, liabilities, income, expenses and commitments. Basically, these estimates, details of which can be found in the applicable valuation standards, relate to:

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

- The useful lives of property, plant and equipment and intangible assets (see Notes 3.2.a, 3.2.c, 4 and 7).

- The assumptions used to calculate the fair value of financial instruments (see Notes 10, 11, 19 and 25).

- The probability of occurrence and amount, if any, of liabilities of indeterminate amounts or contingent liabilities (see Notes 3.2.j and 16).

- Future costs for decommissioning of assets and restoration of land (see Note 3.2.j and 16).

- The tax results of the various Group companies to be reported to the tax authorities in the future which have been used as the basis for recording the various balances related to income tax in the accompanying consolidated financial statements and the recoverability of the deferred taxes recognised (see Notes 3.2.m, and 21).

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

- Energy supplied to customers in the retail business not yet invoiced (see Notes 3.2.l and 24).

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

These estimates are based on the best information available at 31 December 2023 and 2022 on the events analysed. However, it is possible that future events may require modifications, which would be done, where appropriate, prospectively in accordance with IAS 8 prospectively by recognising the effects of the change in estimate in the consolidated income statement for the years affected.

There were no material changes to the accounting estimates used in 2023 or 2022 compared to prior years.

3.4 Changes in accounting policies and correction of errors

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

There were no changes in accounting policies or corrections of errors in 2023.

4 Property, plant and equipment

The changes in cost, cumulative depreciation of PPE and provisions in 2023 and 2022, in millions of euros, were as follows:

Property, plant and equipment	Land and buildings	Plant and machinery	Other plant	Other PPE	Payments on account and work in progress	Amortisation	Provisions	Total
Balance at 31.12.2021	250	12,625	27	28	610	(5,452)	(623)	7,465
Changes in the scope of consolidation	1	51	8	1		(35)		26
Additions/Funding	3	95	7	1	1,337	(369)	(84)	990
Disposals	(2)	(2)				4	64	64
Transfers		175	2		(177)	(24)	24	--
Translation differences	(2)	219			10	(60)	(1)	166
Balance at 31.12.2022	250	13,163	44	30	1,780	(5,936)	(620)	8,711
Changes in the scope of consolidation	18	1,241				(557)	(84)	618
Additions/Funding		25	11	3	1,900	(417)	(10)	1,512
Removed		(14)			(2)	6	10	--
Transferred	(13)	438	3	2	(990)	319		(241)
Translation differences	(1)	(193)	1	(1)	(61)	65	9	(181)
Balance at 31.12.2023	254	14,660	59	34	2,627	(6,520)	(695)	10,419

The net balances by heading at the end of 2023 and 2022 are as follows:

	2023			2022		
Property, plant and equipment	Cost	Amortisation and provisions	Total	Cost	Amortisation and provisions	Total
Land and buildings	254	(161)	93	250	(164)	86
Technical installations and machinery	14,660	(6,971)	7,689	13,163	(6,317)	6,846
Other facilities	59	(33)	26	44	(29)	15
Other PPE	34	(28)	6	30	(27)	3
Payments on account and work in progress	2,627	(22)	2,605	1,780	(19)	1,761
Total	17,634	(7,215)	10,419	15,267	(6,556)	8,711

The most notable change in 2023 relates to additions due to changes in the scope of consolidation, mainly the full consolidation of Renomar in Spain and the Moura photovoltaic plant in Portugal (see Note 2.3.g).

Moreover, the additions to 'Advances and fixed assets under construction' refer to investments underway, mainly in wind power generation assets in Australia, Canada, Peru and Croatia; photovoltaic generation assets in the United States, Spain, the Dominican Republic and Australia; and a biomass plant in Spain.

Also this year, property, plant and equipment items valued at €247 million, mainly under the heading of technical installations together with their accumulated depreciation, were transferred to 'Assets held for sale' (see Note 22).

Assets valued at 990 million were transferred in 2023 from 'Property, plant and equipment under construction' to 'Technical installations and other' mainly due to the Fort-Bend and High-Point photovoltaic plants in the United States, Bolarque in Spain, Calabaza in the Dominican Republic, the Mortlake wind farm in Australia and the Cunningham battery energy storage plant in the US coming online.

The caption titled 'Translation differences and other' for 2023 includes the effects of fluctuations in the exchange rate during the year, which have mainly affected the facilities located in the United States, Chile and Mexico, whose financial statements are shown in USD, and assets in South Africa and Australia whose currencies depreciated against the euro in 2023.

During 2023, the companies have capitalised financial expenses amounting to 66 million euros (10 million euros at December 31, 2022) in the facilities under construction in the United States, Australia, Peru and Spain (see note 27) as an increase in the value of property, plant and equipment.

At 31 December 2023, the Group's property, plant and equipment consists mainly of wind, solar photovoltaic and hydroelectric power plants located in various geographical areas with different regulatory environments. At 31 December 2023, the Group had recognised impairment in the amount of €695 million (€620 million at 31 December 2022) which included both international markets (mainly the United States, Ukraine, Portugal, Poland, Australia and Italy) and Spanish assets, the latter mostly arising after the regulatory changes in 2012 and 2013. Of the total impairment amount, €306 million is non-reversible.

The Group, in accordance with the internal procedures established in this respect, analyses the evolution of the yields on core assets, assessing compliance or the appearance of deviations in the main assumptions and estimates underlying the impairment tests, as well as the existence of relevant changes vis-a-vis the regulatory, economic or technological environment in the markets where these assets operate, in order to accurately update the impairment provisions for the period. No relevant aspects came to light in 2023 that would require impairment testing, with the exception of operating biomass plants.

In 2023, the Group updated the impairment tests associated with operating biomass energy generation assets located in Spain due to the evolution of market prices and the regulatory changes mentioned in note 2.2, mainly due to LRD 5/2023 of 28 June and the order to update parameters published on 9 July 2023. Among other measures, the expected return on investment for biomass assets has been revised upwards.

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

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

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

- Long-term energy sales price curves. Management's estimates in this case are based on the average annual prices quoted on each market, and for those very long-term periods for which there is no quote or no liquid quote, a price curve based on variations in the quoted prices of gas and other components is used. These prices are adjusted each year by the differences that are historically observed between average market prices and the prices actually captured by each facility (deviations, penalties).

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

- The discount rate used to discount the cash flows of the aforementioned assets was 7.02% (pre-tax) and 6.5% (post-tax).

No material impacts were observed in the analysis that would need to be disclosed in the consolidated income statement at 31 December 2023.

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

Hypothesis	Fluctuation	Total (millions of euros)
Discount rate	-0.50%	(0.5)
	0.50%	0.5
Price curve	-2.50%	2.3
	2.50%	(2.3)
Production	-2%	1,1
	2%	(1.1)

The results of these sensitivity analyses indicate that:

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

- Likewise, upward and downward variations of 2.5% in pool tariffs would result in a €2.3 million reduction and a €2.3 million increase in the provision, respectively.

Finally, upward and downward variations of 2% in the assets' estimated output would result in a €1.1 million decrease in the provision and a €1.1 million increase, respectively.

Fully depreciated property, plant and equipment still in operation at 31 December 2023 totalled €182 million, (€175 million at 31 December 2022), most of which were still in use.

One of the main changes in 2022 relates to additions for investments in work in progress, primarily wind power generation facilities in Australia, Spain and Peru; and photovoltaic generation facilities in the United States, Spain and the Dominican Republic. Additionally, the Cunningham battery storage project in Texas (United States) was acquired in December 2022.

The modifications recorded under 'Changes in the scope of consolidation' in 2022 refer mainly to the acquisition of 50% of the company Páramo de los Angostillos, S.L., which was previously accounted for using the equity method.

In June 2022, Sierra de Selva, S.L.U., a wholly-owned subsidiary of the Group, purchased five wind farms from Desarrollo de Energías Renovables de Navarra, S.A., representing 72 MW of wind power capacity, for a total of €27 million. This purchase was included under 'Additions'.

In 2022, two wind farms and one photovoltaic plant, all of them in Spain, were transferred from 'Advances and fixed assets under construction' to 'Technical installations'.

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

Also in 2022, the Group updated the impairment tests associated with various wind, hydro and biomass power generation assets located in Spain, wind power assets in the United States and photovoltaic plants in Ukraine. This test was also updated in other areas due to the evolution and economic outlook in each one of those jurisdictions, the corresponding energy markets, the status of the projects, the evolution of prices, discount rates and regulatory changes in each one. As a result of this analysis, a net loss of €20 million was recorded under 'Impairment losses'.

At 31 December 2023, the Group companies have commitments to acquire property, plant and equipment amounting to €802 million euros for wind, photovoltaic and biomass assets currently under construction, mainly in Canada, Spain, the United States, Australia and Croatia. The amount committed at 31 December 2022 was €1,203 million, mostly for wind and photovoltaic assets under construction in the United States, Australia and Peru.

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

At 31 December 2023, the net amount of property, plant and equipment used as collateral to secure financial debt associated with a specific project is €1,082 million (€708 million in 2022).

The Group holds mortgaged land and buildings as security for loans granted, the net book value of which at 31 December 2023 amounts to €19 million (31 December 2022: €20 million).

5. Leases

Right of use assets

The changes in 2023 and 2022 were as follows:

Right of use	Land and natural resources	Buildings	Plant	Machinery and vehicles	Amortisation	Total
Balance at 31.12.2021	342	11	91	4	(81)	367
Changes in the scope of consolidation	1	1		5	(4)	3
Additions/Funding	62	6		2	(27)	43
Disposals	(2)		(75)	(1)	33	(45)
Translation differences and other	10	(1)	4		(5)	8
Balance at 31.12.2022	413	17	20	10	(84)	376
Changes in the scope of consolidation	23					23
Additions/Funding	113	5		5	(26)	97
Removed	(1)	(1)		(1)	2	(1)
Transferred	(14)				4	(10)
Translation differences and other	(7)				(2)	(9)
Balance at 31.12.2023	527	21	20	14	(106)	476

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

The additions in 2023 refer mainly to the recognition of new lease contracts under 'Land and natural assets' for €88 million euros, in connection with wind farms and photovoltaic plants located in Australia, the United States, the Dominican Republic and Spain; and the recognition of new lease contracts under 'Buildings' for €4 million for new leases on office space located mainly in the United States and Portugal. The remaining additions reflect amendments to existing leases, due primarily to changes in future payments as a result of consumer price index (CPI) adjustments.

The Group has incorporated additional right of use assets due to the change in the consolidation method of Renomar in Spain and Moura in Portugal, as well as the acquisition of the Solideo Group (see Note 2.3.g).

Also this year, 'right of use assets', mainly land and accumulated amortisation totalling €10 million, were transferred to 'Assets held for sale' (see Note 22).

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

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

Details of the net book value of the right of use assets classified by the type of underlying asset at 31 December 2023 and 2022 are as follows, in millions of euros:

	2023			2022		
Right of use	Cost	Amortisation	Total	Cost	Amortisation	Total
Land and natural assets	527	(80)	447	413	(61)	352
Buildings	21	(8)	13	17	(7)	10
Plant	20	(9)	11	20	(9)	11
Vehicles	14	(9)	5	10	(7)	3
Total	582	(106)	476	460	(84)	376

The Group has availed itself of the exemptions for short-term contracts and low-value assets (see note 3.2 b), with the expense recognised for short-term contracts amounting to €1.4 million in 2023 (€1.5 million in 2022) and for contracts relating to low-value assets amounting to €0.5 million in both years.

In financial year 2023, the Group recognised interest and amortisation expense of €31 million and €26 million, respectively, associated with these lease contracts in the income statement (€26.1 million and €27.3 million, respectively, in financial year 2022).

The total amount of cash lease payments is €48.0 million in financial year 2023 (€53.0 million in financial year 2022).

No impairment was recorded on the Group's consolidated income statement in 2023 or 2022.

Non-current and current lease obligations

The balance of lease liabilities at 31 December 2023 and 2022 is detailed below, in millions of euros:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Lease obligations	19	495	514	16	388	404
Total lease liabilities	19	495	514	16	388	404

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

The maturity dates of the Group's 'Lease obligations' at 31 December 2023 and 2022 are as follows, in millions of euros:

	2023	2022
Maturity	Par value	Par value
Less than one year	47	38
1-5 years	184	146
>5 years	822	606
Total	1,053	790

6. Goodwill

The changes in 2023 under this caption of the enclosed consolidated balance sheet, in thousands of euros, are as follows:

	Balance at 31.12.2022	Additions	Impairment	Change in the scope of consolidation	Other changes	Balance at 31.12.2023
Solideo subgroup	--			13		13
Total	--	--	--	13	--	13

In relation to the goodwill recorded in 2023, at 31 December 31 no circumstances have come to light that would indicate that the hypotheses and assumptions considered at the time of acquisition have experienced any material change.

7. Other intangible assets

The changes in 2023 and 2022 were as follows:

Other intangible assets	Development	Concessions	Others	Computer software	Amortisation	Provisions	Total
Balance at 31.12.2021	14	200	5	33	(114)	(2)	136
Changes in the scope of consolidation	1	94			(2)		93
Additions/Funding	3	8		11	(25)	(1)	(4)
Disposals	(1)						(1)
Translation differences and other		7			(3)	1	5
Balance at 31.12.2022	17	309	5	44	(144)	(2)	229
Changes in the scope of consolidation		1					1
Additions/Funding	1	15		14	(29)	(1)	--
Transferred		(8)			1		(7)
Translation differences and other	1	(11)			4	2	(4)
Balance at 31.12.2023	19	306	5	58	(168)	(1)	219

The net balances by heading at the end of 2023 and 2022 are as follows:

	2023			2022		
Other intangible assets	Cost	Amortisation and provisions	Total	Cost	Amortisation and provisions	Total
Development	19	(11)	8	17	(9)	8
Concessions	306	(124)	182	309	(109)	200
Others	5	(3)	2	5	(2)	3
Computer applications	58	(31)	27	44	(26)	18
Total	388	(169)	219	375	(146)	229

The breakdown of the concessions balance at 31 December 2023 and 2022 is as follows:

	2023			2022		
Concessions	Cost	Amortisation and provisions	Total	Cost	Amortisation and provisions	Total
Intangible concessions (IFRIC 12)	111	(55)	56	115	(51)	64
Other concessions	195	(69)	126	194	(58)	136
Total	306	(124)	182	309	(109)	200

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

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

The most significant changes in 2023 relate to additions of identifiable intangible assets for the development of future renewable projects acquired through the acquisition of shares in companies holding such rights (mainly in Costa Rica).

Transfers to property, plant and equipment were also recorded for a total net amount of €6 million for expectant rights associated mainly with the Bolarque photovoltaic plants in Spain and Calabaza in the Dominican Republic after commissioning. In addition, €1 million in intangible assets (Concessions) were transferred to 'Assets held for sale' (see Note 22).

The most notable changes in 2022 are additions to the scope of consolidation in the amount of €94 million in connection with the acquisition of interests in companies holding rights to intangible assets for energy efficiency and energy management services (Eqinov in France) and intangible assets for future renewable energy projects (mainly in Chile, South Africa and Poland).

Fully amortised intangible assets at 31 December 2023 totalled €44 million, most of them still in use (€39 million at 31 December 2022).

No material impairment of intangible assets was detected in financial year 2023, nor were there any significant deficits not covered by existing provisions at 31 December 2023.

8. Holdings in associates

The changes under this heading on the enclosed consolidated balance sheet in 2023 and 2022 are as follows:

Investee company	Balance at 31.12.22	Pre-tax share in profits (losses)	Interim dividend	Tax effect and other changes	Balance at 31.12.23
Energías Renovables Mediterráneas, S.A.	101	39		(140)	--
Parques Eólicos de Buio, S.L.	49	27	(24)	13	65
Amper Central Solar, S.A.	48	10		(58)	--
Grupo Cathedral Rocks	18	1	(3)		16
Parque Eólico de Deva, S.L.	7			(7)	--
Parque Eólico de Tea, S.L.	10			(10)	--
Parque Eólico de Bobia y San Isidro, S.L.	8	1	(3)	(1)	5
Parque Eólico Ameixenda Filgueira, S.L.	7			(7)	--
Parque Eólico A Ruña, S.L.	5			(5)	--
Blue Canyon Winpower, LLC	1				1
Grupo Energy Corp. Hungary	4	1	(2)	(1)	2
Parque Eólico Virxe do Monte, S.L.	3			(3)	--
Parque Eólico Adraño, S.L.	4	4	(7)	18	19
Grupo Eurovento	2		(1)		1
Parque Eólico Vicedo, S.L.	2			(2)	--
Parque Eólico Currás, S.L.	2			(2)	--
Alsubh Solar Power, S.A.E.	6	1		(2)	5
Sunrise Energy, S.A.E.	6	1		(1)	6
Rising Sun Energy, S.A.E.	6	1		(2)	5
AT Solar V, SAPI de CV	17	(2)		(2)	13
Tuto Energy II, S.A.P.I. de C.V.	18	(1)		(1)	16
Parque Eólico de Abara, S.L.	9				9
Power to Green Hydrogen Mallorca, S.L.	14				14
Eolink, S.A.S.	6			(1)	5
The Blue Circle, Pte. Ltd.	32	(2)		(1)	29
Nordex H2, S.L.U.	34			7	41
Medwind Energy, S.L.				29	29
Others	4			4	8
Total holdings in associates	423	81	(40)	(175)	289

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

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

The caption titled 'Tax effects and other changes' includes, in addition to the tax effect of the result for the year, changes due to derivative values (see Note 19) and gains/losses on exchange amounting to €3.7 million 31 December 2023 (€1.3 million at 31 December 2022).

Disclosures on derivative financial instruments relating to companies accounted for using the equity method are provided in Note 19.

The most important changes recorded in 2023 were the purchase of Med Wind Energy, S.L. and Amper Central Solar, S.A., which are described in Note 2.3.g.

The main changes recorded in 2022 were the acquisitions of shares in the TBC corporate group (The Blue Circle) and in the company Nordex H2, as described in Note 2.3.g.

The assets, liabilities, ordinary income and profit (loss) for financial years 2023 and 2022 are listed below in proportion to the percentage of ownership in the capital of each associate:

	Total 2023	Total 2022
ASSETS		
Non-current assets	544	734
Current assets	126	196
Total Assets	670	930
LIABILITIES		
Equity	289	423
Non-current liabilities	325	410
Current liabilities	56	97
Total equity and liabilities	670	930
RESULT		
Net revenue	204	244
Pre-tax profit	81	110

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

9. Holdings in joint ventures

The holdings of Grupo Corporación Acciona Energías Renovables in joint ventures are listed in Annex II of this report. The most significant amounts included in the consolidated financial statements for financial years 2023 and 2022 in relation to these interests are summarised below:

	2023		2022	
	Companies	Joint ventures and jointly-owned	Companies	Joint ventures and jointly-owned
Net revenue	9	16	4	9
Gross operating profit	(2)	3	3	(6)
Operating profit	(5)	3	2	(7)
Non-current assets	30	13	9	6
Current assets	8	4	3	12
Non-current liabilities	27	17	28	6
Current liabilities	19	5	8	1

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

10. Non-current and current financial assets

The breakdown of the balance of this item on the consolidated balance sheet at the end of 2023 and 2022, presented by type and category for valuation purposes, is as follows:

31.12.2023

Financial assets: Type/Category	Financial assets at fair value through profit or loss	Financial assets at fair value with changes in the consolidated statement of comprehensive income and expenses	Financial assets at amortised cost	Hedge derivatives	Total
Equity instruments	2				2
Other loans with Group companies and associates			37		37
Derivatives				24	24
Other financial assets			4		4
Long-term / Non-current	2	--	41	24	67
Other loans with Group companies and associates			4		4
Other receivables			54		54
Derivatives				8	8
Other financial assets			89		89
Short-term / Current	--	--	147	8	155
Total	2	--	188	32	222

31.12.2022

Financial asset: Type/Category	Financial assets at fair value through profit or loss	Financial assets at fair value with changes in the consolidated statement of comprehensive income and expenses	Financial assets at amortised cost	Hedge derivatives	Total
Equity instruments					--
Other loans with Group companies and associates			29		29
Derivatives					--
Other financial assets			3		3
Long-term / Non-current	--	--	32	--	32
Other loans with Group companies and associates			1		1
Other receivables			68		68
Derivatives				8	8
Other financial assets			123		123
Short-term / Current	--	--	192	8	200
Total	--	--	224	8	232

The amount recognised under ‘Other loans’ at 31 December 2023 and 2022 are mainly deposits that are pledged as a result of the guarantee clauses in the project finance contracts for each one of the operating wind farms, which are subject to market interest rates (see Note 17). The most notable changes in 2023 and 2022 were those related to the funding and release of reserves to cover the debt service of Group companies that signed financing agreements in those years.

The caption titled 'Other loans to Group companies and associates' refers primarily to loans granted to associates which are not eliminated on consolidation and which are subject to annual market interest rates. The market value of these assets does not different substantially from the carrying value.

'Other financial assets', both current and non-current, refer mostly to deposits and bonds provided by the Group, including those provided by the Group company Acciona Green Energy Developments, S.A., to be able to operate in the daily and forward electricity trading markets. Short-term deposits for the placement of cash surpluses are also recorded.

There were no material changes in the balances that make up this consolidated balance sheet item in 2023. Likewise, there were no material impairment losses on the balances comprising non-current and current financial assets.

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

11. Other non-current assets

The composition of this caption at 31 December 2023 and 2022 was as follows:

	2023	2022
Non-current payables	26	26
Derivatives	119	112
Non-current accruals	9	8
Total non-current receivables and other non-current assets	154	146

'Non-current receivables' at 31 December 2023 refer mainly to the credit rights of a Chilean subsidiary with the Chilean energy market regulator derived from a pending update of the tariff associated with a PPA entered into with the latter in the amount of €26.2 million (€25.8 million at 31 December 2022).

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

- €19.8 million is the fair value at 31 December 2023 of the commodity derivatives contracted by Group subsidiaries in Australia for the supply of energy under which they are able to fix the forward selling price of electricity for a certain volume of power generated. These contracts are recognised at market value. €38.1 million is the recognised value at 31 December 2023 of the designated hedging derivatives entered into in Spain by the Group's trading subsidiary related to forward power purchase contracts which are settled by differences and which are taken out to eliminate the price risk with respect to contracts for the delivery of power to customers at a fixed price.

- €71.3 million is the fair value at 31 December 2023 of the commodity derivatives contracted by Group subsidiaries in Australia for the supply of energy under which they are able to fix the forward selling price of electricity for a certain volume of power generated (€59.6 million at 31 December 2022). These contracts are recognised at market value.

- €19.1 million is the fair value at 31 December 2023 of a commodity derivative contracted by a Chilean subsidiary for the supply of energy to a customer at an inflated fixed price (€13.8 million at 31 December 2022). This contract is valued at the market rate and changes in value are recorded in consolidated income as the result of changes in the value of financial instruments at fair value.

The initial value of this contract, originally recognised as 'Deferred income', is presented net of the value of the associated derivative. The gross amount of the derivative is €45.1 million euros, of which €26 million were netted at 31 December 2023. At 31 December 2022, the gross amount was €44.5 million, of which €30.7 million was netted.

- €9.2 million is the fair value at 31 December 2023 of the commodity derivatives contracted by Group subsidiaries in the United States for the supply of energy under which they are able to fix the forward selling price of electricity for a certain volume of power generated. These contracts are valued at market value.

12. Inventories

The composition of the Group's inventories at 31 December 2023 and 2022 is as follows:

	2023	2022
Raw materials, other supplies and trade inventories	194	163
Advances delivered	19	18
Provisions	(38)	(33)
Total inventories	175	148

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

The Group makes adjustments for impairment if there are reasonable doubts about the total or partial recovery of these assets, the changes in which are recorded under 'Depreciation and amortisation charge and change in provisions' in the consolidated income statement (see Note 25). This year a provision of €5 million was set up for value corrections (€6 million in 2022).

13. Trade and other receivables

The composition of the balance at 31 December 2023 and 2022 was as follows:

	2023	2022
Trade receivables from sales and services	731	437
Receivables, group companies (Note 32)	105	101
Receivable, associates (Note 32)	17	32
Sundry debtors	25	15
Derivatives (Note 19)	14	59
Provisions	(24)	(13)
Trade and other accounts receivable	868	631
Advance payments from customers	(3)	(3)
Total net balance at 31 December	865	628

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

At the end of 2023, the Group has €137 million in non-recourse factoring (€250 million at the end of 2022). The Group enters into these contracts with certain financial institutions, selling the Group's receivables under specific commercial terms and conditions.

The caption titled 'Receivables, Group companies' refers primarily to loans with the parent company in the amount of €86 million 31 December 2023 (€78 million at 31 December 2022) as a consequence of being a member of the tax group whose parent company is Acciona, S.A. This refers to the domestic companies pertaining to Grupo Corporación Acciona Energías Renovables that are subject to the applicable tax laws. regulations are applicable.

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

	2023	2022
Invoices up to 3 months old	701	419
Invoices between 3 and 6 months old	6	6
Invoices more than 6 months old	24	12
Total	731	437
Past due invoices more than 3 months old not provisioned	6	7

Changes in the impairment provision for receivables are as follows at 31 December 2023 and 2022:

	2023	2022
Opening balance	(13)	(10)
Increase in provisions for impairment of trade receivables	(11)	(3)
Closing balance	(24)	(13)

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

14. Cash and other liquid assets

The composition of the balance at 31 December 2023 and 2022 was as follows:

	2023	2022
Cash	667	591
Deposits and other	69	21
Total cash and cash equivalents	736	612

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

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

In financial years 2023 and 2022, cash and cash equivalents earned market interest rates.

15. Equity

a) Subscribed and registered share capital

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

At 31 December 2023, the parent company's majority shareholder is Acciona, S.A. As mentioned in Note 1, on 1 July 2021 a portion of the parent's shares were admitted to trading on the Spanish Stock Market Interconnection System (SIBE - Madrid, Barcelona, Valencia and Bilbao Stock Exchanges). At the date of these consolidated annual accounts, the majority shareholder of Corporación Acciona Energías Renovables is Acciona, S.A., with 83.27% of the shares. The remainder is freely traded on the stock exchange.

There are no balances or transactions with the majority shareholder other than those detailed in Note 32.

b) Retained earnings

The balance in the 'Share premium' account, which at 31 December 2023 and 2022 was €2,599,689,000, arose as a result of a series of capital increases carried out with share premiums. Article 296 of the Revised Text of the Capital Companies Act expressly permits the use of the balance of the share premium account to increase capital and places no specific restrictions on the availability of said balance. The breakdown of the issue premium, reserves and translation differences on the statement of change in equity is as follows:

	2023	2022
Issue premium	2,600	2,600
Legal reserve	66	66
Voluntary reserves	1,763	1,433
Reserves for fully or proportionally consolidated companies	710	551
Reserves in companies accounted for using equity	(46)	44
Reserves Subtotal	5,093	4,694
Translation differences	(27)	92
Total Reserves	**5,066**	**4,786**

On 22 March 2021, Acciona, S.A., the majority shareholder of Corporación Acciona Energías Renovables, S.A., approved the contribution of shareholders through which it proceeded to capitalise €1,859,000,000 of the financial debt held with Acciona Group companies at that date and in particular of that held with Acciona Financiación Filiales, S.A., through a non-monetary contribution of the credit rights with this subsidiary made by the Company's shareholder (Acciona, S.A.). Previously, Acciona Financiación Filiales, S.A. transferred these credit rights to Acciona, S.A. under a purchase and sale agreement entered into on the same date.

c) Treasury stock

Changes under this balance sheet heading in 2023 and 2022 are as follows:

	2023		2022	
	Number of shares	Cost (millions of euros)	Number of shares	Cost (millions of euros)
Opening balance	130,951	4	53,937	2
Added	3,057,275	100	3,785,996	137
Removed	(3,058,344)	(100)	(3,708,982)	(135)
Changes in liquidity contracts	(1,069)	--	77,014	2
Rest of additions	2,512,865	65		
Rest of removals				
All other changes	2,512,865	65	--	--
Closing balance	2,642,747	69	130,951	4

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

Noteworthy in 2023 was the block purchase transaction whereby a total of 100,000 of the Company's own shares, which is equal to 0.03% of the capital, were acquired as direct treasury shares, at a price of €33.80 per share.

On 27 August 2023, the Board of Directors approved a temporary programme for the repurchase of treasury under the authorisation granted by the General Shareholders' Meeting held on 26 May 2021 (the 'Buyback Programme') and pursuant to the provisions of Articles 2.2 and 2.3 of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council on market abuse, temporarily suspending the liquidity contract as a result. Within the framework of this Buyback Programme, in 2023 the Company carried out transactions with its own shares. The Buyback Programme ended on 27 February 2024. These transactions are shown as 'Other transactions'.

The Treasury Stock Buyback Programme will affect a maximum of 4,938,759 shares, or approximately 1.5% of the Company's capital, up to a maximum monetary value of €173 million. The purpose of the Buyback Programme is to reduce capital by redeeming up to 4,488,759 shares, approximately 1.36% of the Company's capital, subject to a resolution of the General Shareholders' Meeting. The Buyback Programme is also intended to provide a pool of shares, up to 450,000, or approximately 0.14% of the Company's capital, to meet the obligations that may arise from the Share Delivery Plans for executive directors, executives and employees of the Group.

In 2023, the loss recorded in reserves from transactions with treasury stock carried out under the liquidity contract was €0.1 million (gain of €0.3 million in 2022).

d) Reserves in consolidated companies and conversion differences

The details of the consolidation reserves contributed by subsidiaries, joint ventures and associates and the conversion differences at 31 December 2023 and 2022 are as follows:

	2023		2022	
	Consolidated reserves	Gains(losses) on exchange	Consolidated reserves	Gains(losses) on exchange
Corporación Acciona Energías Renovables, S.L.U.	704	18	1,052	59
Acciona Energía Subgroup	181	(54)	437	(2)
Ceólica Hispania subgroup (*)	(256)	(1)	(483)	(1)
Alabe Sociedad de Cogeneración Subgroup	138		86	
Ineuropa de Cogeneración Subgroup	(27)		(27)	
Acciona Saltos de Agua Subgroup	(66)		(112)	
Corporación Acciona Eólica, S.L.U.	8		(205)	
Corporación Acciona Hidráulica, S.L.U.	10		(118)	
Acciona Eólica de Galicia, S.A.U.	11		(4)	
KW Tarifa, S.A.U.	3		(10)	
Acciona Energía Financiación Filiales, S.A.	(43)	10	(21)	36
Others	1		0	
Total	664	(27)	595	92

(*) Formerly Grupo Ceatesalas

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

e) Valuation adjustments in equity

- Cash flow hedges

This section, included under 'Retained earnings' on the consolidated balance sheet, includes the net amount of the tax impact of the changes in the value of financial derivatives designated as cash flow hedging instruments (see Note 19).

The changes in the balances under this heading in 2023 and 2022 are shown below:

	2023	2022
Balance on 1 January	161	4
Net increase for the year	276	247
Net decrease for the year	(274)	(34)
Transfer to FY profit (loss)	(131)	(55)
Changes in the scope of consolidation		(1)
Balance at 31 December	32	161

The main upward and downward changes during the year were due to changes in the value of power purchase and sale derivatives designated as accounting hedges due to energy price increases (see Note 19).

f) Minority interests

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

The details under this heading for financial years 2023 and 2022 were as follows:

Company	Balance at 31.12.22	2023 Profit	Change in scope of consolidation	Translation differences	Balance at 31.12.23
Energías Renovables Mediterráneas, S.A.		12	118	(25)	105
Compañía Eólica Granadina, S.A.	6			(4)	2
Eólica de Villanueva, S.L.	1				1
Eólica de Zorraquín, S.L.	2				2
Grupo Acciona Energía Internacional	374	29		(29)	374
Others	8	2		(5)	5
Total minority interests	391	43	118	(63)	489

Company	Balance at 31.12.21	2022 Profit	Change in scope of consolidation	Translation differences	Balance at 31.12.22
Compañía Eólica Granadina, S.A.	5	3		(2)	6
Eólica de Villanueva, S.L.	1	1		(1)	1
Eólica de Zorraquín, S.L.	1	1			2
Grupo Acciona Energía Internacional	366	30		(22)	374
Other	6	1	3	(2)	8
Total minority interests	379	34	3	(27)	391

At 31 December 2023, the amount recorded under 'Other items' includes a decrease of €59 million in minority interests for dividends and other refunds distributed to minority shareholders, as well as changes due to changes in the value of financial derivatives and translation differences.

The composition of the balance under this heading on the enclosed consolidated balance sheet at 31 December 2023 and 2022 is as follows, by item, in millions of euros:

	2023			2022		
Company	Capital and reserves	Result	Total	Capital and reserves	Result	Total
Grupo Acciona Energía Internacional	345	29	374	344	30	374
Energías Renovables Mediterráneas, S.A.	93	12	105			
Compañía Eólica Granadina, S.A.	2		2	3	3	6
Eólica de Villanueva, S.L.	1		1		1	1
Eólica de Zorraquín, S.L.	2		2	1	1	2
Others	3	2	5	7	1	8
Total minority interests	446	43	489	355	34	391

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

31.12.2023	Acciona Energía Internacional Subgroup
% minority interests	25.00%
ASSETS	
Non-current assets	2,165
Current assets	282
Total Assets	2,447
LIABILITIES	
Equity	1,028
Equity	870
Minority interests	158
Non-current liabilities	1,238
Current liabilities	181
Total Liabilities	2,447
RESULTS	
Trade union	479
Operating results	211
Pre-tax	131
After tax	86
Attributable to minority shareholders	(10)
Attributable to the parent company	76
CASH FLOW STATEMENT	
Cash flows from operations	172
Cash flows from investments	(2)
Cash flows from financing	(181)

31.12.2022	Acciona Energía Internacional Subgroup
% minority interests	25.00%
ASSETS	
Non-current assets	2,384
Current assets	306
Total Assets	2,690
LIABILITIES	
Equity	998
Equity	831
Minority interests	167
Non-current liabilities	1,464
Current liabilities	228
Total Liabilities	2,690
RESULTS	
Trade union	510
Operating results	209
Pre-tax	153
After tax	98
Attributable to minority shareholders	(7)
Attributable to the parent company	91
CASH FLOW STATEMENT	
Cash flows from operations	267
Cash flows from investments	(49)
Cash flows from financing	(185)

g) Cash management

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

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

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

The gearing ratio at 31 December 2023 and 2022 was as follows:

	31.12.2023	31.12.2022
Net financial debt:	3,726	2021
Non-current bank borrowings (Note 16)	1,510	403
Non-current bonds and debentures (Note 16)	2,325	1,361
Non-current lease obligations (note 5)	495	388
Current bank borrowings (Nota 16)	103	58
Current bonds and debentures (Note 16)	165	607
Current lease obligations (note 5)	19	16
IFT (Notes 9 and 13), cash and cash equivalents	(891)	(812)
Equity:	6,356	6,261
Of the Parent	5,867	5,870
Minority shareholders	489	391
Leveraging	0.59	0.32

h) Restrictions on the availability of subsidiaries' funds

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

16. Provisions and Litigation

a) Non-current provisions

The changes under the heading of ‘Non-current provisions’ on the liability side of the consolidated balance sheet at 31 December 2023 and 2022, by item, in millions of euros, are as follows:

	Provisions for pensions and similar obligations	Provisions for risks and charges	Provision for liabilities	Total
Balance at 31.12.21	4	170	2	176
Additions and funding	2	7		9
Disposals	(2)			(2)
Transfers	1	(1)		-
Other changes		(22)		(22)
Balance at 31.12.22	5	154	2	161
Additions and funding	1	10		11
Removed				-
Transfers				-
Other changes		22		22
Balance at 31.12.23	6	186	2	194

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

Provisions for pensions and similar obligations

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

- The acquisition of assets and/or companies from the Endesa Group in 2009, which included a defined benefit pension plan with salary increases limited to the consumer price index. The group of employees considered includes 79 people (79 in 2022), 34 of whom are already semi-retired or retired (34 in 2022). Not all of these employees are in the same situation or eligible for the same benefits.

  The hypotheses used to calculate the actuarial liability for the uninsured defined benefit commitments are as follows at 31 December 2023 and 2022:

	2023	2022
Interest rate	3.39%	3.74%
Mortality rates	PERM / F2020	PERM / F2020
Expected return on assets	3.39%	3.74%
Salary increase	1.50%	1.50%

The information on the variation in the actuarial liabilities for defined benefit commitments at 31 December 2023 and 2022 is as follows, in millions of euros:

	2023	2022
Initial actuarial liability	1	3
Profit/(loss) for the year	--	(2)
Final actuarial liability	**1**	**1**

The information on the variation in the actuarial assets for defined benefit commitments at 31 December 2023 and 2022 is as follows, in millions of euros:

	2023	2022
Initial actuarial assets	1	2
Profit/(loss) for the year	-	(1)
Final actuarial assets	**1**	**1**

- At the end of 2021 and following the assumption of personnel as a result of regulatory changes in Mexico, a subsidiary of the Group in Mexico assumed the obligation for a retirement plan that is not outsourced. The group of employees considered includes 88 people (59 people in 2022).

  The hypotheses used to calculate the actuarial liability for the uninsured defined benefit commitments are as follows at 31 December 2023:

	2023	2022
Interest rate	9.85%	9.75%
Mortality rates	EMSSA-09	EMSSA-09
Salary increase	5.00%	6.00%

  The information on the variation in the actuarial liabilities for defined benefit commitments at 31 December 2023 is as follows, in millions of euros:

	2023	2022
Initial actuarial liability	2	--
Accrued cost for the year		2
Final actuarial liability	**2**	**2**

At 31 December 2023 and 2022, all actuarial assets and liabilities referred to the defined benefit commitments located in Spain and Mexico.

The amounts recorded in the consolidated income statement for defined benefit pension obligations totalled €0.4 million at the end of 2023 (€2 million in 2022) which included the cost for the year plus the yield and the financial cost of the assets and liabilities associated with these employee benefits.

b) In addition, there are obligations to provide certain fringe benefits to employees during the retirement period, mainly related to electricity (affecting certain employees with 10 years or more of recognised seniority in the group of people included in the plan in Spain), as well as seniority bonuses and other items included in the Mexican subsidiary's collective bargaining agreement. These obligations are not outsourced and are covered by internal provisions. The total amount for these items was €3.1 million 31 December 2023 (€1.7 million at 31 December 2022).

The actuarial changes recorded for these other items generated a gain of €1.3 million in 2023 (€0.8 million in 2022).

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

Provisions for risks and charges

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

The decommissioning provision is the directors' best estimate of the cost of the decommissioning commitments assumed in relation to the electricity production plants operated by the Group internationally, when the Group concludes, following an analysis of the specifics of these contracts, that there is an obligation to decommission these assets. These provisions are initially recognised with a charge to 'Property, plant and equipment' and therefore have no impact on the income statement at the time of initial recognition. The balance for this item at 31 December 2023 was €186 million (€153 million at 31 December 2022).

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

	Discount rate	Inflation
USA	4.17 - 4.38%	2.6%
Mexico	4.18%	2.5%
Canada	4.40%	2.2%
Italy	3.90%	2.0%
Poland	5.22%	2.7%
Portugal	2.79 - 3.15%	2.0%
India	8.00%	6.0%

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

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

The Group's management does not believe there will be any additional liabilities for which provisions have not been made in the financial statements at 31 December 2023 and 2022.

b) Current provisions

The changes under the heading of 'Current provisions' on the liability side of the consolidated balance sheet at 31 December 2023 and 2022, by item, in millions of euros, are as follows:

	Other provisions	Total
Balance at 31.12.21	2	2
Additions and funding	2	2
Balance at 31.12.22	4	4
Additions and funding	4	4
Removed	(3)	(3)
Balance at 31.12.23	**5**	**5**

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

Litigation

At the date of these consolidated annual accounts, the Polish company Golice Wind Farm Sp. z.o.o. is in the midst of a dispute with its main customer (ENEA) over the unilateral termination by the latter of the CPA (bilateral agreement for the purchase and sale of emission certificates from the production of energy from renewable resources) signed between the parties. In August 2020, the Poznan court of first instance handed down a judgment in which the plaintiff's arguments regarding the termination without quantification of the damage caused were accepted in full and, in addition, ENEA was ordered to pay the unpaid invoices for 2017 and 2018, with interest. An extension of the claim was filed claiming damages up to October 2020, and the quantification of damages up to that date was estimated at 53.3 million zlotys (approximately €11.6 million euros), including late interest. On 21 February 2022, the Court of Appeal upheld the decision recognising the termination of the CAP by ENEA as improper and without effect, leaving the final amount of damages to be paid by ENEA to Golice to be determined. ENEA lodged an appeal in cassation against this decision with the Supreme Court (and GWF filed a response to that appeal). At the date of these consolidated annual accounts, the Supreme Court's decision is pending.

17. Financial debt

a) Bank borrowings:

The details of the balances payable to banks at 31 December 2023 and 2022 on recourse and non-recourse loans, where non-recourse loans are understood as unsecured debt whilst recourse debt is limited to the debtor's cash flows and assets, are as follows in millions of euros:

	2023		2022	
Item	Non-current	Current	Non-current	Current
Non-recourse bank borrowings	303	70	311	45
Project financing	280	61	279	35
Other project-related payables	23	8	31	9
Fixed asset mortgage expenses		1	1	1
Recourse bank borrowings:	1,207	33	92	13
Other project-related recourse debt	1,207	33	92	13
Total payables to banks	1,510	103	403	58

In 2023 and 2022, the loans and lines of credits taken out by Grupo Corporación Acciona Energías Renovables accrued interest mostly referenced to Euribor for financing in euros, although part of the debt is also referenced to other indices such as Term SOFR and SOFR for debt in US dollars, WIBOR for Polish Zlotys and JIBAR for South African rands, as the most relevant indices outside the Eurozone. A significant part of the debt of Grupo Corporación Acciona Energías Renovables is hedged using financial derivatives in order to reduce the volatility of the interest rates paid by the Group.

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

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

In 2023, current and non-current 'Project finance' balances show a net increase of €26 million, mainly due to the increases resulting from the integration of Renomar (€97 million). Also included under this heading are the scheduled repayments of these types of loans, as well as the positive effect of the gains on exchange for the period, mainly those arising from projects denominated in US dollars.

However, the Group's main source of financing is recourse debt. There were several bank financing operations with recourse in 2023, the most relevant being a three-year €750 million syndicated line of credit for the subsidiary Acciona Energía Financiación Filiales, S.A. underwritten by 29 national and international financial institutions. This line of credit includes a discount on the applicable interest rate of 5 basis points based if certain sustainable local impact objectives are met, in addition to being 'green' due to how the funds are used. In terms of liquidity, this financing gives the Group more flexibility since the credit line allows for the drawdown of the amounts that are amortised during the drawdown period (revolving credit facility).

The main change in recourse debt under 'Other bank loans and credit facilities' in 2023 is a net increase of €1,135 million due to drawdowns of credit facilities, the disbursement of new borrowings contracted during the year and drawdowns of financing granted at the end of the previous year (December 2022) under the syndicated loan extended to Acciona Energía Financiación Filiales Australia Pty. Ltd. in the amount of A$400 million and the CESCE hedged loan granted to the subsidiary MacIntyre Wind Farm Pty Ltd in excess of A$1 billion. The latter loan was novated in December 2023 to reflect the change of borrower, the new borrower being Acciona Energía Financiación Filiales Australia Pty. Ltd. All these contracts are subject to market interest rates.

On 26 May 2021, the subsidiary Acciona Energía Financiación Filiales, S.A. entered into a financing agreement with a syndicate of banks for a total amount of €2.5 billion guaranteed by its parent company Corporación Acciona Energías Renovables, S.A. The financing was divided into three tranches: tranches A and B for a maximum amount of €1 billion each and tranche C for a maximum amount of €500 million. The purpose of this transaction was primarily to prepare the financial structure of Grupo Corporación Acciona Energías Renovables for its IPO, providing it with financial autonomy as a listed company independent from the parent company. It should be noted here that tranches A and B were repaid early, leaving only tranche C, a revolving line of credit with a €500 million credit limit which is still in force. In June 2022 and June 2023, all lenders agreed to the request to extend tranche C, with the new maturity date for this tranche being 26 May 2028.

At 31 December 2023, Group companies had unused bank financing available to them in the amount of €1,888 million. The Group's Directors believe that these lines of credit and the ordinary cash that will be generated, along with the realisation of current assets, are sufficient to cover its short term payment obligations.

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

At 31 December 2023, the credit risk adjustment resulted in a €0.2 million reduction in the value of the derivative liability which was recognised, on the one hand, as a reduction of €0.2 million in bank borrowings, and on the other hand as a reduction in the financial burden of the subsidiaries. The net effect of this modification on equity adjustments for the valuation of cash flow hedges was a gain of €0.2 million.

Furthermore, certain investee companies have made commitments to distribute profits and maintain a series of financial ratios that are calculated on the individual financial statements at the end of each financial year, including the maintenance of certain balances in cash accounts (see Note 10).

At 31 December 2023 and 2022, neither the parent company nor any of its major subsidiaries had breached any of their financial obligations or any other type of obligation that could lead to the early termination of the loan agreements. There were no defaults or other breaches of obligations to pay principal, interest or amortisations on the balances payable to financial institutions in 2023 or 2022.

The breakdown of the nominal value of financial debt by contractual maturity date (excluding the value of cash flow hedging instruments) at 31 December 2023 is as follows:

2024	2025	2026	2027	2028	2029	Thereafter	Total
85	388	120	82	321	90	542	1,628

b) Bonds and debentures

Set out below are the details at 31 December 2023 and 2022 of the outstanding balance of debt securities issued by the Company or other members of the Group at those dates, as well as the changes in this balance during 2023 and 2022:

(Millions of euros)	31.12.23				
	Balance at 31.12.2022	Emissions	Repurchases or redemptions	Adjustment due to exchange rates, changes in scope and other	Balance at 31.12.2023
Debt securities issued in a member state of the European Union that require the registration of an informative prospectus.	1,585	2,582	(2,049)	17	2,135
Other debt securities issued outside a member state of the European Union (with recourse)	188		(8)	1	181
Other debt securities issued outside a member state of the European Union (without recourse)	195		(15)	(6)	174
Total current and non-current	1,968	2,582	(2,072)	12	2,490

(Millions of euros)	31.12.22				
	Balance at 31.12.2021	Emissions	Repurchases or redemptions	Adjustment due to exchange rates, changes in scope and other	Balance at 31.12.2022
Debt securities issued in a member state of the European Union that require the registration of an informative prospectus.	1,006	2,879	(2,303)	3	1,585
Other debt securities issued outside a member state of the European Union (with recourse)		188			188
Other debt securities issued outside a member state of the European Union (without recourse)	196	0	(14)	13	195
Total current and non-current	1,202	3,067	(2,317)	16	1,968

At 31 December 2023, the details of the issues making up the balance under this heading are as follows:

- Placement of a private bond issue carried out on 10 August 2012 with a credit rating of BBB by Standard & Poors and BBB- by Fitch, by the Mexican subsidiaries CE Oaxaca Dos, S. de R.L. de C.V. and CE Oaxaca Cuatro, S. de R.L. de C.V. in the amount of US$ 298.7 million. The purpose of this bond issue was to finance the development, construction and operation of a number of projects for 102 MW of wind power each, the end client being the Federal Electricity Commission (CFE). The issue accrues 7.25% annual interest, payable every six months on 30 June and 31 December each year through 31 December 2031. The amortisation of the debt began on 31 December 2012 and will continue with payments every six months until the debt is paid in full on 31 December 2031. At 31 December 2023, the non-current and current outstanding balances due, net of transaction costs and considering unpaid accrued interest, totalled €160 million and €14 million, respectively (€180 million and €15 million in 2022).

- Euro Commercial Paper (ECP) programme established on 20 July 2021 and renewed successively since then for 12-month periods, the last renewal being on 21 July 2023. This programme listed on Euronext Dublin is subscribed by Acciona Energía Financiación Filiales, S.A. and is guaranteed by Corporación Acciona Energías Renovables, S.A. up to a maximum amount of €2 billion. Promissory notes under this programme are issued at a discount and have maturities ranging between 3 and 364 days. The rating agency Fitch has given the programme an F3 rating.

At 31 December 2023, the total balance recognised for the bonds issued under this programme is €125.5 million, net of transaction costs and considering unpaid accrued interest, all of it recorded as non-current on the consolidated balance sheet.

- Euro Medium Term Note (EMTN) programme of Acciona Energía Financiación Filiales, S.A. established on 20 July 2021 and last renewed on 21 July 2023. The programme is underwritten by the parent, Corporación Acciona Energías Renovable, S.A. and has a limit of €3 billion. The rating agencies Fitch and DBRS have given the programme ratings of BBB- and BBB (high) respectively. Both the initial prospectus and its renewals and supplements are approved by the Central Bank of Ireland. The securities issued under this programme may be denominated in euros or another currency, may accrue fixed or floating interest, may have different maturity dates for interest and principal and may be issued at par, with a premium or under par.

  On 7 October 2021, a 6-year, €500 million green government bond was issued under this programme. The annual coupon was set at 0.375%. On 26 January 2022, a second €500 million public bond with a 10-year maturity was issued under this programme. The annual coupon was set at 1.375%. There were two new issues under this programme in 2023. In April 2023, a 7-year, €500 million green public bond was issued with an annual coupon of 3.75%. In October 2023, the last issue to date was a new 7.5-year, €500 million bond with an annual coupon of 5.125%.

  To date, all issues made under this programme are structured in accordance with the Acciona Group's green financing framework which is fully aligned with the taxonomy of sustainable activities and the stringent requirements of the EU green bond framework.

  At 31 December 2023, the total balance recognised for the bonds issued under this programme is €1,984.9 million, net of transaction costs, with the non-current portion recognised in the consolidated balance sheet. The current portion of accrued but unpaid interest is recorded in the consolidated balance sheet.

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

At 31 December 2023, there are no convertible bond issues or others that confer privileges or rights which could in the event of a contingency make them convertible to shares of the parent company or any of the Group companies.

The breakdown of the nominal value of these obligations, by contractual maturity date at 31 December 2023 is as follows:

2024	2025	2026	2027	2028	2029	Thereafter	Total
140	16	18	520	23	26	1,742	2,485

c) Other debt information

At 31 December 2023, the average interest on bank borrowings and other debt assumed in the form of debentures and bonds was 4.23% (3.62 % at 31 December 2022).

In 2023, the percentage of debt not subject to interest rate volatility was 58.94% (87.57% in 2022).

The composition of financial debt denominated in currencies other than the functional currency at 31 December 2023 and 2022, classified by the main currencies in which the Group operates, is as follows (in millions of euros):

Currency	2023	2022
U.S. dollar	500	481
South African rands	136	165
Australian dollar	880	7
Indian rupee	31	33

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

Balance at 31.12.21	2.379
Cash inflows	2,383
Cash outflows	(2,365)
Variation	(12)
Changes in consolidation scope	9
Translation differences	35
Balance at 31.12.22	2,429
Cash inflows	4,176
Cash outflows	-2,265
Transferred from held for sale (Note 22)	(362)
Variation	1
Changes in consolidation scope	117
Translation differences	6
Balance at 31.12.23	4,102

18. Risk management policy

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

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

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

Interest rate risk

Interest rate fluctuations modify the future flows of the assets and liabilities tied to an adjustable interest rate. Interest rate risk is particularly significant as far as financing the construction of wind farms and other renewable energy plants is concerned, where the project returns can be affected by fluctuations in interest rates (see Note 17). This risk is mitigated through hedging operations by contracting derivatives (mainly interest rate swaps (IRS); see Note 19).

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

The reference interest rate on the debt contracted by the member companies of Grupo Corporación Acciona Energías Renovables is mainly Euribor for operations in euros; SOFR for operations in USD, both in the United States and in other Latin American countries where this is often the currency in which they are financed, as the cash flow generated by the assets are also denominated in this currency; BBSY for financing in Australian dollars, and JIBAR for financing in South African rand.

In order to analyse the effects which a change in interest rates could have on the Group's accounts, we did a simulation assuming a 50 bp increase and decrease in variable interest rates at 31 December 2023.

This analysis of the Group's sensitivity to an upward or downward variation of 0.50% in the floating interest rate tied to the Euribor and SOFR showed that the impact on the consolidated income statement of the Grupo Corporación Acciona Energías Renovables as a result of the increase or decrease in interest payments amounted to €8.4 million at 31 December 2023.

Sensitivity test of derivatives and indebtedness

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

The results of the analysis of sensitivity to upward or downward movements in the long-term interest rate curve in relation to the fair value of interest rate derivatives forming part of cash flow hedging relationships recorded in 'Equity', contracted by the Group at 31 December 2023 and based on the percentage of ownership, shows a decrease in the value of the consolidated financial derivative debt in the event of a 1% increase in the interest rate curve (lower net assets).

Exchange rate risk

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

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

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

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

- Investments in foreign companies.

Natural hedges are used to the extent possible. This means taking out financing in the same currency in which the asset is denominated (natural hedging). When this is not possible, the Group arranges currency derivatives (mainly foreign exchange hedges) to hedge transactions involving cash flows in a different currency.

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

The composition of current and non-current assets, liabilities and equity at 31 December 2023 in the main currencies in which the Group operates is as follows, in millions of euros:

Currency	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Sensitivity -10%
US dollar	5,366	385	3,166	736	1,849	185
South African rands	156	61	160	24	33	3
Australian dollar	1,582	413	1,620	178	197	20
Canadian dollar	355	16	193	108	70	7

Credit risk

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

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

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

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

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

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

Liquidity risk

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

The ultimate responsibility for managing liquidity risk lies with the Group's Corporate Finance Department, which devises an appropriate framework for controlling the Group's cash needs in the short, medium and long term. The Group manages its liquidity by maintaining adequate reserves, appropriate banking services and the availability of loans and credit facilities by constantly supervising the forecasts and the actual flow of funds and pairing these with the maturity profiles of the financial assets and liabilities (see Note 17).

Lastly, it should be noted that the Group, in its quest to diversify financing sources, has registered a European Commercial Paper (ECP) programme for a maximum amount of €2 billion to issue commercial paper with a term of less than one year and a Euro Medium Term Note programme for a maximum amount of €3 billion (see Note 17).

Economic risk vs. budget deviations

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

Price and regulatory risk

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

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

Following the regulatory changes in 2023, mainly LRD 5/2023 of 28 June and Order TED/741/2023 of 30 June (see Annex V), it is expected that a significant portion of the Group's renewable assets will no longer be remunerated above and beyond market price and will therefore be exposed to variations in electricity market prices in the 2023-2025 regulatory half-period.

Of the Group's total attributable production in the national electricity market, approximately 20% is subject to regulated remuneration (35% of production in 2022), 59% is covered by different pricing mechanisms (52% of production in 2022) and the rest is remunerated at market prices.

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

Overall, as far as price risk in the electricity markets of the countries where Grupo Corporación Acciona Energías Renovables operates is concerned, approximately 51% of its production is under a long-term price contract with a third party (PPA or hedge), 17% under regulation or feed-in tariff structures and the remainder is subject to market prices. Almost all the PPA contracts signed by the Group are contracts that are settled by physical delivery of energy and were entered into or are maintained for the purpose of receiving or delivering energy in accordance with purchases, sales or utilisation requirements based on the Group's strategy, and are therefore not measured at fair value (see Note 3.2.H). PPA contracts that are not settled by physical delivery (hedge) are measured by the Group at fair value with changes in profit and loss or equity if hedging criteria are applied (see Note 19).

Climate change and energy transition risk

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

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

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

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

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

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

The risk management process is conducted annually. Through the use of these tools, a range of risk situations is proposed for all centres, groups of centres and/or activities of the Group (or its value chain), according to their geographical location, type of business and vulnerability, which are characterised and quantified using a series of key indicators.

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

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

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

As part of its low-carbon business strategy, Corporación Acciona Energías Renovables assesses the most significant climate risks and opportunities for the company annually. In 2023, climate risks were identified by business line along with their potential impact, time horizon and geographical scope, and actions were taken to manage them.

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

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

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

In preparing the consolidated annual accounts at 31 December 2023, the Acciona Energías Renovables Group has considered the impact of climate change in the key assumptions of its accounting estimates and judgements. It did not identify any impairment losses on tangible or intangible assets, changes in the valuation of financial instruments, or additional obligations other than the ones already recognised.

19. Derivative financial instruments

The derivative financial instruments in place at 31 December 2023 and 2022 are shown on the enclosed consolidated balance sheet at fair value, as detailed below:

Millions of euros		31.12.2023			
Type of derivative	Hierarchical level	Assets (Notes 10 & 11)		Liabilities (Notes 17 & 20)	
		Current	Non-current	Current	Non-current
Interest rate hedges	Level 2		24		3
Exchange rate hedges	Level 2	6		2	
Energy hedges	Level 2	14	86		88
Other energy derivatives	Level 2		34	15	28
Total derivatives		20	144	17	119

Millions of euros		31.12.2022			
Type of derivative	Hierarchical level	Assets (Notes 10 & 11)		Liabilities (Notes 17 & 20)	
		Current	Non-current	Current	Non-current
Interest rate hedges	Level 2				3
Exchange rate hedges	Level 2	8			
Energy hedges	Level 2	59	98	10	95
Other energy derivatives	Level 2		14	15	17
Total derivatives		67	112	25	115

Interest rate hedges

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

The interest rate hedging derivative financial instruments contracted and in force at 31 December 2023 and 2022 are recognised in the accompanying consolidated balance sheet at their market value, as follows:

	2023				2022			
Interest rate hedges	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)
	Cash flow hedges:				*Cash flow hedges:*			
Interest Rate Swap	226	(3)	2	2	(3)		4	
	Fair value hedges:				*Fair value hedges:*			
Interest Rate Swap	500		22					
Total	726	(3)	24	2	(3)	--	4	--

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

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

At 31 December 2023, the fixed interest rate on financial derivatives referenced to the Euribor ranges from 0.46% to 5.125% (from 0.02% to 4.08% at 31 December 2022).

The amounts recognised by the Group are based on the market value of equivalent instruments on the date of the consolidated balance sheet. For interest rate swaps that are designed as cash flow hedges and are effective as such, the fair value is deferred and recognised in equity.

Changes in the fair value of these instruments are recognised directly in equity (see Note 15 d). The anticipated or deferred tax assets generated by recognising these financial instruments, which at 31 December 2023 totalled €0.3 million and €1 million in anticipated net tax at 31 December 2022, are recorded with a debit or credit to equity (see Note 21).

In addition, in fair value hedges, the gain or loss on the hedging of the underlying is recognised as a hedging adjustment in the consolidated balance sheet, with changes in the value of the underlying and the hedging instrument recognised under the same heading in the consolidated income statement.

The periods in which these hedges are expected to impact the income statement, in proportion to the percentage of ownership, are set out below:

	Future settlements				
	< 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	+ 5 years
Group Companies			(1)	10	19
Associates (*)			1	1	1

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

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

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

	2023	2022
Group companies and associates	634	100
Associates (*)	92	147
Total notional value	726	247

(*) Amounts based on percentage of ownership.

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

	Evolution of notional value					
	2024	2025	2026	2027	2028	2029
Group Companies	609	562	544	537	526	520
Associates (*)	86	79	72	66	59	52

(*) Amounts based on percentage of ownership.

Exchange rate hedges

The Group uses currency derivatives to hedge significant future transactions and cash flows. At 31 December 2023, mark-to-market valuations of exchange rate hedges are recorded as 'Fair value of financial derivatives' under current liabilities in the amount of €2 million and under current assets in the amount of €6 million. They mainly relate to exchange rate hedges to hedge short-term foreign currency exposures (€8 million of current assets as 'Fair value of financial derivatives' at 31 December 2022).

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

Details of outstanding transactions at 31 December 2023 are as follows in millions of contracted currency:

	2023			
	Currency	Final maturity	Amount contracted (in millions of contracted currency)	Financial assets (Note 10)
Foreign currency purchases	USD	03.01.2023	--	
Foreign currency purchases	AUD	02.01.2024	40	
Foreign currency sales	USD	21.03.2024	533	(2)
Foreign currency sales	AUD	21.03.2024	127	5

Energy derivatives

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

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

The total value of energy derivatives recorded at fair value at 31 December 2023 and 2022 is as follows in millions of euros:

2023				2022			
Notional amount	Financial liabilities	Financial assets	Investments in associates (*)	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)
4,035	(131)	134		2,826	(137)	171	(2)

(*) Investments in associates are net of taxes.

Energy derivatives designated as accounting hedges

To eliminate the risk of price fluctuations affecting the energy generated by its assets in Spain which are exposed to this risk (see Note 18), the Group arranges financial hedges on the various forward markets currently available (OMIP, MEFF, EEX, etc.) for the short-term sale price of energy which are settled by difference, basically forwards and swaps, in accordance with its policies and the expectations of the Group's senior management with respect to the evolution of energy prices at the national level at any given time.

The Group also arranges energy purchase derivatives to hedge the risk of price fluctuations under contracts with energy supply customers at fixed prices. Certain subsidiaries in Australia, Poland and Canada have signed agreements that allow them to set the future sale price of electricity for a certain volume of MWh.

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

	2023				2022			
Energy derivatives	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)	Notional amount	Financial liabilities	Financial assets	Investments in associates (*)
Accounting hedges	(2,637)	(88)	100		2,446	(105)	157	(58)

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

The impact on reserves, profit and loss and minority interests at 31 December 2023, net of the tax impact, is a gain of €24 million in reserves (a gain of €150 at 31 December 2022), a gain of €1 million in profit and loss (€4 million loss at 31 December 2022) and a €2 million loss in minority interests (€17 million loss at 31 December 2022), all with a €100 million balancing entry in accounts receivable from non-financial derivative: €86 million in 'Non-current trade and other accounts receivable' (see Note 11) and €14 million in 'Trade and other accounts receivable'; and €88 million under 'Payables on non-financial derivatives' (see Note 20).

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

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

	2023			2022		
Energy derivatives	Notional amount	Financial liabilities	Financial assets	Notional amount	Financial liabilities	Financial assets
With changes in the income statement	1,398	(43)	34	380	(32)	14

The change in value is recognised in the consolidated income statement under 'Profit and loss from changes in value of financial instruments at fair value' as a cost of €8 million in 2023 (cost of €60 million in 2022).

The impact of derivative instruments on equity at 31 December 2023 is summarised below:

Item	2023
Financial liability for interest rate hedge	3
Financial asset from interest rate hedges (note 9)	(2)
Negative impact of interest rate hedges on equity, net of taxes	(2)
Net tax receivable from interest rate hedges	
Other, mainly external holdings in interest rate hedges	(7)
Adjustment for change in the value of interest rate hedges	(8)
Energy contract liabilities	88
Energy contract assets	(99)
Negative impact on equity of energy contracts with associates, net of taxes	
Net tax receivable from energy contracts	13
Other, mainly external holdings in energy contracts	(4)
Net financial assets settled daily in cash	(22)
Adjustment for change in the value of energy contracts (net external and tax)	(24)
Total receivable balance for adjustments due to value changes at 31 December (Note 15)	(32)

20. Other current and non-current liabilities

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

	Non-current		Current	
	2023	2022	2023	2022
Grants	92	93		
Other deferred revenue	97	21		
Creditors falling due after more than one year	111	47		
Non-financial derivatives	116	112		
Payable to Group companies			52	101
Payable to associates and related parties	340	208		
Outstanding salaries			45	36
Other creditors			33	28
Fixed asset suppliers	18	26	812	851
Taxes (note 21)			80	76
Closing balance	774	507	1,022	1,092

The changes under the heading of 'Grants' in 2023 and 2022 were as follows:

	Grants
Balance at 31.12.2021	91
Added	2
Grants released to income (Note 24)	(5)
Other	5
Balance at 31.12.2022	93
Grants released to income (Note 22)	(7)
Changes in the scope of consolidation	8
Others	(2)
Balance at 31.12.2023	92

The most significant change under the heading of ‘Grants’ in both 2023 and 2022 was due to the amount carried to the FY profit and loss. The variation under ‘Changes in the scope of consolidation’ in 2023 refer mainly to the acquisition of the holding in Amper Central Solar, S.A., previously accounted for using the equity method. The caption ‘Other’ mainly reflects exchange rate differences arising from the appreciation of the US dollar against the euro.

‘Other deferred revenue’ includes the anticipated sale of the Investment Tax Credit (ITC, see Appendix V) rights to a battery project in the USA. The amount of these rights is taken to the income statement over the useful life of the project.

The caption titled ‘Non-current payables’ under non-current liabilities in the consolidated balance sheet includes the net accrued liability arising from the adjustment for deviations in market prices established in Spanish regulations for renewable generation assets, which at 31 December 2023 amounts to €45.8 million (31 December 2022: €34.5 million) (see Note 3.2.l).

At 31 December 2023 and 2022, the Group applied the alternative standard established in the CNMV’s memorandum on the standards to be applied to reflect the ‘value of adjustments for market price deviations (Vajdm)’ in the consolidated financial statements (see Note 3.2.L of the 2022 financial statements) to IT-00657, IT-00658, IT-00659, IT-00660, IT-00661, IT-00662 and IT-00663.

For the purposes of the consolidated financial statements at 31 December 2023 and as a result of the decline in energy sales prices and expected future developments, this alternative approach only applies to IT-00657, IT-00658 and IT-00659. The reason is that for the rest of the ITs it is no longer a foregone conclusion that the returns will likely be greater than the ones guaranteed in RD 413/2014, so leaving the compensation regime would have more adverse economic consequences than remaining in it. No expert reports were used to reach this conclusion. The Group uses the OMIP forward price quotation curve at the closing date (31 December 2023 and 31 December 2022) for 2023-2025 as its primary information source, adjusted based on estimates of renewable penetration and other long-term effects when it is reasonable to believe that there is a high level market consensus regarding the conclusions reached. The amount of the negative mark-to-market adjustment not recognised for this reason at 31 December 2023 is a liability of €106.1 million €146 million at 31 December 2022).

The value of the liability for the adjustments due to deviations in the market price of those ITs with remaining regulatory useful lives related to the assets operated by the Group and whose Net Asset Value (NAV) is already zero as of 31 December 2023 is €70.9 million, of which €30.5 million refers to IT-00654 and IT-00655. Therefore, the regulatory useful life would end in the current regulatory half-period.

At 31 December 2023, the caption ‘Non-financial derivatives payable’ includes €116 million (€112 million at 31 December 2022) which is the fair value of commodity derivatives contracted by Group subsidiaries for the supply of energy that allow them to fix the forward selling price of electricity for a certain volume of energy generated. These contracts are measured at market value (see Notes 17 and 19).

For certain contracts included under this heading, at 31 December 2023 the Group has capitalised the difference of €19 million (€17 million at 31 December 2002) between the transaction price and the estimated fair value (‘Day-one profit and losses’) of these derivatives and is recognising it on a straight-line basis in the consolidated income statement under ‘Gains/(losses) on changes in the value of financial instruments at fair value’. The outstanding balance will be taken to income when there is an estimate of long-term market prices for all years in the visibility range based on observable data. This outstanding balance is presented net of the value of the associated derivative. The gross amount of the derivative is €61 million euros, of which €42 million were netted at 31 December 2023. At 31 December 2022, the gross amount was €66 million, of which €49 million was netted.

The change recognised in 'Fixed asset suppliers' is mainly due to changes in the investments in progress and pending payment for wind farms under construction the year before in Canada, Australia and Peru, and photovoltaic plants in the United States and Spain. In addition, the outstanding balance of €211 million for the acquisition in 2022 of the battery storage project in the United States (Cunningham) was paid in 2023.

The amount recognised under 'Payable to group companies' on the liability side of the consolidated balance sheet includes amounts owed to Acciona, S.A. and other Acciona group companies as a result of the consolidated income tax and VAT regime in Spain.

The balance of 'Payables to associates and related party enterprises' under non-current and current liabilities in the consolidated balance sheet includes financial contributions made by other shareholders with minority interests in Group projects and assets through the Tax Equity Investor structure, mainly five renewable energy production plants in the United States totalling €334.6 million (€205.6 million at 31 December 2022). In 2023, the Group received a net amount of €152 million under this heading (no contributions in 2022). These loans accrue annual interest at a rate equivalent to the target return established in the contract (see Note 3.2.g).

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

21. Taxes

Tax consolidation system

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

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

Effective 1 January 2008, certain investee companies of the Group joined the special VAT system for business groups provided for in Chapter IX, Title IX of the Value Added Tax Law 37/1992 of 28 December. The parent company of the group is Acciona, S.A. A number of other Group companies located in Navarra also belong to a VAT tax group. Internationally, there are VAT groups in Australia.

Years open to tax inspection

At 31 December 2023, the corporate tax returns of the companies that are part of the consolidated tax group and all other major tax returns that are subject to inspection and for which the statute of limitations had not expired were open to inspection by the tax authorities. Generally speaking, all other consolidated Spanish companies are subject to inspection by tax authorities in relation to the main taxes for the last four financial years. Foreign companies are bound by the statute of limitations which in most counties where the Group operators is 4 or 5 years.

Because tax laws are open to different interpretations, the results of any future tax inspections by the tax authorities could give rise to tax liabilities, the amount of which cannot be objectively quantified at this time. However, the possibility of significant additional liabilities arising is remote and the Group's directors believe that any liabilities that might arise would not have a material impact on the equity of the Grupo Acciona Energía Global.

Open tax audits

On 10 January 2013, Guadalaviar Consorcio Eólico, S.A. was notified of the commencement of an audit of its 2008 and 2009 corporate tax and VAT tax returns, during which the auditors examined the value of the wind farm rights transferred in 2009. The audit ended with an assessment which was contested the company. The company received the settlement agreement from the Central Office for Large Taxpayers on 23 December 2013 and filed the corresponding economic-administrative complaint with the economic-administrative appeals court (TEAC) on 13 January 2014. On 16 February 2017, a court of appeals (TEAC) issued a decision upholding part of the claim, invalidating the settlement agreement due to a formal defect and sending the proceedings back to the inspection phase.

On 27 August 2017, the company was notified by the Technical Office of AEAT's Tax and Customs Control Department of a resolution to enforce the TEAC's ruling, ordering the proceedings to return to the inspection phase and announcing a new settlement agreement. An economic-administrative claim was filed with the TEAC on 22 September 2017. In the decision of 24 September 2020 (RG 00/0241/2014), the claim was partially upheld and assessment in the tax inspection reports was reduced. A contentious-administrative appeal was lodged against the ruling on 14 December 2020 with the National Court. The claim was officially filed on 4 May 2021 and written conclusions were submitted on 17 January 2023. A decision is pending.

A request was made to suspend the enforcement of the contested assessment, with no bonds provided. On 6 October 2014, an appeal was lodged with the Spanish National Court against the TEAC's decision, but the appeal was dismissed. In its ruling of 19 November 2014, the National Court denied the application for the suspensions. The company filed a cassation appeal with the Supreme Court on 2 February 2015 and on 28 January 2016 was notified that the appeal had been upheld by the court, following which the National Court agreed to suspend the enforcement of the tax debt. As a result of the notice of a new settlement agreement following the TEAC's decision, which contained a tax debt, the company again requested the suspension of the enforceability of the debt and the waiver of all court-ordered guarantees TEAC. On 25 June 2019, the TEAC denied the suspension request and guarantee waiver. A contentious-administrative appeal was filed against this denial with the National Court, which is pending at this time. The National Court has agreed to the suspension, accepting the wind energy rights of zones 10 and 12 of the Valencian Community's wind energy plan as a guarantee. Finally, on 7 March 2022 the National Court ruled in the company's favour (Rec. 585/2019), agreeing to the suspension, contingent upon the delivery of the wind energy rights of zones 10 and 12 of the Valencian Community's wind energy plan as a guarantee.

On 19 June 2021, the company was notified of the decision to enforce the TEAC ruling notified on 20 October 24.

Additionally, Guadalaviar Consorcio Eólico, S.A. was notified of the enforcement of the TEAC Resolution dated 23 March 2022 in relation to Elecnor, S.A. and Enerfin Sociedad de Energía, S.L. (RG 00/05239/2021), but not the one related to Guadalaviar Consorcio Eólico, S.A. dated 9 May 2022.

An appeal was lodged against the aforementioned enforcement orders on 20 July 2021 and 9 June 2022, (ex article 241 ter of the General Tax Law), respectively, receiving a decision upholding the appeal on 23 February 2023 (RG 00/05632/2021 and RG 00/05704/2022), which erroneously voided the enforcement orders due to the presumed suspension of the TEAC Resolution of 24 September 2020. An appeal to overturn that decision was subsequently lodged with TEAC (article 241 bis of the General Tax Law), which was rejected in the Resolutions of 25 April 2023. A contentious-administrative appeal was ultimately lodged with the National Court, with the TEAC acquiescing.

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

These inspection proceedings concluded on 11 July 2023 with the signing of the following assessments:

- Uncontested personal income tax and VAT assessments (2017) for €11 thousand and €35 thousand, respectively.

- Contested Non-resident income tax assessment for 2017 resulting in a tax debt of €190 thousand (including late interest). On 18 September 2023, the Technical Office issued a Settlement Agreement confirming the tax adjustment, which has not been appealed.

- Contested corporate tax assessment for 2013-2017, which resulted in a tax debt of €2,784 thousand (including late interest). On 27 September 2023, the Technical Office issued a Settlement Agreement in the amount of €2,683 thousand (including late interest) confirming the tax adjustment. An economic-administrative appeal was filed with the court of appeals (TEAC) on 3 November 2023, pending the presentation of arguments. The debt been suspended temporarily by providing a guarantee which was accepted by the Central Office for Large Taxpayers on 16 November 2023.

Taxes and social security balances

At 31 December 2023 and 2022, the debit and credit tax balances are as follows:

	2023		2022	
	Deferred	Current	Deferred	Current
Receivables	564	275	509	242
VAT/IGIC		171		136
Tax refund		5		14
Deferred taxes receivable	564		509	
Corporate tax		99		92
Taxes payable	797	93	767	118
Corporate tax		13		42
Personal income tax withholdings		7		7
VAT/IGIC		35		41
Deferred taxes payable	797		767	
Social Security		4		3
Local tax (primarily Electricity tax)		34		25

Reconciliation of carrying results with fiscal results

The reconciliation between pre-tax profit and corporate tax liability at 31 December 2023 and 2022 is shown below:

	2023	2022
Consolidated profit before tax	776	1,057
Permanent differences	238	231
Adjusted carrying result	1,014	1,288
Adjusted tax expense	263	333
Deductions	(3)	(9)
Unrecognised tax credits	18	24
Tax expense for the year	278	348
Change in tax rate	(1)	
Adjustment of prior year taxes	(68)	(86)
Tax expense posted to the income statement	209	262
Current corporate tax expense	213	366
Deferred corporate tax expense	(4)	(104)

'Permanent differences' include income and expenses that are not computable under applicable tax laws. They also include results that are eliminated during the consolidation process but are nonetheless fully effective from a tax perspective as far as the individual tax returns of the corresponding Group entities are concerned, especially those which are not part of the tax group.

The most significant permanent differences in 2023 include a positive difference of €44 million due to the effect of inflationary adjustments of companies taxed in Chile and Mexico (positive difference of €76 million in 2022). They also include positive differences of €162 million arising mainly in relation to the integration of subsidiaries in their functional currency when their income tax settlement, according to their applicable legislation, is based on their financial statements issued in local currency due to exchange differences arising on monetary items (positive differences of €84 million in FY 2022). Likewise, the 5% non-deductibility of dividends received from subsidiaries, mainly in Spain, has an impact, with a positive permanent difference of €32 million being recorded in FY2022 (€18 million in FY 2021).

The 'Tax expense adjusted to the tax rate' is obtained by applying the pertinent tax rate to the adjusted carrying values in each jurisdiction where the Group operates.

The item titled 'Unrecognised tax credits' reflects the impact of not recognising the tax effects of the losses generated by certain subsidiaries.

The item titled 'Adjustment of prior year taxes and other' includes the re-estimation of tax credits and other deductions with respect to the amount recorded in prior years, either due to the existence of projects or operations that allow for such re-estimation, or due to the restatement of deferred assets and liabilities associated with the value of the facilities in dollarised subsidiaries in Mexico, Chile and Costa Rica, or as a result of the restatement of tax credits recognised for inflation in those jurisdictions where the tax credits are recognised.

Taxes recognised in equity

Aside from the taxes on profits recognised in the consolidated income statement, in financial years 2023 and 2022 the Group recorded the following items and amounts in consolidated equity:

	2023	2022
Changes in the fair value of financial instruments	36	(28)
Total	34	(28)

Deferred tax assets and liabilities

Pursuant to the tax codes in the different countries where the consolidated companies are located, certain timing differences arose in financial years 2023 and 2022 which must be considered when calculating the corporate income tax.

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

Deferred taxes receivable arising from:	2023	2022
Tax loss carryforwards	289	266
Deductions pending compensation	11	7
Derivative financial instruments	29	26
Impairment and other provisions	102	76
Other items	133	134
Total deferred taxes receivable	564	509

Deferred taxes payable arising from:	2023	2022
Derivative financial instruments	44	81
Free and accelerated amortisation	493	252
Assignment of first consolidation differences to assets	200	132
Other items	60	52
Total deferred taxes payable	797	767

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

Assets	2023	2022	*Liabilities*	2023	2022
Tax loss carryforwards	5		Derivative financial instruments	5	
Impairment and other provisions	16	29	Unrestricted amortisation	12	29
Other items			Other items	4	
Total	21	29	Total	21	29

At 31 December 2023, the amount of tax loss carryforwards generated by subsidiaries prior to their inclusion in the tax group, whose parent company is Acciona, S.A., is €12 million. Practically all of this balance represents tax loss carryforwards not capitalised in the consolidated balance sheet because it is not guaranteed that there will be sufficient future taxable profits or because tax legislation sets offsetting limitations and requirements.

In addition, certain subsidiaries in Mexico, the United States, Australia, Chile and South Africa, among others, have recorded tax credits for tax losses pending offset. At the international level, there are also unrecorded tax losses of €430 million, mainly in the United States, Chile and India.

At 31 December 2023, the maturity dates of the tax credits arising from tax loss carryforwards pending application were as follows in millions of euros:

Expiration	Amount
2024-2028	25
2029-2033	91
2023-2043	11
No statute of limitations	167
Total	294

The Corporate Tax Law 27/2014 of 27 November eliminated, effective on 1 January 2015, the 18-year deadline for offsetting tax losses in Spain, making the deadline indefinite. Of this amount, €224 million pertains to the tax credits recorded in the USA, Mexico, Chile and South Africa, mainly as a result of the application in these countries of accelerated depreciation benefits provided for in the corresponding legislation.

There are also pending tax deductions, mostly generated in Spain, in the amount of €7 million. At the end of 2023, the maturity dates of the tax credits arising from tax loss carryforwards pending application were as follows in millions of euros:

Country	Amount	Expiration
Spain	7	No statute of limitations
USA	3	No statute of limitations
Australia	1	No statute of limitations
Total	11	No statute of limitations

At year-end there were unused international tax credits of €5 million and €16 million in Spain.

Regarding the tax loss carryforwards and deductions pending compensation shown on the books, the Group hopes to recover them in the course of the company's ordinary operations without any risk to equity.

'Other items' under deferred tax liabilities refers mainly to the tax limitation on the deductibility of interest, primarily in the USA, Chile and Poland, as interest expenses are not deductible until they are paid. This section also contains the homogenisations made as part of the consolidation process and the elimination of internal margins that are reversed as the assets are amortised, as well as the adjustment for the 30% non-deductible accounting depreciation limitation for Spanish companies, introduced temporarily for 2013 and 2014 and which began to be reversed in 2015, and the non-deductibility of depreciation and financial expenses under IFRS16 in those jurisdictions where the share is deductible.

Lastly, this section and the balance under 'Other items' in the breakdown of deferred taxes payable includes temporary differences arising from adjustments to the tax base due to the application of specific regulations in other countries in which certain expenses and income are not taxable until they are effectively settled in cash through the corresponding payment or collection, or do not follow the accrual or degree of progress criterion for deductibility, as is the case mainly in Mexico and Australia. The balance also reflects the impact of the standardisation which is part of the consolidation process, such as the elimination of internal margins.

Reporting obligations

The laws in force on corporate income tax establish different tax incentives designed to foster certain investments. The Group companies have taken advantage of the tax incentives provided for in those laws.

Transactions were carried out in 2023 pursuant to article 86 of Law 27/2014 on Corporate Income Tax which are eligible for the special regime for mergers, spin-offs, contributions of assets and exchanges of securities:

- Merger by absorption of the companies Parque Eólico Virxe Do Monte, S.L., Parque Eólico de Vicedo, S.L., Parque Eólico de Ameixenda-Filgueira, S.L., Parque Eólico de Currás, S.L. and Parque Eólico de A Ruña, S.L. by Parque Eólico de Adraño, S.L., documented in a public deed dated 28 November 2023.

- Merger by absorption of the companies Parque Eólico de Deva, S.L. and Parque Eólico de Tea, S.L. by Parques Eólicos de Buio, S.L., documented in a public deed dated 28 November 2023.

- Merger by absorption of the companies Ceatesalas, S.L.U., Energías Renovables de Barazar, S.L.U., Corporación Eólica La Cañada, S.L.U. and Acciona Eólica Cesa, S.L. by Ceólica Hispánica, S.L., documented in a public deed dated 5 December 2023.

As established in article 86.3 of Law 27/2014 TRLIS, the information required for the transactions carried out in prior years is contained in the approved individual reports.

Other disclosures

The Tax on Electricity Production has been suspended since June 2021 by Royal Decree Law 12/2021 of 24 June, adopting urgent measures in the field of energy taxation and energy generation and the management of the regulation fee and the water use tariff.

With regard to the water tax, Law 7/2022 of 8 April on waste and contaminated soil for a circular economy introduced two changes to the legal regime: on the one hand, it expressly repealed the first transitory provision of Law 12/2015; and on the other, it redrafted article 112 bis of the Water Law, which will come into force in the next tax year (2023) and will be settled and paid in 2024.

As a large multinational, the Group is subject to the Pillar Two Base Erosion and Profit Shifting (BEPS) model rules (also known as GloBE rules) approved by the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on BEPS (Base Erosion and Profit Shifting) on 14 December 2021, which are supported by the Member States of the European Union, among many others.

From 2024 onwards, the Group will be required to pay a supplementary tax on profits earned in any jurisdiction in which it operates where the effective tax rate, calculated at the jurisdictional level, is lower than the minimum rate of 15%.

At present, the Pillar Two legislation is in the process of being approved in Spain and is expected to come into force at the beginning of 2024, effective retroactively to 1 January 2024. Consequently, the Group's consolidated financial statements at 31 December 2023 were not impacted by the Pillar Two rules at 31 December 2023.

The Group has made an explicit commitment to apply the OECD Pillar Two guidelines. The Group is aligned with the principles and actions advocated by the OECD and is working on analysing the impact of the new Pillar

Two standard in order to establish a compliance control and management system that will enable it to adapt to the regulations in a timely manner.

Although the analysis is still underway, the Group has used the existing regulatory framework to estimate the supplemental tax that would arise from the application of the Pillar Two standard based on the most recent tax returns, the country-by-country report and the financial statements of the Group's member entities. Barring any unforeseen events, no significant equity impact is expected from the application of the model rules given that the main jurisdictions where the Group operates have effective tax rates of at least 15% and/or relevant presence of personnel and equipment implying the exclusion of income subject to supplemental tax. It should be noted in this regard that the jurisdictions where the group operates that have effective tax rates below 15% are not material jurisdictions. Consequently, any potential supplemental tax would be negligible.

Finally, in a judgment dated 18 January 2024, the Constitutional Court declared unconstitutional and null and void article 3.1(1) and (2) of Legislative Royal Decree 3/2016 of 2 December, which introduced tax measures aimed at consolidating public finances and other urgent social measures.

The overturned measures that directly affect the Acciona, S.A. tax group are: limits on the offsetting of tax losses; ex novo introduction of limits on double taxation deductions and the obligation to include a minimum amount of the impairment of shares that have been deductible into the taxable base, by fifths, as established in article 12.3 of the Consolidated Text of the Corporate Income Tax Law, approved by Royal Legislative Decree 4/2004 of 5 March. None of these have a material impact on Grupo Corporación Acciona Energías Renovables.

22. Assets and liabilities held for sale

At 31 December 2023 and 2022 the details of the main asset categories prior to being classified as held for sale are as follows, in millions of euros:

	2023	2022
Property, plant and equipment	247	
Right of use	10	
Other intangible assets	1	
Deferred tax assets	3	
Other assets	1	
Held-for-sale assets	262	--

In addition, at 31 December 2023 and 2022 the details of the main liability categories prior to being classified as held for sale are as follows, in millions of euros:

	2023	2022
Current and non-current financial debt	373	
Deferred tax liabilities	28	
Trade and other accounts receivable	1	
Other liabilities	13	
Liabilities held for sale	415	--

The cumulative income and expense recognised directly in equity at 31 December 2023 and 2022 in respect of assets classified as held for sale are as follows:

	2023	2022
Cash flow hedges	2	
Total recognised income and expenses	2	--

In 2023, Grupo Corporación Acciona Energía Renovables classified a number of assets and their directly associated liabilities belonging to certain Group companies under non-current assets and liabilities held for sale. Those assets include 16 wind power projects located in Spain totalling 308 megawatts, all of which are currently operating. The Group has taken this decision as part of its strategy of rotating assets that have reached an appropriate degree of maturity. Consequently, the carrying value of these assets will be recovered through the aforementioned sale rather than through their continued use. The Group's management considers that it is highly likely that these assets will be sold in the short term.

23. Third party guarantees

The companies have provided third party guarantees to customers, public bodies and financial institutions totalling €1,177 million at 31 December 2023. The amount of the guarantees provided at 31 December 2022 was €980 million.

Most of the bonds are used to guarantee the satisfactory performance of the member companies' business activities. The directors of the parent company have determined that any liabilities arising in connection with these bonds would not be significant.

The Parent Company's direct and indirect holdings in certain companies are used to guarantee the loans and credit lines extended by the financial institutions to these companies.

24. Revenue

Net revenue

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

	2023	2022
Sales		
Energy (revenue from sales to customers)	1,803	2,420
Energy (revenue from sales settlement of energy hedges)	224	(176)
Plant and equipment	7	3
Biofuels	3	4
Retailer	1,433	1,784
Other sales	46	253
Services rendered	31	63
Total revenue	3,547	4,351

These sales include an estimate of the energy supplied to retail electricity customers, mostly in Spain and Portugal, which was not yet invoiced at year-end. This estimate is calculated on the basis of the consumption measurements that are definitively confirmed by the system operators during the month following each monthly closing, at which time invoicing takes place. At 31 December 2023, the Group has €113.6 million in retail energy sales to be invoiced (€127.6 million at 31 December 2022). The change during the year is mainly due to the decrease in the price of energy.

The breakdown of the Group companies' total production by geographical area is detailed in the segment reporting (see Note 26).

Other operating income

This heading in the consolidated income statement for the year includes mostly revenue from work performed by certain Group companies on fixed assets in the construction of electricity production facilities (see Note 3.2.a), mainly relating to projects in the United States, Australia, the Dominican Republic, Croatia, Peru and Spain. The amount recognised for this item in 2023 was €328 million (€273 million in 2022). Also included under this heading are the capital grants released to the income statement in the amount of €7 million in 2023 and €5 million in 2022 (see Note 20).

25. Expenses

Operating expenses

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

	2023	2022
Cost of goods sold	1,776	2,206
Purchases	1,713	2,409
Hedging contracts	94	(197)
Changes in inventory	(31)	(6)
Personnel expenses	256	210
Wages and salaries	204	174
Social Security contributions	35	25
Other personnel costs	17	11
External services	599	629
Taxes	150	102
Other current operating expenses	4	4
Subtotal	2,785	3,151
Change in provisions	19	13
Amortisation funding	472	421
Total	3,276	3,585

Personnel

The average headcount in the course of 2023 and 2022, by professional category and broken down between men and women, was as follows:

	2023			2022		
	Men	Women	Total	Men	Women	Total
Directors and managers	460	174	634	412	144	556
Technical staff with degrees	885	448	1.333	752	389	1.141
Administrative and support staff	14	109	123	11	78	89
Other personnel	956	53	1,009	528	41	569
Average headcount	2,315	784	3,099	1,703	652	2,355

Of the average headcount in 2023, there were 3,008 permanent employees (2,261 in 2022) 2,249 of whom were men and 759 were women (1,638 and 623, respectively, in 2022).

At 31 December 2023, the average number of people employed during the year by consolidated companies with a disability of 33% or more was 61 (direct and indirect employment). The level of compliance with Law 13/1982 of 7 April on the Social Integration of the Disabled (LISMI), which establishes that in companies with more than 50 employees at least 2% of the employees must be disabled, was 3.96%.

External services

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

	2023	2022
Repairs and maintenance	123	200
Rents and royalties	88	87
Services of independent professionals	126	94
Insurance premiums	18	27
Supplies	28	31
Other expenses	216	190
Total	599	629

Change in provisions

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

	2023	2022
Change in bad debt provision	11	3
Change in inventory provisions	5	6
Other provisions	3	4
Change in provisions	19	13

Results of asset impairment

The details of this caption on the 2023 and 2022 consolidated income statements are as follows:

	2023	2022
Impairment of other assets (notes 4 and 6)	11	21
Total	11	21

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

The details of this caption on the 2023 and 2022 consolidated income statements are as follows:

	2023	2022
Profit/(loss) from changes in the fair value of derivatives with changes in the income statement	8	(59)
Profit/(loss) from inefficiency of hedging derivatives	1	(5)
Total	9	(64)

At 31 December 2023 and 2022, this heading mainly includes the result corresponding to the change in the fair value of energy sales contracts entered into by Group subsidiaries in the United States, Australia, Spain and Chile for the purpose of supplying a certain amount of energy on a long-term basis at a fixed price (see Note 19).

26. Segment reporting

As indicated in Note 1 to the consolidated annual accounts, the Group's core activity is the promotion, construction, operation, maintenance and development of renewable energies. The values that inspire the business model of Grupo Corporación Acciona Energías Renovables are based on the main geographical areas in which it operates: Spain, Rest of Europe, America and Australia, with an array of products and services that emphasises the supply of solutions to meet the challenges of today's society, always under the same guiding principle: the sustainable development of energy from renewable resources.

Under the heading of 'Other Areas', the Group records the activities carried out mainly in South Africa and India. The countries included in the 'Rest of Europe' and 'America' geographical segments are as follows:

- Rest of Europe includes Germany, Portugal, Poland, Croatia, Italy, France, Belgium, UK, Hungary and Ukraine.
- America: Mexico, Chile, The United States, Canada, Costa Rica, Colombia, Peru, and Argentina.

Each geographical area is a separate business with its own operating and reporting structure to assess the degree of achievement of objectives. The information reported to Group management and to the Board of Directors to assess the performance of the various segments and to allocate resources among them is structured according to this segmentation criterion. The costs incurred by the Corporate Units are apportioned using an internal cost distribution system among the different countries in each geographical region. Sales between segments are carried out at market prices.

Segmented information for 2023 and 2022 is presented below:

	Segments					
31.12.23	Spain	Rest of Europe	America	Australia	Other regions	Total Group
Net revenue	2,426	279	708	56	78	**3,547**
Other operating income and expenses	(1,760)	(189)	(330)	(47)	(17)	(2,343)
Profit (loss) of companies consolidated by equity	70	11	(3)	1	2	81
Gross operating revenue (EBITDA)	736	101	375	10	63	**1,285**
Allowances, impairment and other	(79)	(52)	(191)	(29)	(18)	(369)
Operating profit	657	49	184	(19)	45	**916**
Financial profit	149	(16)	(208)	(41)	(24)	(140)
Profit before tax	806	33	(24)	(60)	21	**776**
Corporate tax	(199)	(10)	(5)	16	(11)	(209)
Profit for the year	607	23	(29)	(44)	10	**567**
Minority interests	(12)	(9)	(14)	2	(10)	(43)
Profit attributable to the Parent	**595**	**14**	**(43)**	**(42)**	**--**	**524**

	Segments					
Balances a 31.12.23	Spain	Rest of Europe	America	Australia	Other regions	Total Group
ASSETS						
Intangible assets and PPE	3,006	562	5,457	1,375	238	10,638
Right of use	140	46	229	61		476
Goodwill	13					13
Investments accounted for using the equity method	189	8	30	16	46	289
Non-current and other financial assets.	103	41	481	130	34	789
Non-current assets	3,451	657	6,197	1,582	318	12,205
Stocks	94	11	60	8	2	175
Trade and other receivables	281	74	98	380	20	853
Other assets and other current financial assets	110	33	247	10	30	430
Cash and cash equivalents	394	71	219	15	37	736
Non-current assets held for sale	262					262
Current assets	1.141	189	624	413	89	2,456
Total assets	**4,592**	**846**	**6,821**	**1,995**	**407**	**14,661**
EQUITY & LIABILITIES						
Consolidated equity	2,953	521	2,377	337	168	6,356
Borrowings	395	57	1,909	1,329	145	3,835
Lease obligations	138	49	240	68		495
Other liabilities	328	91	1,180	89	64	1,752
Non-current liabilities	861	197	3,329	1,486	209	6,082
Borrowings	25	13	203	12	14	267
Lease obligations	10	3	4	2		19
Trade and other accounts payable	328	112	908	158	16	1,522
Liabilities associated with held-for-sale assets	415					415
Current liabilities	778	128	1,115	172	30	2,223
Total liabilities and equity	**4,592**	**846**	**6,821**	**1,995**	**407**	**14,661**

31.12.22	Spain	Rest of Europe	America	Australia	Other regions	Total Group
	Segments					
Net revenue	3,197	364	642	73	75	**4,351**
Other operating income and expenses	(2,064)	(287)	(392)	(42)	(23)	(2,808)
Profit (loss) of companies consolidated by equity	120	(17)	2	6	(1)	110
Gross operating revenue (EBITDA)	1,253	60	252	37	51	**1,653**
Allowances, impairment and other	(137)	(72)	(170)	(22)	(27)	(428)
Operating profit	1,116	(12)	82	15	24	**1,225**
Financial profit	101	(24)	(195)	(24)	(26)	(168)
Profit before tax	1.217	(36)	(113)	(9)	(2)	**1,057**
Corporate tax	(300)	(9)	56	(2)	(7)	(262)
Year's profit	917	(45)	(57)	(11)	(9)	**795**
Minority interests	(7)	(4)	(18)	(1)	(6)	(36)
Profit attributable to the Parent	**910**	**(49)**	**(75)**	**(12)**	**(15)**	**759**

Balances a 31.12.22	Spain	Rest of Europe	America	Australia	Other regions	Total Group
	Segments					
ASSETS	--	--	--	--	--	--
Intangible assets and PPE	2,673	472	4,539	978	278	8,940
Right of use	118	45	177	36		376
Investments accounted for using the equity method	261	58	37	18	49	423
Non-current and other financial assets.	101	30	426	96	34	687
Non-current assets	3,153	605	5,179	1,128	361	10,426
Stocks	78	15	47	7	1	148
Trade and other receivables	242	81	85	199	24	631
Other assets and other current financial assets	163	21	218	3	37	442
Cash and cash equivalents	207	80	84	213	28	612
Current assets	690	197	434	422	90	1,833
Total assets	**3,843**	**802**	**5,613**	**1,550**	**451**	**12,259**
EQUITY & LIABILITIES						
Consolidated equity	2,157	474	2,509	961	160	6,261
Borrowings	339	49	1,111	82	183	1,764
Lease obligations	118	47	182	41		388
Other liabilities	274	118	879	92	72	1,435
Non-current liabilities	731	214	2,172	215	255	3,587
Borrowings	508	13	112	12	20	665
Lease obligations	8	2	4	2		16
Trade and other accounts payable	439	99	816	360	16	1,730
Current liabilities	955	114	932	374	36	2,411
Total liabilities and equity	**3,843**	**802**	**5,613**	**1,550**	**451**	**12,259**

In addition to the segmented information, certain information on the countries in the Americas segment for the years 2023 and 2022 is presented below:

31.12.23	OECD		
	United States of America	Mexico	Chile
Revenue	130	277	248
Other operating income and expenses	(14)	(91)	(203)
Profit (loss) of companies consolidated by		(3)	
Gross operating revenue (EBITDA)	116	183	45
Allowances, impairment and other	(68)	(61)	(43)
Operating profit	48	122	2
Financial profit	(49)	(62)	(70)
Profit before tax	(1)	60	(68)

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

Moreover, certain information on the main renewable energy technologies operated by the Group for the financial years 2023 and 2022 is presented below:

31.12.23	Technology					
	Wind	Photovoltaic	Hydraulic	Biomass and solar thermal	Other	Total Group
Revenue	1,645	150	174	66	1,512	3,547
Other operating income and expenses	(774)	(12)	(25)	(43)	(1,489)	(2,343)
Profit (loss) of companies consolidated by equity	72	11			(2)	81
Gross operating revenue (EBITDA)	943	149	149	23	21	1,285
Allowances, impairment and other	(240)	(59)	(25)	(15)	(30)	(369)
Operating profit	703	90	124	8	(9)	916
Financial profit	(89)	(52)	3	4	(6)	(140)
Profit before tax	614	38	127	12	(15)	776
Corporate tax	(171)	(9)	(32)	(2)	5	(209)
Profit for the year	443	29	95	10	(10)	567
Minority interests	(35)	(9)		(1)	2	(43)
Profit attributable to the Parent	**408**	**20**	**95**	**9**	**(8)**	**524**

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

The Group has other lines of business comprising other types of technologies also associated with renewable energies, which are grouped under 'Other', comprising mainly the biofuels, cogeneration, retail, energy efficiency and other less significant businesses.

Information on the Group's products and services is detailed in Note 24.

27. Financial income and expenses

The breakdown of these captions in the consolidated income statement for 2023 and 2022, according to the origin of the items comprising them, is as follows:

	2023	2022
Income and other securities and loans	5	2
Other financial income	20	5
Total financial income	25	7
Payable to third parties	(195)	(100)
Financial costs capitalised (note 4)	66	10
Other finance costs	(50)	(42)
Total financial expenses	(179)	(132)

The amount that has been deducted from equity in 2023 and 2022 and included under the heading of financial expenses for debts to third parties corresponding to the periodic settlements of the hedging derivatives of companies that are integrated in the Group by global integration amounts to a higher financial cost of €1 million for the financial year 2023 and €13 million for the financial year 2022.

28. Proposed distribution of profit

The distribution of 2023 profits that the Board of Directors of Corporación Acciona Energías Renovables, S.A. will propose to the shareholders at the General Meeting for approval is as follows (in euros):

	2023
Available for distribution:	
Profit and loss of Corporación Acciona Energías Renovables, S.A.	208,456,956
Distribution:	
To voluntary reserves	50,416,673
Dividend	158,040,283
Total	208,456,956

The distribution of 2022 profit approved at the General Meeting of Shareholders on 1 June 2023 was as follows (in euros):

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

29. Environmental disclosures

The Group, in keeping with the strategy of the Acciona Group and its environmental policies, participates in actions and projects related to environmental management. In addition to the costs initially incurred by the Group when installing its wind farms and other production facilities, the Group spent €9 million in 2023 and €8.8 million in 2022, respectively, on environmental aspects, primarily studies and the cost of monitoring and tracking environmental programmes.

This year, Group companies have not incorporated measures specifically aimed at protecting and improving the environment to the value of €4.3 million into their property, plant and equipment.

At 31 December 2023 and 2022, the Group was not involved in any significant litigation or disputes with regard to environmental protection for which the proper provisions had not be set up. The Directors of the parent company do not believe that additional environmental contingencies of any consequence are possible. The Directors do not believe there are any liabilities that are not duly covered in the Parent Company's liability insurance policies which could have a significant impact on the consolidated annual accounts.

30. Earnings per share

The diluted earnings per share are the same as the basic earnings per share, as follows:

	2023	2022
Net result for the year (thousand euros)	524,114	758,698
Weighted average number of shares in circulation	326,607,842	329,119,638
Basic earnings per share (euro/share)	1.6	2.3

31. Events after the balance sheet date

There were no events subsequent to the closing date which could have a significant effect on the Group's consolidated financial statements at 31 December 2023 or its present or future activities.

32. Related-party transactions

The transactions between the parent company and its related party subsidiaries which are part of the normal course of their operations in terms of their aims and conditions were eliminated in the consolidation process, as indicated previously in this report, and are therefore not disclosed in this note. Transactions with associates, the majority shareholder and other consolidated companies of the Acciona Group are disclosed below.

Law 5/2021 of 12 April introduced into the Capital Companies Act a set of specific rules for related-party transactions, provided for in Chapter VII-bis of Title XIV on transactions carried out by listed companies or their subsidiaries with directors, shareholders holding 10% or more of the voting rights or represented on the board of directors of the Company or with any other person who are considered related parties in accordance with International Accounting Standards (IAS 24).

At the meeting held on 14 July 2021, the Group's Board of Directors approved the Internal Protocol for Approval, Information and Periodic Control of Related-Party Transactions, in which the Audit and Sustainability Committee is involved and which establishes an internal procedure for these transactions to be dealt with within the legal, statutory and regulatory framework established by the Group, without prejudice to the framework agreement on relations signed by the Group and Acciona, S.A., referred to below, and in accordance with the provisions of the Consolidated Text of the Spanish Companies Act, referred to below, and in accordance with the provisions of the Consolidated Text of the Spanish Companies Act.

In addition, on 15 November 2023, the Group's Board of Directors approved the Internal Protocol of Approval, Information and Periodic Control regarding Related-Party Transactions with the Nordex Group, in which the Audit and Sustainability Committee also participates, and which establishes an internal procedure for the approval and control of transactions between the Group and the Nordex Group, given their particularities, so that such transactions are treated in accordance with the applicable internal and external regulations.

Transactions with the majority shareholder

At 31 December 2023 and 2022, the balances and transactions with Acciona, S.A., majority shareholder of the Group's parent company, are as follows:

	Receivables / income		Payables/expense	
	2023	2022	2023	2022
Trade receivables (Nota 13)	2	6		
Trade payables			34	19
Tax consolidation balances	86	78	47	95
Operating and expenses			58	47

Credit balances also include outstanding invoices for management support services provided to the Group by Acciona, S.A. These transactions were carried out at arm's length under the terms of the Framework Agreement signed by the Group and Acciona, S.A. on 26 May 2021, the purpose of which is to regulate relations between the two companies and their respective groups (the 'Framework Agreement').

The tax consolidation balances are the balances payable and receivable for belonging to the same tax group, of which Acciona S.A. is the parent company.

In March 2023, the Group acquired 100,000 shares or 0.3% of Company's own shares to Acciona, S.A. in order to meet the obligations arising from the variable remuneration plans through the delivery of shares to the CEO and other executives and employees of Corporación Acciona Energías Renovables, S.A.

Transactions with Acciona Group companies

At 31 December 2023 and 2022, the balances receivable and payable from and payable to companies in the Acciona Group that are consolidated at a higher level are as follows (excluding those with the majority shareholder, detailed above):

	Receivables / income		Payables/expense	
	2023	2022	2023	2022
Trade receivables (Nota 13)	9	9		
Advances delivered	4			
Trade and other accounts payable			137	34
Credit facilities and loans				
Tax consolidation balances	8	8	5	6
Operating and expenses	32	41	486	142
Financial income and expense				

At 31 December 2023 and 2022, the balance receivable and generated income refer mainly to balances with Acciona Group companies for electricity supply contracts.

Trade receivables and trade payables refer primarily to:

- Those generated by transactions carried out in relation to the performance of maintenance contracts for the Group's various renewable power production plants. These include transactions with the Nordex Group, which in 2023 totalled €7 million.
- Those generated by transactions carried out in connection with the construction and acquisition of fixed assets for the development and commissioning of the Group's different renewable energy generation plants. These include transactions with the Nordex Group, which in 2023 amounted to €206 million. In 2023, the Group also added €152 million of construction advances with the Nordex Group to its property, plant and equipment for various projects under construction.

In 2023, the Nordex Group changed from an associate to an Acciona Group company as a result of the increase in the Acciona Group's ownership interest in the Nordex Group and resulting change in the consolidation method.

These transactions were carried out at arm's length.

Transactions with associates

At 31 December 2023 and 2022, the debit and credit balances with associates are as follows:

	Receivables / income		Payables/expense	
	2023	2022	2023	2022
Trade receivables (Nota 13)	17	32		
Payables to associates (see Note 10)	41	30		
Trade and other accounts payable			15	361
Operating income and expenses	20	41	40	332
Financial income and expense	5	2		

These transactions were carried out at market prices and refer mainly to the installation, management and maintenance of wind farms on the debtor side.

On the creditor side, the balances and transactions in 2022 relate mainly to transactions with the Nordex Group:

- Transactions related to the performance maintenance contracts for the Group's different renewable energy generation plants in the amount of €10 million.
- Transactions related to the construction and acquisition of fixed assets for the development and start-up of the Group's different renewable energy generation plants in the amount of €333 million.

Transactions with other related parties

	Receivables / income		Payables/expense	
	2023	2022	2023	2022
Credit facilities and loans (Note 20)			340	208
Financial income and expense			19	16

The outstanding balance payable to other related parties at 31 December 2023 and 2022 includes financial contributions made by other partners with a minority interest in Group projects and facilities (see Note 20).

Transactions with directors and officers

In addition to subsidiaries, associates and jointly-controlled companies, certain 'key personnel' (members of the Board of Directors and other directors and officers and their immediate families) are also considered related parties, as are the companies controlled by key management personnel or over which they have significant influence. Related-party transactions are carried out under the same market conditions as any other ordinary commercial transactions that take place as part of the Group's ordinary business operations.

In addition, as mentioned in note 33, there are two five-year share plans, one for the Group's Executive Director and one for Senior Management.

There were no additional transactions between the Group and related parties (significant shareholders, members of the Board of Directors and other related parties) in 2023 or 2022.

33. Salaries and employee benefits

A. Board of Directors

The remuneration paid to the members of the Company's Board of Directors in 2023, considering that such remuneration is taken from the perspective of the parent company and subsidiaries, was as shown in this note, in thousands of euros.

Pursuant to Article 29 of the Company's Articles of Association, the remuneration of the Board of Directors for acting in their capacity as such consists of a fixed annual allowance determined for sitting on the Board and Board committees. The remuneration which the Company may pay to all Board Members for sitting on the Board of Directors and Board committees is determined at the General Shareholders' Meeting.
Unless otherwise stipulated by the General Meeting or the Remuneration Policy, the exact amount to be paid within this limit and its distribution among the different Board Members is determined by the Board of Directors under this framework on the recommendation of the Appointments and Remuneration Committee,

considering the functions and responsibilities of each Board Member, their board committees and other objective circumstances it deems relevant.

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

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

Article 43 of the Board Regulations stipulates that it is up to the Board of Directors to decide on the remuneration system for Board Members within the framework established in the Articles of Association.

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

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

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

The General Shareholders' Meeting approved the Remuneration Policy for Directors applicable from the effective date of admission to trading of Acciona Energía shares on the regulated market on 1 July 2021 and which will remain in force until 2024.

The above notwithstanding, in 2023 the General Shareholders' Meeting approved a new Remuneration Policy for Directors, applicable from its effective date of approval and for the three-year period from 2024 to 2026, as a result of the Company's listing on the IBEX-35. The aim is also to achieve greater alignment with best practices and the latest trends in good governance.

The current Remuneration Policy establishes that the maximum annual remuneration to be paid to all directors in their capacity as such is €1,750 thousand and, unless otherwise determined by the General Shareholders' Meeting, the remuneration will be distributed among the directors by resolution of the Board of Directors, which shall take into consideration the functions and responsibilities of each director, the Board committees they sit on and any other circumstances it deems relevant. On the recommendation of the Appointments and Remuneration Committee, the Board of Directors established the following annual amounts:

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

(*) Except Executive Directors

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

The total remuneration paid to the members of the Board of Directors for the performance of their duties as part of the Company's governing body was €1,332 thousand in 2023 (€1,332 thousand in 2022), broken down as follows:

	Fixed remuneration	Allowance for sitting on Board committees	2023	2022
José Manuel Entrecanales Domecq				
Juan Ignacio Entrecanales Franco				
Rafael Mateo Alcalá (Executive Director)				
Sonia Dulá	100	70	170	170
Juan Luis López Cardenete	100	63	163	155
Karen Christiana Figueres Olsen	100	55	155	155
Alejandro Mariano Werner Wainfeld	100	63	163	155
Inés Elvira Andrade Moreno **	41	29	70	169
Maria Salgado Madriñán	100	69	169	188
Rosauro Varo Rodríguez	100	61	161	170
María Fanjul Suárez	100	81	181	170
María Teresa Quirós Álvarez *	59	41	100	
Total	800	532	1,332	1,332

(*) Directors who joined the Board in 2023.

(**) Directors who stepped down from the Board in 2023.

In 2023 and 2022, the proprietary directors with executive functions in the parent company did not receive any remuneration for acting in their capacity as such.

The CEO's cash remuneration for the performance of senior management functions and for sitting on the board totalled €836 thousand in 2023 (€718 thousand in 2022). He also received in kind compensation in the amount of €27 thousand and €26 thousand in 2023 and 2022, respectively, and €167 thousand in vested shares in 2023. He received 80% of the annual stock delivery agreed by the Board of Directors on the recommendation of the Appointments and Remuneration Committee, or 3,596 shares, in exchange for the achievement of annual performance objectives in the 2021 Plan, which is discussed below in this note. He also received 20% of the shares to be delivered in 2022 (1,025 shares) which were deferred for one year. In 2022 he earned €112 thousand in gross profit for vested shares, equal to 80% of the annual stock delivery plan approved by the Board of Directors in 2022 (4,099 shares) upon the recommendation of Appointments and Remuneration Committee.

The total remuneration of the members of the Board of Directors of Corporación Acciona Energías Renovables, S.A., including remuneration for executive functions, in their capacity as directors of this company was €2,362 thousand and €2,188 thousand in 2023 and 2022, respectively.

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

B. Officers

The details of the people who held senior management positions in Grupo Corporación Acciona Energías Renovables (including the parent company and subsidiaries) in 2023 are as follows:

Name	Title (s)
Ana Benita Aramendia	Director of Organisation and Talent
Antonio Ferreiro Viña	Director of Procurement and Logistics
Arantza Ezpeleta Puras	Director of Operations
Belén Linares Corell	Director of Innovation
Brett Wickham	Country Director of Australia
David Liste Alba	Director of Energy Services
Elvira López Prados	Office of the CEO
Francisco Javier Montes Jiménez	Director of Sales
Ignacio del Romero Montes	Internal Audit
Joaquín Ancín Viguiristi	Director of Engineering and Construction
Joaquín Francisco Castillo García	Country Director for North America
Jorge Paso Cañabate	Country Director for Mexico and Central America
José Entrecanales Carrión	Director of Finance and Sustainability
Juan Otazu Aguerri	Production Director
Klaus Falgiani	Country Director for Europe and North Africa
Marta Simón Benito	Compliance
Miguel Ortiz de Latierro	Director of Prevention, Social Responsibility, the Environment and Quality
Rafael Esteban Fernández de Córdoba	Director of Development:
Raimundo Fernández-Cuesta Laborde	Director of Finance and Investor Relations
Santiago Gómez Ramos	Director of Energy Management
Yolanda Herrán Azanza	Director of Legal Affairs

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

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

The above details include the persons holding management positions in their capacity as Senior Management of the Grupo Corporación Acciona Energías Renovables and the head of internal audit. This classification is for information purposes only and should never be used as a way of interpreting or assessing the concept of senior management established in the laws in force, and in particular in Royal Decree 1382/1985.

The remuneration of persons in senior management positions, excluding those who are simultaneously members of the Board of Directors (whose remuneration is discussed above) during financial years 2023 and 2022 can be summarised as follows:

	2023	2022
Number of people	21	22
Remuneration (thousands of euros)	8,118	8,725

The amount reflected in 2023 and 2022 includes those amounts arising from severance payments made to executives who have left in that year due to the termination of their contractual relationships.

The Group is recording the accrued cost of this, under the heading 'Personnel costs' in the consolidated income statement of the period, estimated based on the progress of the variables that make them eligible for the relevant variable compensations, which are paid once the shares are distributed to each employee. In those cases where the shares delivered are shares of the Group's majority shareholder, the cost is recorded against an account with Acciona, S.A.

Below is a breakdown of the various share distribution plans approved by Grupo Corporación Acciona Energías Renovables as of the filing date of these consolidated annual financial statements of the Group, and their characteristics and scope within the various levels of the personnel structure.

2021 'Performance share' plan and distribution of shares to the executive directors of Corporación Acciona Energías Renovables, S.A., as a long-term incentive related to value creation

The Company currently has a long-term incentive plan related to growth and sustainability goals established in the 2021–2025 Business Plan, known as the '2021 Performance Share and Stock Delivery Plan' or '2021 Plan' for the executive directors of Corporación Acciona Energías Renovables, S.A.' approved at the Extraordinary General Meeting of Shareholders of Grupo Corporación Acciona Energía Renovable at its meeting of 26 May 2021, in the context of its initial public offering. The main features of this plan are as follows:

Plan beneficiaries: Executive directors of Corporación Acciona Energías Renovables, S.A. who, during the effective period of the 2021 Plan are directors with executive roles in Grupo Corporación Acciona Energía Renovable.

Plan duration: From 1 January 2021 to 31 December 2025.

Metrics used to measure the level of goal attainment:

Financial metrics:

(i) Total installed power, measured in gigawatts (GW).
(ii) EBITDA, defined as the cumulative value of the figure of earnings before interest, taxes, depreciation and amortisation in the period.
(iii) BAI, defined as the cumulative value of pre-tax earnings in the period.

Sustainability metrics:

(i) Reduction of carbon dioxide (CO2) emissions.
(ii) Increase in the number of women in managerial and directorship positions.
(iii) Implementation of local regeneration plans for new GWs.

Other metrics:

(i) Total shareholder return (TSR), in absolute and relative terms, defined as the difference between the final value of an investment in common shares and the initial value of that same investment, accounting for the fact that the final value will consider dividends or other similar items received by the shareholder during the plan's effective period.
(ii) Internal rate of return (IRR) of the projects invested in divided by the weighted average cost of capital (WACC) prevailing at the time of approval of the investment.
(iii) Project pipeline
(iv) Compliance with internal rules and procedures, and policies of control and risk management.

Calculation of the incentive: The data obtained in each of the metrics will be quantified in 2026, with the aggregate data from the five-year period of 2021–2025 and compared with the goals of the Business Plan for each of those metrics. The coefficient of the real datum of each value and its corresponding goal will provide, as a percentage, the real measurement of the degree by which the goal established for each metric has been achieved.

This measurement of the degree of fulfilment of the goal of each metric will be referred to as the goal's 'Attainment Level'.

To calculate the Individual Achievement Coefficient of the goal of each metric, and therefore the Beneficiary Incentive, the sum of the products resulting from multiplying (i) the Attainment Level of the objective of each of the Financial and Sustainability metrics by (ii) the weighting that the corresponding Financial and Sustainability metric has attributed to it as a relative weight must be equal to or greater than 65%. If the sum is less than 65%, the Beneficiary will not be eligible for an incentive under the '2021 Plan'.

Payment of incentive and deferral: The Achievement Rate is the multiplier to be applied to the Initial Beneficiary Assignation, and the result thus obtained will be the number of Performance Shares due to the Beneficiary as the 'Final Assignment'. With certain conditions met, 80% of the shares will be distributed in 2026 after the ordinary General Meeting of that year is held; the remaining 20% distribution of the shares will be deferred to 2027, after the ordinary General Meeting of that year is held, at least one year after the date on which the initial 80% of the shares were distributed.

Malus and clawback: Corporación Acciona Energías Renovables, S.A. can claim from an executive director within the three years following each date on which an incentive payment has been made (including the deferred payment of part of the incentive) the return (clawback) of all or part of the incentive paid to executive director if, during that period, the board of directors determines, at the proposal of the Appointments and Remuneration Committee, that any of the following scenarios (malus) has occurred:

(i) the executive director commits a serious breach of the duties of diligence or loyalty by which they are required to act while in office, or for any other serious and culpable breach of the obligations assumed by the executive director under their contracts with Grupo Corporación Acciona Energías Renovables for the performance of their executive duties, or

(ii) it is verified that the executive director has received the incentive after having executed the plan based on data that later proves to be manifestly inaccurate.

Early settlement: In line with corporate needs, and if circumstances arise that make it advisable for the Group in the opinion of the board of directors, after considering a recommendation by the Appointments and Remuneration Committee, the final assignation and payment of the incentive may be brought forward by distributing the shares to the beneficiaries based on progress towards the fulfilment of the objectives and indicators prescribed in this Regulation up to that point, as well as their projected future achievement.

2021 'Performance share' plan and distribution of shares to the management of Corporación Acciona Energías Renovables, S.A., as a long-term incentive related to value creation:

The Group currently has a long-term incentive plan related to the growth and sustainability goals established in the 2021–2025 Business Plan, known as the '2021 Directors' Plan' approved by the board of directors at its meeting of 31 May 2021. The main features of this plan are as follows:

Plan beneficiaries: The directors of Grupo Corporación Acciona Energía Renovable and other employees at the discretion of the Board of Directors, subject to a report by the Appointments and Remuneration Committee.

Plan duration: From 1 January 2021 to 31 December 2025.

Metrics used to measure the level of goal attainment:

Financial metrics:

(i) Total installed power, measured in gigawatts (GW).
(ii) EBITDA, defined as the cumulative value of the figure of earnings before interest, taxes, depreciation and amortisation in the period.
(iii) BAI, defined as the cumulative value of pre-tax earnings in the period.

Sustainability metrics:

(i) Reduction of carbon dioxide (CO2) emissions.
(ii) Increase in the number of women in managerial and directorship positions.
(iii) Implementation of local regeneration plans for new GWs.

Other metrics:

(i) Total shareholder return (TSR), in absolute and relative terms, defined as the difference between the final value of an investment in common shares and the initial value of that same investment, accounting for the fact that the final value will consider dividends or other similar items received by the shareholder during the plan's effective period.
(ii) Internal rate of return (IRR) of the projects invested in divided by the weighted average cost of capital (WACC) prevailing at the time of approval of the investment.
(iii) Project pipeline
(iv) Compliance with internal rules and procedures, and policies of control and risk management.

Calculation of the incentive: The data obtained in each of the metrics will be quantified in 2026, with the aggregate data from the five-year period of 2021–2025 and compared with the goals of the Business Plan for each of those metrics. The coefficient of the real datum of each value and its corresponding goal will provide, as a percentage, the real measurement of the degree by which the goal established for each metric has been achieved.

This measurement of the degree of fulfilment of the goal of each metric will be referred to as the goal's 'Attainment Level'.

To calculate the Individual Achievement Coefficient of the goal of each metric, and therefore the Beneficiary Incentive, the sum of the products resulting from multiplying (i) the Attainment Level of the objective of each of the Financial and Sustainability metrics by (ii) the weighting that the corresponding Financial and Sustainability metric has attributed to it as a relative weight must be equal to or greater than 65%. If the sum is less than 65%, the Beneficiary will not be eligible for an incentive under the '2021 Directors' Plan'.

Payment of incentive and deferral: The Achievement Rate is the multiplier to be applied to the Initial Beneficiary Assignation, and the result thus obtained will be the number of Performance Shares due to the Beneficiary as the 'Final Assignment'. The shares will be distributed in 2026, after the ordinary General Meeting of that year is held.

Multi-year distribution of shares: During the effective period of the '2021 Directors' Plan', the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, may, unilaterally and with full discretionality, decide the assignation and distribution of shares on an extraordinary basis (entirely independent from the distributions prescribed in other applicable share distribution plans approved both by the Group and by its reference shareholder) in respect of a multi-annual period of at least three years, without exceeding the duration of the ‘2021 Directors’ Plan’, as a result of the attainment of extraordinary results by the business unit or functional with respect to which the beneficiary has management responsibilities.

The beneficiary of the multi-year stock distribution may not sell, encumber, or dispose of them under any title (except mortis causa), or establish on them any option right or any other restriction of ownership or guarantee with respect to 50% of the shares distributed to them, for a period of one year from their distribution date, and with respect to the remaining 50% for a period of two years from their distribution date.

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

Under this 2021 plan for the delivery of performance shares to senior management, the number of shares of Corporación Acciona Energías Renovables, S.A. delivered to senior executives as part of their 2022 bonus was 21,920 shares distributed among 15 senior executives.

As this Plan has a three-year vesting period, one-third of the fair values mentioned above is included under the heading Personnel expenses in the consolidated income statement at 31 December 2023. The remaining two-thirds will be charged to the income statement in 2024 and 2025.

Plan to replace bonuses with shares

On 23 March 2022, the Board of Directors of Corporación Acciona Energías Renovables, S.A., on the recommendation of the Appointments and Remuneration Committee, approved the ‘Plan to Replace Bonuses with Acciona Shares for the Management of Corporación Acciona Energías Renovables, S.A. and its Group’ (the Replacement Plan) on 23 February 2021 with the aim of building loyalty and retaining talent, the features of which are as follows:

Purpose: To effectively retain and incentivise the management team members and achieve greater alignment of their interests with those of the Company and its Group.

Initial term: Five years, from 1 December 2022 to 31 January 2026.

Object: To offer certain executives of Corporación Acciona Energías Renovables, S.A. and its Group, at their discretion, the option of replacing or exchanging some or all of their cash bonus for shares of Corporación Acciona Energías Renovables, S.A., in accordance with an exchange ratio to be determined each year. The approved swap ratio includes a 25% incentive on the replaced bonus.

Beneficiaries: Executives proposed by the Board of Directors at its discretion. Executive directors are excluded from this Plan.

Restrictions on the delivered shares: Generally speaking, the delivered shares may not be sold, encumbered or disposed of for any reason (except causa mortis), and may not be the object of options or other ownership-limiting rights or guarantees, until after the 31st of March of the third year after the year in which the shared were received by the beneficiary.

The shares awarded to these beneficiaries as an incentive, but not the shares that replace the cash bonus will come with a right of repurchase in favour of Corporación Acciona Energías Renovables, S.A., exercisable if the beneficiary of the shares ceases to be a professional employee of the company or the Group before 31 March of the third year following that in which the shares are awarded, for a cause attributable to the beneficiary.

The price of the shares that will be taken as a reference to determine the exchange equation will be the closing price on the last stock exchange day in March of the year in which the Board of Directors decides on the assignment of the substitution option.

In the half of the 2023 financial year, 9,664 company shares were delivered to 20 executives of the Group as part of their 2022 cash bonus under the Substitution Plan.

On 22 February 2023, the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, agreed to extend the plan to replace cash bonuses with shares for management personnel, including a 25% retention bonus for all bonus-eligible employees globally. Participation in the Plan is voluntary.

This Plan does not apply to the CEO, who has a commercial rather than labour relationship with the Group, nor to directors.

The Employee Substitution Plan was established in Australia in the first half of 2023. Under this plan in Australia, 2,601 shares were delivered to employees of Grupo Corporación Acciona Energías Renovables in 2023.

Shareholders' Plan

The Board of Directors of Acciona unanimously agreed, on the recommendation of the Appointments and Remuneration Committee, to approve a new 'Shareholders' Plan' for all employees who are tax residents in Spain. Under this Plan, part of the variable and/or fixed compensation, up to €12,000 per year, can be delivered in the form of Company shares in accordance with the current regulatory framework which favours these types of plans from a tax perspective.

This is a completely voluntary plan that offers all employees of Grupo Corporación Acciona Energías Renovables who have their tax residence in Spain the possibility of participating in the company's profits by becoming a shareholder.

This plan does not apply to executive directors, who have a commercial rather than a labour relationship with the Company.

The Company delivered 77,139 shares in the first half of April 2023, valued at the closing price on 31 March 2023.

On 22 February 2023, the Board of Directors, on the recommendation of the Appointments and Remuneration Committee, agreed to extend the Employee Shareholder Plan to all employees who are tax residents in Australia. Participation in the Plan is voluntary.

The Employee Shareholder Plan was implemented in Australia in the second half of 2023. Under this plan, 650 shares were delivered to the employees of the Acciona Energy Group in Australia in 2023.

The Company has determined the fair market value of the goods and services received by reference to the fair value of the equity instruments granted on the basis of the share plans described above.

Savings Plan

On 23 March 2022, the Board of Directors of Corporación Acciona Energías Renovables, S.A., on the recommendation of the company's Appointments and Remuneration Committee, approved a Savings Plan linked to survival to a certain age, permanent total, absolute and severe disability and death ('Savings Plan') aimed exclusively at the company's executive directors. The basic features are as follows:

a) It is a defined benefit pension plan.

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

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

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

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

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

The variable remuneration is settled in cash, either at the time of payment or deferred through a contribution to the Savings Plan. A total of €500,000 was allocated in 2023 to contributions to the Savings Plan in the name of the Executive Directors against the variable remuneration for the 2022 financial year. The overall remuneration accounting for the Director's vested rights under this Plan is €1,038,000 euros as at 31 December 2023.

C. Auditors

In 2023 and 2022, fees for auditing and other services provided by the auditor of the Group's consolidated annual accounts, KPMG Auditores, S.L., and by companies belonging to the KPMG network, as well as fees for services invoiced by the auditors of the consolidated annual accounts of consolidated companies and entities controlled, jointly owned or managed by them, were as follows:

	Services rendered by the main auditor		Services rendered by other auditing firms	
	2023	2022	2023	2022
Internal	3	2	--	--
Total auditing and related services	3	2	--	--
Tax advisory services	--	--	2	2
Other services	--	--	2	2
Total other professional services	--	--	4	4

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

- €0.9 million for auditing services in 2023 (€0.9 million in 2022).
- Other assurance services in the amount of €0.2 million in 2023 (€0.2 million in 2022), which include services provided by the auditors on a regular basis consisting of limited reviews of interim financial statements, issuing comfort letters in relation to securities, reporting on the internal control systems applied to financial reporting, and reports on procedures for the certification of financial ratios.

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

34. Other disclosures regarding directors

According to the terms of article 229 of Legislative Royal Decree 1/2010 of 2 July which approved the Revised Text of the Capital Companies Act, at 31 December 2023, the information available to the Company and reported by the Directors and persons related to them shows that there are no direct or indirect conflicts of interest.

35. Weighted average days to pay suppliers

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

Payments made and payments outstanding at the end of the financial year	2023	2022
	Days	Days
Average period of payment to suppliers	14.32	12.51
Percentage of transactions paid	13.61	12.03
Percentage of transactions outstanding	36.21	48.24
	Amount (millions of euros)	Amount (millions of euros)
Total payments made	2,357	3,884
Total payments pending	77	52

The ‘weighted average days to pay suppliers’ is understood as the amount of time that elapses between the delivery of the goods or services and the payment date.

The ‘weighted average days to pay suppliers’ is calculated as a quotient in which the numerator is the ratio of paid transactions to the total amount of the payments made plus the ratio of transactions pending payment to the total amount of pending payments and the denominator is the sum of the total payments made and the total payments pending.

The ratio of paid transactions is calculated as a quotient where the numerator is the sum of the products corresponding to the amounts paid times the number of days to pay (calendar days elapsed from the initial date to the actual payment date) and the denominator is the total amount of the payments made.

The ratio of pending transactions is calculated as a quotient where the numerator is the sum of the products corresponding to the amounts paid times the number of days during which the payment is pending (calendar days elapsed from the initial date to the closing date of the annual accounts) and the denominator is the total amount of pending payments.

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

Invoices paid by the legal deadline	2023	2022
Volume paid (in millions of euros)	2,296	3,783
Percentage of total payments to suppliers	97%	97%
Number of invoices paid	366	129,929
Percentage of total supplier invoices paid	92%	89%

ANNEX I

GROUP COMPANIES

The subsidiaries of Corporación Acciona Energías Renovables, S.A. considered as a Group are configured as such according to IFRS-EU. The fully consolidated companies at 31 December 2023 and related disclosures for the year ended 31 December 2023 are as follows (in millions of euros):

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Aberdeen Wind Facility 1 Pty. Ltd.		South Africa	Wind power	100%	Acciona Energy South Africa Global Pty. Ltd.	-
Acciona Administración Energía Dos, S.L.U.		Spain	Others	100%	Corporación Acciona Energías Renovables, S.A.	-
Acciona Administración Energía Tres, S.L.U.		Spain	Others	100%	Corporación Acciona Energías Renovables, S.A.	-
Acciona Administración Energía, S.L.U.		Spain	Others	100%	Corporación Acciona Energías Renovables, S.A.	-
Acciona Airport Customer Services Gmbh		Germany	Energy Efficiency	100%	Acciona Esco, S.L.U.	1
Acciona Biocombustibles, S.A.U.		Spain	Holding company	100%	Acciona Generación Renovable, S.A.U.	10
Acciona Biomasa, S.L.U.		Spain	Holding company	100%	Acciona Generación Renovable, S.A.U.	20
Acciona Desarrollo Corporativo Energía, S.L.U.		Spain	Others	100%	Corporación Acciona Energías Renovables, S.A.	-
Acciona Distributed Generation Chile SPA		Chile	Wind power	100%	Acciona Energía Global, S.L.U.	-
Acciona Distributed Generation, S.L.U.		Spain	Solar power	100%	Acciona Generación Renovable, S.A.U.	1
Acciona Energía Atlanta I, S.L.U.		Spain	Wind power	75%	Acciona Energía Internacional, S.A.	-
Acciona Energía Atlanta II, S.L.U.		Spain	Wind power	75%	Acciona Energía Internacional, S.A.	-
Acciona Energía Atlanta III, S.L.U.		Spain	Wind power	75%	Acciona Energía Internacional, S.A.	-
Acciona Energía Brasil LTDA		Brazil	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Energía Carbon Technologies, S.L.U. (formerly Acciona Energía Inversiones Corea, S.L.U.)		Spain	Holding company	100%	Corporación Acciona Energías Renovables, S.A.	-
Acciona Energía Chile Holdings, S.A.	A	Chile	Sales	100%	Acciona Energía Chile, S.A.	-
Acciona Energía Chile, SpA	A	Chile	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Energía Colombia SAS		Colombia	Solar power	100%	Acciona Energía Global, S.L.U.	-
Acciona Energía Costa Rica, S.A.		Costa Rica	Wind power	100%	Acciona Energía Global, S.L.U.	-
Acciona Energía Dominicana, S.R.L.		Dominican Republic	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Energia Financiación Filiales Australia Pty Ltd	A	Australia	Financial Reporting	100%	Acciona Energía Financiación Filiales, S.A.	-
Acciona Energía Financiación Filiales, S.A.U.	A	Spain	Financial Reporting	100%	Corporación Acciona Energías Renovables, S.A.	274
Acciona Energía Global Egypt, LLC	A	Egypt	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Energia Global Italia, S.R.L.	A	Italy	Wind power	100%	Acciona Energía Global, S.L.U.	3
Acciona Energía Global, S.L.U.	A	Spain	Holding company	100%	Acciona Generación Renovable, S.A.U.	392
Acciona Energía Internacional, S.A.	A	Spain	Holding company	75%	Acciona Generación Renovable, S.A.U.	727
Acciona Energía México, S.R.L. de C.V.	A	Mexico	Holding company	75%	Acciona Energía Internacional, S.A.	4
Acciona Energía Perú S.A.C.		Peru	Holding company	100%	Acciona Energía Global, S.L.U.	2
Acciona Energia Re		Luxembourg	Others	100%	Corporación Acciona Energías Renovables, S.A.	21
Acciona Energía Servicios México, S. de RL de C.V.	A	Mexico	Construction	100%	AE Mex Global S. de R.L. de C.V.	5
Acciona Energija Global Croatia d.o.o.		Croatia	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Enegija d.o.o.		Croatia	Wind power	100%	Acciona Energía Global, S.L.U.	2
Acciona Energy Australia Global, Pty. Ltd	A	Australia	Holding company	100%	Acciona Energía Global, S.L.U.	-

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Acciona Energy Canada Global Corp.		Canada	Holding company	100%	Acciona Energía Global, S.L.U.	41
Acciona Energy Global Ucrania LLC	A	Ukraine	Holding company	100%	Dymerka Solar Poland Sp. Z.o.o.	-
Acciona Energy India Private, Ltd	C	India	Wind power	100%	Acciona Energía Global, S.L.U.	3
Acciona Energy North America Corp.		USA	Holding company	75%	Acciona Energía Internacional, S.A.	-
Acciona Energy Oceania Construction, Pty. Ltd		Australia	Construction	100%	Acciona Energy Australia Global, Pty. Ltd	1
Acciona Energy Oceania Financial Services, PYL, Ltd.	A	Australia	Financial Reporting	100%	Acciona Energy Australia Global, Pty. Ltd	-
Acciona Energy Oceania Pty. Ltd	A	Australia	Wind power	75%	Acciona Energía Internacional, S.A.	148
Acciona Energy Poland Global, Sp. Z.o.o.	A	Poland	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Energy Poland Maintenance Services, Sp. Z.o.o.	A	Poland	Maintenance	100%	Acciona Energy Poland Global, Sp. Z.o.o.	-
Acciona Energy Poland, Sp. Z.o.o.	A	Poland	Wind power	75%	Acciona Energía Internacional, S.A.	52
Acciona Energy Singapore PTE LTD	A	Singapore	Solar power	100%	Acciona Energía Global, S.L.U.	-
Acciona Energy South Africa Global Pty. Ltd.	A	South Africa	Holding company	100%	Acciona Energía Global, S.L.U.	5
Acciona Energy South Africa O&M (Proprietary) Limited (formerly Firefly Investments 238 (proprietary) Limited)	C	South Africa	Maintenance	80%	Acciona Energy South Africa Global Pty. Ltd.	2
Acciona Energy South Africa Pty. Ltd.	A	South Africa	Holding company	75%	Acciona Energía Internacional, S.A.	52
Acciona Energy USA Global, LLC	A	USA	Holding company	100%	Acciona Energía Global, S.L.U.	1,319
Acciona Eólica Calabria, S.R.L.		Italy	Wind power	100%	Acciona Energia Global Italia, S.R.L.	1
Acciona Eólica Cesa Italia, S.R.L.	A	Italy	Holding company	75%	Acciona Energía Internacional, S.A.	31
Acciona Eólica de Castilla La Mancha, S.L.U.	A	Spain	Wind power	100%	Álabe Proyectos Eólicos, S.A.U.	-
Acciona Eólica de Galicia, S.A.U.	A	Spain	Wind power	100%	Corporación Acciona Energías Renovables, S.A.	17
Acciona Eólica Levante, S.L.U.	A	Spain	Wind power	100%	Álabe Proyectos Eólicos, S.A.U.	19
Acciona Eólica Portugal, S.A.	A	Portugal	Holding company	75%	Acciona Energía Internacional, S.A.	10
Acciona Eólica Santa Cruz, S. de R.L. de C.V.	A	Mexico	Wind power	100%	AE Mex Global S. de R.L. de C.V.	3
Acciona Esco Belgium S.R.L.		Belgium	Energy Efficiency	100%	Acciona Esco, S.L.U.	-
Acciona Esco France S.A.S.U.		France	Energy Efficiency	100%	Acciona Esco, S.L.U.	-
Acciona Esco, S.L.U.	A	Spain	Energy Efficiency	100%	Acciona Generación Renovable, S.A.U.	28
Acciona Facility Services Efficient Energy UK Limited		United Kingdom	Energy Efficiency	100%	Acciona Esco, S.L.U.	1
Acciona Facility Services Germany Gmbh		Germany	Energy Efficiency	100%	Acciona Airport Customer Services GMBH	1
Acciona Facility Services Poland Sp. Z.o.o.		Poland	Energy Efficiency	100%	Acciona Esco, S.L.U.	-
Acciona Generación Renovable, S.A.U.	A	Spain	Energy (various)	100%	Corporación Acciona Energías Renovables, S.A.	1,146
Acciona Green Energy Developments, S.L.U.	A	Spain	Sales	100%	Acciona Generación Renovable, S.A.U.	91
Acciona Green Energy Portugal, LDA		Portugal	Sales	100%	Green Energy Developments, S.L.U.	-
Acciona Portugal II – Energia Global, LDA		Portugal	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Power Marketing USA, LLC		USA	Wind power	100%	Acciona Energy USA Global, LLC	-
Acciona Proyectos Renovables para Hidrógeno, S.L.U.		Spain	Hydrogen power	100%	Acciona Generación Renovable, S.A.U.	-
Acciona Recarga, S.L.	A	Spain	Energy top-off points	93.6%	Acciona Generación Renovable, S.A.U.	21
Acciona Saltos de Agua, S.L.U.	A	Spain	Hydraulic power	100%	Corporación Acciona Energías Renovables, S.A.	-
Acciona Servicios Energéticos, S.L.R. de C.V.		Mexico	Energy Efficiency	100%	Acciona Esco, S.L.U.	1
Acciona Solar Energy, LLC		USA	Holding company	75%	Acciona Energy North America Corp.	83
Acciona Solar Holdings Pty. Ltd.		Australia	Holding company	100%	Acciona Energía Global, S.L.U.	-
Acciona Solar Power, Inc.		USA	Maintenance	100%	Acciona Energy USA Global, LLC	4
Acciona Solar Pty. Ltd.		Australia	Solar power	100%	Acciona Solar Holdings Pty. Ltd.	-
Acciona Solar, S.A.U.		Spain	Solar power	100%	Acciona Generación Renovable, S.A.U.	1
Acciona Suministradora México, S. de R.L. de C.V.	A	Mexico	Commercialisation	100%	Acciona Green Energy Development, S.L.U.	-
Acciona Wind Energy Canada Inc.		Canada	Holding company	75%	Acciona Energía Internacional, S.A.	13

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Acciona Wind Energy Private, Ltd	C	India	Wind power	75%	Acciona Energía Internacional, S.A.	8
Acciona Wind Energy USA, LLC		USA	Holding company	75%	Acciona Energy North America Corp.	409
AE Mex Global S. de R.L. de C.V.	A	Mexico	Holding company	100%	Acciona Energía Global, S.L.U.	17
AEGC Forty Mile Wind LP	A	Canada	Wind power	100%	Acciona Energy Canada Global Corp.	40
AEUG Asset Holdco Canada Inc		Canada	Wind power	100%	Acciona Renewable Energy Canada Hold. LLC	-
AEUG Asset Holdco US, LLC		USA	Wind power	100%	Acciona Energy USA Global, LLC	1
AEUG Fleming Solar, LLC	A	USA	Solar power	100%	AEUG Solar Development LLC	12
AEUG Madison Solar, LLC	A	USA	Solar power	100%	AEUG Solar Development LLC	3
AEUG Real Estate, LLC		USA	Wind power	100%	Acciona Energy USA Global LLC	-
AEUG Solar Development LLC		USA	Holding company	100%	Acciona Energy USA Global, LLC	161
AEUG Solar Holdco LLC		USA	Holding company	100%	Acciona Energy USA Global, LLC	-
AEUG Union Solar, LLC	A	USA	Solar power	100%	AEUG Solar Development LLC	124
Alabe Proyectos Eólicos, S.A.		Spain	Holding company	100%	Corporación Acciona Energías Renovables, S.A.	-
Aldoga Solar Farm Holdings pty LTD		Australia	Holding company	100%	Acciona Energía Global, S.L.U.	-
Aldoga Solar Farm pty LTD		Australia	Solar power	100%	Aldoga Solar Farm Holdings pty LTD	-
Alfa SPA		Chile	Solar power	100%	Acciona Energía Global, S.L.U.	3
Almeyda SPA	A	Chile	Solar power	100%	Acciona Energía Global, S.L.U.	13
Alsubh Solar Energy Holdings, S.A.U.	A	Spain	Holding company	100%	Acciona Energía Global, S.L.U.	6
Amper Central Solar, S.A.	A	Portugal	Solar power	75%	Acciona Energía Internacional, S.A.	29
Anchor Wind, LLC		USA	Wind power	100%	Acciona Energy USA Global, LLC	4
Apoderada Corporativa General, S.A.U.		Spain	Others	100%	Corporación Acciona Energías Renovables, S.A.	-
Ardenna, SPA		Chile	Wind power	80%	Acciona Energía Global, S.L.U.	-
Artsyz-Solar LLC	A	Ukraine	Solar power	94.4%	Dymerka Solar Poland Sp. Z.o.o.	-
Baltyk Energia Sp. Z.o.o.		Poland	Wind power	100%	Acciona Energy Poland Global, Sp. Z.o.o.	-
Biodiesel Caparroso, S.L.U.		Spain	Biofuels	100%	Acciona Generación Renovable, S.A.U.	11
Biomasa Briviesca, S.A.	A	Spain	Biomass	85%	Acciona Biomasa, S.A.U.	4
Biomasa Miajadas, S.L.U.	A	Spain	Biomass	100%	Acciona Biomasa, S.A.U.	19
Biomasa Sangüesa, S.L.U.		Spain	Biomass	100%	Acciona Generación Renovable, S.A.U.	-
Blue Falcon 140 Trading Pty. Ltd.	A	South Africa	Wind power	41.2%	Acciona Energy South Africa Pty. Ltd.	7
BT Cunningham Storage LLC	A	USA	Energy storage	100%	Acciona Energy USA Global, LLC	141
Cargacoches Cantabria, S.L.U.		Spain	Energy top-off points	93.6%	Acciona Recarga, S.L.	-
CE Oaxaca Dos, S. de R.L. de C.V.	A	Mexico	Wind power	75%	Acciona Energía México, S.R.L. de C.V.	1
CE Oaxaca Tres, S. de R.L. de C.V.	A	Mexico	Wind power	75%	Acciona Energía México, S.R.L. de C.V.	-
CE Oaxaca Cuatro, S. de R.L. de C.V.	A	Mexico	Wind power	75%	Acciona Energía México, S.R.L. de C.V.	-
CE.SI. Cesa Eolo Sicilia, S.R.L.	A	Italy	Wind power	75%	Acciona Eólica Cesa Italia, S.R.L.	4
Ceólica Hispania, S.L.U.	A	Spain	Wind power	100%	Corporación Acciona Energías Renovables, S.A.	423
Charge and Parking, S.L.U.		Spain	Energy top-off points	93.6%	Acciona Recarga, S.L.	1
Civerzba ITG, S.L.U.	A	Spain	Holding company	100%	Acciona Energía Global, S.L.U.	4
Compañía Eólica Granadina, S.A.	A	Spain	Wind power	50%	Ceólica Hispania, S.L.U.	3
Consorcio Eólico Chiripa, S.A.	A	Costa Rica	Wind power	65%	Acciona Generación Renovable, S.A.U.	-
Corporación Acciona Eólica, S.L.U.	A	Spain	Wind power	100%	Corporación Acciona Energías Renovables, S.A.	330
Corporación Acciona Hidráulica, S.L.U.	A	Spain	Hydraulic power	100%	Corporación Acciona Energías Renovables, S.A.	65
Corporación Eólica de Valdivia, S.L.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	2

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Cotoperí Solar FV, SRL		Dominican Republic	Solar power	51%	Acciona Energía Global, S.L.U.	7
CSF Almodôvar, Unipessoal, LDA		Portugal	Solar power	100%	Acciona Portugal II – Energia Global, LDA	1
Dempsey Ridge Wind Farm, LLC	A	USA	Wind power	75%	Acciona Wind Energy USA, LLC	138
Desarrollos Renovables Eólicos y Solares, S.L.U.		Spain	Solar power	100%	Acciona Generación Renovable, S.A.U.	6
Desarrollos Renovables del Norte, S.L.U.		Spain	Solar power	100%	Acciona Generación Renovable, S.A.U.	3
Dymerka Photovoltaic Power Plant-2 LLC	A	Ukraine	Solar power	100%	Dymerka Solar Poland Sp. Z.o.o.	-
Dymerka Solar LLC	A	Ukraine	Solar power	100%	Dymerka Solar Poland Sp. Z.o.o.	-
Dymerka Solar Poland Sp. Z.o.o.		Poland	Holding company	100%	Acciona Energy Poland Global, Sp. Z.o.o.	-
Dymersa Photovoltaic Power Plant-3 LLC	A	Ukraine	Solar power	100%	Dymerka Solar Poland Sp. Z.o.o.	-
Ecogrove Wind, LLC	A	USA	Wind power	75%	Acciona Wind Energy USA, LLC	77
Efrato ITG, S.L.U.	A	Spain	Holding company	100%	Acciona Energía Global, S.L.U.	4
El Romero, SPA	A	Chile	Solar power	100%	Acciona Energía Global, S.L.U.	98
Empordavent, S.L.U.	A	Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	14
Empreendimientos Eólicos de Ribadelide, S.A.	A	Portugal	Wind power	75%	Acciona Eólica Portugal, S.A.	5
Empreendimientos Eólicos do Verde Horizonte, S.A.	A	Portugal	Wind power	75%	Acciona Eólica Portugal, S.A.	8
Energea Servicios y Mantenimiento. S.L.U.	A	Spain	Maintenance	100%	Terranova Energy Corporation, S.A.U.	-
Energia de Vila Pouca, Unipessoal, LDA		Portugal	Solar power	100%	Acciona Portugal II – Energia Global, LDA	-
Energia do Alqueva, Unipessoal, LDA		Portugal	Solar power	100%	Acciona Portugal II – Energia Global, LDA	-
Energía Renovable del Istmo II SA de CV	A	Mexico	Wind power	100%	AE Mex Global S. de R.L. de C.V.	18
Energía Renovable del Sur, S.A.		Peru	Wind power	100%	Acciona Energía Global, S.L.U.	13
Energías Alternativas de Teruel, S.A.U.		Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	4
Energías Eólicas de Catalunya, S.A.U.	A	Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	6
Energías Renovables de Ricobayo, S.A.		Spain	Wind power	50%	Ceólica Hispania, S.L.U.	-
Energías Renovables El Abra, S.L.U.		Spain	Wind power	100%	Ceólica Hispania, S.L.U.	2
Energías Renovables Mediterráneas, S.A.	C	Spain	Wind power	75%	Acciona Generación Renovables S.A.	100
Energias Renovables Operación & Mantenimiento, S.L.U.	A	Spain	Maintenance	100%	Acciona Generación Renovable, S.A.U.	8
Energías Renovables Peñanebina, S.L.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	3
Enren, S.R.L.		Dominican Republic	Solar power	100%	Acciona Energía Dominicana, S.R.L.	7
Eólica de Rubió, S.L.U.	A	Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	6
Eólica de Zorraquin, S.L.	A	Spain	Wind power	66%	Acciona Generación Renovable, S.A.U.	1
Eólica Villanueva, S.L.	A	Spain	Wind power	66.7%	Acciona Generación Renovable, S.A.U.	1
Eólico Alijar, S.A.U.		Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	5
Eólicos Breogán, S.L.U.		Spain	Wind power	100%	Ceólica Hispania, S.L.U.	-
Eqinov, S.A.S.	E	France	Energy Efficiency	100%	Acciona Esco, S.L.U.	81
Estación de Servicio Legarda, S.L.U.		Spain	Biofuels	100%	Acciona Biocombustibles, S.A.U.	1
Eurus, S,A.P.I de C.V.	A	Mexico	Wind power	70.5%	Acciona Energía México, S.R.L. de C.V.	-
Fe Berg River proprietary limited		South Africa	Wind power	100%	Acciona Energy South Africa Global Pty. Ltd.	-
Fe Bonne Esperance proprietary limited		South Africa	Wind power	100%	Acciona Energy South Africa Global Pty. Ltd.	-
Ferral Energia Real, Unipessoal, LDA		Portugal	Solar power	100%	Acciona Portugal II – Energia Global, LDA	-

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Fort Bend Holding LLC		USA	Holding company	100%	Fort Point Finance LLC	174
Fort Bend Solar LLC	A	USA	Solar power	100%	Fort Bend Holding LLC	292
Fort Point Finance LLC		USA	Holding company	100%	Acciona Energy USA Global, LLC	291
Generación de Energía Renovable. S.A.U.		Spain	Wind power	100%	Ceólica Hispania, S.L.U.	5
Gestión de Recursos Corporativos, S.L.U.		Spain	Others	100%	Corporación Acciona Energías Renovables, S.A.	-
Golice Wind Farm Sp. Z.o.o.	A	Poland	Wind power	75%	Acciona Energy Poland, Sp Z.o.o.	9
Guadalaviar Consorcio Eólico, S.A.U.		Spain	Wind power	100%	Álabe Proyectos Eólicos, S.A.U.	-
Gunning Wind Energy Developments Pty Ltd	A	Australia	Wind power	75%	Gunning Wind Energy Holdings Pty Ltd	2
Gunning Wind Energy Holdings Pty Ltd		Australia	Wind power	75%	Acciona Energy Oceanía, Pty. Ltd	2
Hidroeléctrica del Serradó, S.L.U.		Spain	Hydraulic power	100%	Acciona Saltos de Agua, S.L.U.	2
High Point Holding LLC		USA	Holding company	100%	Fort Point Finance LLC	117
High Point Solar, LLC	A	USA	Solar power	100%	High Point Holding LLC	161
Hudzovka Solar 1 LLC	A	Ukraine	Solar power	92.2%	Dymerka Solar poland Sp. Z.o.o.	-
Hudzovka Solar 2 LLC	A	Ukraine	Solar power	88.6%	Dymerka Solar poland Sp. Z.o.o.	-
Ineuropa Proyectos Renovables, S.A.U.		Spain	Holding company	100%	Corporación Acciona Energías Renovables, S.A.	2
Infraestructuras Ayora, S.L.		Spain	Wind power	84.7%	Guadalaviar Consorcio Eólico, S.A.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ipupiara I Energia S.A. (formerly Bahia Eólica I Energias S.A.)		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Irrigation Solar Farm, S.L.U.		Spain	Solar power	100%	Acciona Distributed Generation, S.L.U.	-
Kallfu, SPA		Chile	Wind power	80%	Acciona Energía Global, S.L.U.	-
Kirov ITG, S.L.U.		Spain	Others	100%	Desarrollos Renovables Eólicos y Solares, S.L.U.	-
Kuruf, SPA		Chile	Wind power	80%	Acciona Energía Global, S.L.U.	-
KW Tarifa, S.A.U.	A	Spain	Wind power	100%	Corporación Acciona Energías Renovables, S.A.	7
La Chalupa Finance, LLC		USA	Holding company	100%	Acciona Energy USA Global LLC	76
La Chalupa Holding, LLC	A	USA	Holding company	100%	La Chalupa Finance, LLC	76
La Chalupa LLC	A	USA	Wind power	100%	La Chalupa Holding, LLC	185
Lafquen, SPA		Chile	Wind power	80%	Acciona Energía Global, S.L.U.	-
Lameque Wind Power Lp	A	Canada	Wind power	75%	Acciona Wind Energy Canada Inc.	3
Langhoogte Wind Farm Pty. Ltd.		South Africa	Wind power	100%	Acciona Energy South Africa Global Pty. Ltd.	-
Lile, SPA		Chile	Wind power	80%	Acciona Energía Global, S.L.U.	-
Llewin Brzeski Wind Farm Sp. Z.o.o.		Poland	Wind power	100%	Acciona Energy Poland Global, Sp. Z.o.o.	1
Loxton Wind Facility 1 Pty. Ltd.		South Africa	Wind power	100%	Acciona Energy South Africa Global Pty. Ltd.	-
Macintyre UJV Operator Pty Ltd		Australia	Wind power	100%	Acciona Solar Holdings Pty. Ltd.	-
Macintyre Wind Farm Holding Pty Ltd		Australia	Holding company	100%	Acciona Solar Holdings Pty. Ltd.	-
Macintyre Wind Farm Pty. Ltd.	A	Australia	Wind power	100%	Macintyre Wind Farm Holding Pty. Ltd.	-
Malgarida I SPA	A	Chile	Solar power	100%	Acciona Energía Global, S.L.U.	-

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Malgarida II SPA	A	Chile	Solar power	100%	Acciona Energía Global, S.L.U.	-
Meltemi, Sp. Z.o.o.	A	Poland	Wind power	75%	Acciona Energy Poland, Sp Z.o.o.	30
MFS-Moura Fábrica Solar-Fábrico e Comércio de Painéis Solares, LDA		Portugal	Solar power	100%	Acciona Energía Global, S.L.U.	2
Mortlake South Wind Farm Holdings Pty. Ltd.		Australia	Holding company	100%	Acciona Energía Global, S.L.U.	75
Mortlake South Wind Farm Pty. Ltd.	A	Australia	Wind power	100%	Mortlake Soyuth Wind Farm Holdings Pty. Ltd.	74
Mt. Gellibrand Wind Farm Holding Pty, Ltd.		Australia	Holding company	100%	Acciona Energía Global, S.L.U.	9
Mt. Gellibrand Wind Farm Pty, Ltd.	A	Australia	Wind power	100%	Mt. Gellibrand Wind Farm Holding Pty, Ltd.	9
Mysliborz Wind Farm Sp. Z.o.o.		Poland	Wind power	100%	Acciona Energy Poland Global, Sp. Z.o.o.	-
Narzym Wind Farm Sp. z o.o.		Poland	Wind power	100%	Acciona Energy Poland Global, Sp. Z.o.o.	-
Nevada Solar One, LLC		USA	Thermosolar	75%	NVS1 Investment Group, LLC	57
Notos Produçao de Energía Eléctrica, LDA	A	Portugal	Wind power	52.5%	Sistemas Energéticos Sayago, S.L.U.	-
NVS1 Investment Group, LLC		USA	Holding company	75%	Acciona Solar Energy, LLC	57
Oakleaf investment holdings 86 (proprietary) limited	C	South Africa	Construction	100%	Acciona Energy South Africa Global Pty. Ltd.	-
Palmas Wind Finance LLC		USA	Holding company	100%	Acciona Energy USA Global LLC	110
Palmas Wind Holding LLC	A	USA	Holding company	100%	Palmas Wind Finance LLC	103
Palmas Wind, LLC	A	USA	Wind power	100%	Palmas Wind Holding LLC	186
Páramo de Los Angostillos, S.L.	A	Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	12
Parco Eólico Cocullo S.p.A.	A	Italy	Wind power	75%	Acciona Eólica Cesa Italia, S.R.L.	2
Parque Eólico da Costa Vicentina, S.A.	A	Portugal	Wind power	75%	Acciona Eólica Portugal, S.A.	3
Parque Eólico do Outeiro, S.A.	A	Portugal	Wind power	75%	Acciona Eólica Portugal, S.A.	18
Parque Eólico el Chaparro, S.L.U.		Spain	Wind power	100%	Álabe Proyectos Eólicos, S.A.U.	-
Parque Eólico Escepar, S.A.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	-
Parque Eólico La Esperanza, S.L.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	3
Parque Eólico Peralejo, S.A.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	1
Parque Eólico San Gabriel SPA	A	Chile	Wind power	100%	Acciona Energía Global, S.L.U.	99
Parque Eólico Villamayor, S.L.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	6
Parques Eólicos Celadas, S.L.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	5
Parques Eólicos de Cerrato, S.L.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	1
Parques Eólicos de Ciudad Real, S.L.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	8
Parques Eólicos de San Lázaro, S.A. de C.V.	A	Mexico	Wind power	100%	AE Mex Global S. de R.L. de C.V.	15
Pichilingue SPA		Chile	Wind power	100%	Acciona Energía Global, S.L.U.	-
Pitagora, S.R.L.	A	Italy	Wind power	75%	Acciona Eólica Cesa Italia, S.R.L.	9
Pleiades S.A.		Chile	Solar power	100%	Alfa SPA	3
Pofadder Wind Facility 1 Pty. Ltd.		South Africa	Wind power	100%	Acciona Energy South Africa Global Pty. Ltd.	-
Proyectos Renovables Innovadores, S.A.U.		Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	-
Punta Palmeras, S.A.	A	Chile	Wind power	75%	Acciona Energía Internacional, S.A.	37
Pyrenees Wind Energy Developments Pty. Ltd	A	Australia	Wind power	75%	Pyrenees Wind Energy Holdings Pty. Ltd	8
Pyrenees Wind Energy Holdings Pty. Ltd	A	Australia	Holding company	75%	Acciona Energy Oceanía, Pty. Ltd	11
Rec Energy Solutions, S.L.		Spain	Energy top-off points	93.6%	Acciona Recarga, S.L.	-
Red Hills Finance, LLC	A	USA	Holding company	75%	Acciona Wind Energy USA, LLC	-
Red Hills Holding, LLC	A	USA	Holding company	71.3%	Red Hills Finance, LLC	-
Red Hills Wind Project, LLC	A	USA	Wind power	71.3%	Red Hills Holding LLC	-
Red Railed Hawk, LLC		USA	Solar power	100%	Acciona Energy USA Global, LLC	132
Renovables del Penedés, S.A.U.		Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	4
Ripley Windfarm JV	A	Canada	Wind power	75%	Acciona Wind Energy Canada Inc	-
Saltos del Nansa I, S.A.U.	A	Spain	Hydraulic power	100%	Acciona Saltos de Agua, S.L.U.	42
Saltos y Centrales de Catalunya, S.A.U.	A	Spain	Hydraulic power	100%	Acciona Saltos de Agua, S.L.U.	16
San Roman Finance, LLC		USA	Holding company	100%	Acciona Energy USA Global, LLC	48

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
San Roman Holding, LLC	A	USA	Holding company	100%	San Roman Finance, LLC	46
San Roman Wind I, LLC	A	USA	Wind power	100%	San Roman Holding, LLC	119
San Solar Energy Facility Pty. Ltd.		South Africa	Solar power	100%	Acciona Energy South Africa Global Pty. Ltd.	-
SERE-Sociedade Exploradora de Recursos Eólicos, S.A.	A	Portugal	Wind power	75%	Acciona Eólica Portugal, S.A.	7
Sierra de Selva, S.L.U.	A	Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	17
Sistemas Energéticos Sayago, S.L.U.		Spain	Holding company	75%	Acciona Energía Internacional, S.A.	-
Sistemas Energéticos Valle de Sedano, S.A.U.	A	Spain	Wind power	100%	Ceólica Hispania, S.L.U.	21
Sociedad Istmeña Desarrollo Eólico, S. de R.L. de C.V.		Mexico	Wind power	100%	AE Mex Global S. de R.L. de C.V.	3
Solar Bolarque, S.L.		Spain	Solar power	100%	Acciona Generación Renovable, S.A.U.	1
Solar PDV, SPA		Chile	Solar power	100%	Acciona Energía Global, S.L.U.	-
Solarna Elektranae Promina d.o.o		Croatia	Solar power	100%	Acciona Energía Global, S.L.U.	-
Solbioext 2, S.L.		Spain	Solar power	75%	Acciona Generación Renovable, S.A.U.	1
Solhidro Green Suministradora, S.L.U. (formerly Jerson ITG, S.L.U.)		Spain	Others	100%	Acciona Generación Renovable, S.A.U.	-
Solvboext 1, S.L.		Spain	Solar power	75%	Acciona Generación Renovable, S.A.U.	-
Sun Photo Voltaic Energy India Pvt, Ltd	C	India	Wind power	100%	Acciona Energía Global, S.L.U.	26
Surya Energy Photo Voltaic India Pvt, Ltd	C	India	Wind power	100%	Acciona Energía Global, S.L.U.	-
Tatanka Finance, LLC		USA	Holding company	75%	Acciona Wind Energy USA, LLC	1
Tatanka Wind Holding, LLC	A	USA	Holding company	75%	Tatanka Finance, LLC	2
Tatanka Wind Power, LLC	A	USA	Wind power	75%	Tatanka Wind Holding, LLC	191
Terranova Energy Corporation, S.A.U.		Spain	Wind power	100%	Ceólica Hispania, S.L.U.	1
Tolpán sur, SPA.	A	Chile	Wind power	100%	Acciona Energía Global, S.L.U.	27
Tuppadahali Energy India Pvt, Ltd	C	India	Wind power	75%	Acciona Energía Internacional, S.A.	15
Usya, SPA	A	Chile	Solar power	100%	Acciona Energía Global, S.L.U.	-
Valdivia Energía Eólica, S.A.	A	Spain	Wind power	100%	Acciona Generación Renovable, S.A.U.	10
Velva Windfarm, LLC		USA	Wind power	75%	Acciona Wind Energy USA, LLC	3
Ventos de Santa Bibiana Energias Renovaveis S.A.		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ventos de Santa Edna Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Ida Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Iria Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Karolina Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Lindalva Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Santa Paulina Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Santa Bibiana Energias Renovaveis S.A.	-
Ventos de Sao Carlos Energias Renovaveis S.A.		Brazil	Wind power	100%	Acciona Energía Global, S.L.U.	-
Ventos de Sao Getulio Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao James Energias Renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Jordao Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Josef Energias Renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Juan Energias Renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Miguel Energias Renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Narciso Energias Renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Nicolau Energias Renovaveis S.A.		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-

Group companies	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Ventos de Sao Peregrino Energias Renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Pio X Energias renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Ranieri Energias Renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Ventos de Sao Xisto Energias renovaveis LTDA		Brazil	Wind power	100%	Ventos de Sao Carlos Energias Renovaveis S.A.	-
Vientos Bajo Hondo I, S.A.		Argentina	Wind power	100%	Acciona Energía Global, S.L.U.	-
Vientos Bajo Hondo, S.A.		Argentina	Wind power	100%	Acciona Energía Global, S.L.U.	-
Vjetroelektrana Cemernica, d.o.o.		Croatia	Wind power	100%	Acciona Energía Global, S.L.U.	-
Vjetroelektrana Jelinak, d.o.o.	A	Croatia	Wind power	75%	Acciona Energía Internacional, S.A.	12
Vjetroelektrana Opor, d.o.o.		Croatia	Wind power	100%	Acciona Energía Global, S.L.U.	1
Voltser, Serviços de Operaçao e Manutençao de Centrais Fotovoltaicas Unipessoal, LDA		Portugal	Maintenance	100%	Acciona Portugal II – Energia Global, LDA	-
Windfall 59 Properties Pty. Ltd.	A	South Africa	Solar power	41.2%	Acciona Energy South Africa Pty. Ltd.	2
Wolseley Wind Farm Pty. Ltd.		South Africa	Wind power	100%	Acciona Energy South Africa Global Pty. Ltd.	-

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

ANNEX II

JOINTLY-CONTROLLED OPERATIONS

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

Joint ventures	Auditor	Country	Core business	Ownership percentage in the Group	Owner of the interest	Carrying value (millions of euros)
Acciona Common Ventures, S.L. (formerly Corporación Eólica Catalana, S.L.)		Spain	Holding company	50.00%	Acciona Generación Renovable, S.A.U.	20
Alderaan Energia, S.L.U.		Spain	Energy Efficiency	35.00%	Solideo Group, S.L.	-
Chin Chute Windfarm JV	A	Canada	Wind power	37.50%	Acciona Wind Energy Canada Inc.	5
Iniciativas Energéticas Renovables, S.L.		Spain	Wind power	50.00%	Acciona Generación Renovable, S.A.U.	-
Magrath Windfarm JV	A	Canada	Wind power	37.50%	Acciona Wind Energy Canada Inc.	3
Solideo Eco Systems, S.L.U.	E	Spain	Energy Efficiency	35.00%	Solideo Group, S.L.	25
Solideo energy, S.L.U.		Spain	Energy Efficiency	35.00%	Solideo Group, S.L.	2
Solideo Group, S.L.		Spain	Holding company	35.00%	Acciona Common Ventures, S.L. (formerly Corporación Eólica Catalana, S.L.)	37

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

ANNEX III

COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

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

Companies accounted for using the equity method	Auditor	Country	Core business	Ownership Percentage	Owner of the interest	Carrying value (millions of euros)
Acciona Global Renewables, S.L.		Spain	Others	46.58%	Acciona Generación Renovable, S.A.U.	-
Acciona Nordex Green Hidrogen, S.L. (formerly Nordex H2, S.L.)		Spain	Hydrogen power	25.00%	Acciona Common Ventures, S.L. (formerly Corporación Eólica Catalana, S.L.)	83
Acciona Plug Portugal, unipessoal lda.		Portugal	Hydrogen power	50.00%	Acciona Plug, S.L.	-
Accionaplug Valle H2V Navarra, S.L.		Spain	Hydrogen power	50.00%	Acciona Generación Renovable, S.A.U.	-
Accionaplug, S.L.	A	Spain	Hydrogen power	50.00%	Acciona Generación Renovable, S.A.U.	3
Alsubh Solar Power, S.A.E.	A	Egypt	Solar power	50.00%	Alsubh Solar Energy Holdings, S.A.	5
Aprofitament d'Energías Renovables de l'Ebre, S.L.		Spain	Wind power	9.76%	Empordavent, S.L.U.	1
Ardemer ITG, S.L.		Spain	Solar power	50.00%	Acciona Generación Renovables S.A.	-
AT Operadora Puerto Libertad, SAPI de CV		Mexico	Solar power	50.00%	AE Mex Global S. de R.L. de C.V.	1
AT Solar I, SAPI de CV		Mexico	Solar power	50.00%	AE Mex Global S. de R.L. de C.V.	1
AT Solar II, SAPI de CV		Mexico	Solar power	50.00%	AE Mex Global S. de R.L. de C.V.	1
AT Solar III, SAPI de CV		Mexico	Solar power	50.00%	AE Mex Global S. de R.L. de C.V.	1
AT Solar V, SAPI de CV	A	Mexico	Solar power	50.00%	AE Mex Global S. de R.L. de C.V.	20
Blue Canyon Windpower, LLC		USA	Wind power	14.00%	Acciona Wind Energy USA, LLC	1
Carnotavento, S.A.		Spain	Inactive	24.50%	Eurovento, S.L.U.	-
Cathedral Rocks Holdings 2, Pty. Ltd		Australia	Wind power	37.50%	Cathedral Rocks Holdings, Pty. Ltd	23
Cathedral Rocks Holdings, Pty. Ltd		Australia	Wind power	37.50%	Acciona Energy Oceania Pty, Ltd	13
Rocks Wind Farm, Pty. Ltd	A	Australia	Wind power	37.50%	Cathedral Rocks Holdings 2, Pty. Ltd	23
Energías Eólicas de Castellón, S.L.U.		Spain	Wind power	50.00%	Med Wind Energy, S.L.	-
Energy Corp Hungary Megújuló Energia Hasznosító KFT (formerly Energy Corp Hungary KFT)	E	Hungary	Wind power	50.00%	Ceólica Hispania, S.L.U.	1
Eólicas Mare Nostrum, S.L.		Spain	Wind power	75.00%	Acciona Generación Renovables S.A.	10
Eolink, S.A.S		France	Wind power	23.74%	Acciona Energía Global, S.L.U.	6
Eurovento. S.L.U.		Spain	Wind power	50.00%	Ceólica Hispania, S.L.U.	2
Infraestructuras de Movilidad Urbana Sostenible AQ JV, S.L.		Spain	Energy top-off points	51.00%	Acciona Generación Renovables S.A.U.	-
Infraestructuras San Serván 220, S.L.		Spain	Solar power	25.60%	Desarrollos Renovables Eólicos y Solares, S.L.U.	-
Infraestructuras Villanueva, S.L.		Spain	Wind power	40.53%	Guadalaviar Consorcio Eólico, S.A.U.	-
Líneas Eléctricas Asturianas. S.L.		Spain	Holding company	50.00%	Eurovento, S.L.U.	-

Líneas Eléctricas de Galicia II. S.L.		Spain	Holding company	35.00%	Eurovento, S.L.U., P.E. de Adraño, S.L.	-
Líneas Eléctricas de Galicia III. S.L.		Spain	Holding company	50.00%	Eurovento, S.L.U., P.E. de Adraño, S.L.	-
Líneas Eléctricas de Galicia. S.L.		Spain	Holding company	50.00%	Eurovento, S.L.U., P.E. de Adraño, S.L.	-
Med Wind Energy, S.L.		Spain	Wind power	50.00%	Acciona Generación Renovable, S.A.U.	118
Mov-R H1 Szélerömü Megújuló Energia Hasznosító KFT	E	Hungary	Wind power	49.25%	Energy Corp Hungary Megújuló Energia Hasznosító KFT (formerly Energy Corp Hungary KFT)	2
Operador del Mercado Ibérico – Polo Español. S.A.	D	Spain	Others	5.00%	Acciona Generación Renovables S.A.U.	2
Parque Eólico de Abara, S.L.	C	Spain	Wind power	50.00%	Ceólica Hispania, S.L.	1
Parque Eólico de Adraño, S.L.	C	Spain	Wind power	50.00%	Ceólica Hispania, S.L.	21
Parque Eólico de Barbanza, S.A.	A	Spain	Wind power	12.50%	Eurovento, S.L.U.	1
Parque Eólico de La Bobia y San Isidro, S.L.	C	Spain	Wind power	50.00%	Ceólica Hispania, S.L.	1
PARQUES EÓLICOS DE Buio, S.L.	C	Spain	Wind power	50.00%	Ceólica Hispania, S.L.	14
Power to Green Hydrogen Mallorca S.L.		Spain	Hydrogen power	44.00%	Acciona Generación Renovables S.A.U	14
Renen Services LLC	A	Egypt	Solar power	50.00%	Acciona Energía Global, S.L.U.	-
Renercycle, S.L.		Spain	Others	15.80%	Acciona Generación Renovable, S.A.U.	-
Rising Sun Energy, S.A.E.	A	Egypt	Solar power	50.00%	Civerzba ITG, S.L.U.	5
Sistemes Electrics Espluga, S.A.		Spain	Wind power	50.00%	Energías Eólicas de Catalunya, S.A.U.	2
Sunrise Energy, S.A.E.	A	Egypt	Solar power	50.00%	Efrato ITG, S.L.U.	5
The Blue Circle Pte. Ltd (and subsidiaries)	E	Singapore	Holding company	49.99%	Acciona Energía Global, S.L.U.	37
Tuto Energy I, S.A.P.I. de C.V.		Mexico	Solar power	50.00%	AE Mex Global S. de R.L. de C.V.	-
Tuto Energy II, S.A.P.I. de C.V.	A	Mexico	Solar power	50.00%	AE Mex Global S. de R.L. de C.V.	19
Vento Mareiro, S.L.		Spain	Inactive	24.50%	Eurovento, S.L.U.	-
Ventos e Terras Galegas II, S.L.		Spain	Holding company	50.00%	Ceólica Hispania, S.L.	-
Ventos e Terras Galegas, S.L.		Spain	Holding company	50.00%	Ceólica Hispania, S.L.	-

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

ANNEX IV
CHANGES IN THE SCOPE OF CONSOLIDATION

The changes in the scope of consolidation in 2023 were as follows:

Company	Country	Core business	Amendment	Consolidation method
AEGC Forty Mile Wind LP	Canada	Wind power	Purchase	Global
Acciona Energia Re	Luxembourg	Others	Added	Global
Acciona Energija Global Croatia d.o.o.	Croatia	Holding company	Added	Global
Acciona Eólica Cesa, S.L.U.	Spain	Holding company	Removed	Global
Acciona Esco Belgium SRL	Belgium	Energy Efficiency	Added	Global
Acciona Global Renewables, S.L.	Spain	Others	Change of method	Participation
Acciona Plug Portugal, unipessoal lda.	Portugal	Hydrogen power	Added	Participation
Accionaplug Valle H2V Navarra, S.L.	Spain	Hydrogen power	Added	Participation
Acciona Proyectos Renovables para Hidrógeno, S.L.	Spain	Hydrogen power	Added	Global
Aerosite Energy Private Ltd.	India	Wind power	Removed	Global
Alderaan Energia, S.L.U.	Spain	Energy efficiency	Purchase	Proportional
Aldoga Solar Farm Holdings pty LTD	Australia	Holding company	Added	Global
Aldoga Solar Farm pty LTD	Australia	Solar power	Added	Global
Amper Central Solar, S.A.	Portugal	Solar power	Change of method	Global
Ardenna, spa	Chile	Wind power	Added	Global
Cathedral Rocks Construction and Management Pty Ltd	Australia	Wind power	Removed	Participation
Ceatesalas, S.L.U.	Spain	Holding company	Removed	Global
Corporación Eólica La Cañada, S.L.U.	Spain	Holding company	Removed	Global
Cotoperí solar FV, SRL	Dominican Republic	Solar power	Change of method	Global
Empreendimentos Eólicos da Raia, S.A.	Portugal	Wind power	Removed	Global
Empreendimentos Eólicos de Pracana, S.A.	Portugal	Wind power	Removed	Global
Energías Eólicas de Castellón, S.L.U.	Spain	Wind power	Purchase	Participation
Energías Renovables de Barazar, S.L.U.	Spain	Holding company	Removed	Global
Energías Renovables Mediterráneas, S.A.	Spain	Wind power	Change of method	Global
Eólicas do Marão-Produção de Energía, S.A.	Portugal	Wind power	Removed	Global
Fe Berg River proprietary limited	South Africa	Wind power	Purchase	Global
Fe Bonne Esperance proprietary limited	South Africa	Wind power	Purchase	Global
Fort Bend Holding LLC	USA	Holding company	Added	Global
Fort Point Finance LLC	USA	Holding company	Added	Global
Fujin Power Private Ltd.	India	Wind power	Removed	Global
Added Point Holding LLC	USA	Holding company	Added	Global
Kallfu, spa	Chile	Wind power	Added	Global
Kuruf, spa	Chile	Wind power	Added	Global
Lafquen, spa	Chile	Wind power	Added	Global
Lile, spa	Chile	Wind power	Added	Global
Med Wind Energy, S.L.	Spain	Wind power	Purchase	Participation
Parque Eólico de A Ruña, S.L.	Spain	Wind power	Removed	Participation
Parque Eólico de Ameixenda Filgueira, S.L.	Spain	Wind power	Removed	Participation
Parque Eólico de Currás, S.L.	Spain	Wind power	Removed	Participation
Parque Eólico de Deva, S.L.	Spain	Wind power	Removed	Participation
Parque Eólico de Manrique, S.A.	Portugal	Wind power	Removed	Global
Parque Eólico de Tea, S.L.	Spain	Wind power	Removed	Participation
Parque Eólico de Vicedo, S.L.	Spain	Wind power	Removed	Participation
Parque Eólico de Virxe Do Monte, S.L.	Spain	Wind power	Removed	Participation
Parque Eólico dos Fiéis, S.A.	Portugal	Wind power	Removed	Global
Renercycle, S.L.	Spain	Other	Added	Participation
Solarna Elektranae Promina d.o.o	Croatia	Solar power	Added	Global
Solideo Eco Systems, S.L.U.	Spain	Energy efficiency	Purchase	Proportional
Solideo Energy, S.L.U.	Spain	Energy efficiency	Purchase	Proportional
Solideo Group, S.L.	Spain	Holding company	Purchase	Proportional

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

Company	Country	Core business	Amendment	Consolidation method
Acciona Airport Customer Services GMBH	Germany	Energy Efficiency	Purchase	Global
Acciona Energía Brasil LTDA	Brazil	Holding company	Added	Global
Acciona Facility Services Germany GMBH	Germany	Energy Efficiency	Purchase	Global
Acciona Green Energy Portugal, Lda	Portugal	Sales	Added	Global
AEUG Solar Development LLC	USA	Holding company	Added	Global
AEUG solar holdco llc	USA	Holding company	Added	Global
Alfa spa	Chile	Solar power	Purchase	Global
Ardemer ITG, S.L.	Spain	Solar power	Purchase	Participation
Bahia Eólica I Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica II Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica III Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica IV Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica IX Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica V Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica VI Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica VII Energias S.A.	Brazil	Wind power	Purchase	Global
Bahia Eólica VIII Energias S.A.	Brazil	Wind power	Purchase	Global
BT Cunningham Storage LLC	USA	Energy storage	Purchase	Global
Corporación Eólica Catalana, S.L.	Spain	Wind power	Change of method	Proportional
Cotoperí solar FV, SRL	Dominican Republic	Solar power	Purchase	Participation
Desarrollo de Energías Renovables de Navarra, S.A.	Spain	Wind power	Sales	Participation
Energias Renovables Operacion & Mantenimiento, S.L.U.	Spain	Maintenance	Purchase	Global
Enren, S.RL.	Dominican Republic	Solar power	Purchase	Global
Eolink, S.A.S.	France	Wind power	Purchase	Participation
Eqinov, S.A.S.	France	Energy Efficiency	Purchase	Global
Explotaciones Eólicas Sierra de Utrera. S.L.	Spain	Wind power	Sales	Participation
Firefly Investments 238 Pty. Ltd.	South Africa	Maintenance	Change of method	Global
Infraestructuras de Movilidad Urbana Sostenible AQ JV, S.L.	Spain	Energy point top-offs	Added	Participation
Jerson ITG, S.L.U.	Spain	Other	Purchase	Global
Kirov ITG, S.L.U.	Spain	Other	Purchase	Global
Langhoogte wind farm Pty. Ltd.	South Africa	Wind power	Purchase	Global
Llewin Brzeski wind farm Sp. Z.o.o.	Poland	Wind power	Purchase	Global
Narzym Wind Farm Sp. Z.o.o.	Poland	Wind power	Purchase	Global
Nordex H2, S.L.	Spain	Hydrogen power	Purchase	Participation
Oakleaf Investment Holdings 86 Pty. Ltd.	South Africa	Construction	Change of method	Global
Páramo de Los Angostillos, S.L.	Spain	Wind power	Change of method	Global
Parque Eólico Cinseiro, S.L.	Spain	Wind power	Sales	Participation
Pleiades S.A.	Chile	Solar power	Purchase	Global
Power To Green Hydrogen Mallorca	Spain	Hydrogen power	Added	Participation
Red Railed Hawk LLC	USA	Solar power	Purchase	Global
Ternua Holdings, B.V.	Netherlands	Holding company	Removed	Global
The Blue Circle pte. Ltd (and subsidiaries)	Singapore	Holding company	Purchase	Participation
Ventos de Santa Bibiana Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Santa Edna Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Santa Ida Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Santa Iria Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Santa Karolina Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Santa Lindalva Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Santa Paulina Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Sao Carlos Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global

Company	Country	Core business	Amendment	Consolidation method
Ventos de Sao Getulio Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Sao James Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Jordao Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Sao Josef Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Juan Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Miguel Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Narciso Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Nicolau Energias Renovaveis S.A.	Brazil	Wind power	Purchase	Global
Ventos de Sao Peregrino Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Pio X Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Ranieri Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global
Ventos de Sao Xisto Energias Renovaveis LTDA	Brazil	Wind power	Purchase	Global

ANNEX V

Regulatory framework

Spain

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

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

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

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

b) Standard operating costs.

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

The intention behind these compensation parameters is to achieve the minimum level required to cover costs so as to enable these types of facilities to compete under equal conditions with the rest of the technologies on the market and obtain a reasonable return. A reasonable pre-tax return is somewhere around the average return on a 10-year treasury note on the secondary market, plus a spread to be determined. The first additional provision of Royal Decree-Law 9/2013 set the appropriate spread for those facilities covered by the premium economic regime at 300 basis points, without prejudice to a possible review every six years. The reasonable return established for the first regulatory half-period (2014-2019) was 7.398%.

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

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

As established in Royal Decree 413/2014, at the end of each six-year regulatory period, the compensation parameters for standard facilities may be reviewed, except for the regulatory useful life and the standard value of the initial investment (net present value or NPV), while at the end of each regulatory half-term, which will last for three years, the estimated income from electricity sales will be adjusted for the rest of the regulatory period. The first regulatory half-period ended on 31 December 2016.

Once the amounts of the initial NPV and the rest of the parameters referred to in the RD were determined, the remuneration was calculated using the methodology described in Annex VI[1] of the RD, the purpose of which is to calculate the amount at which a standard facility should be compensated so that the cash flows received by the owner of the facility, discounted at the applicable rate of return, were equivalent to the NPV at the beginning of the half-period.

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

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

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

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

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

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

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

Legislative Royal Decree 17/2019 was published on 22 November 2019 introducing urgent measures to adapt the compensation parameters affecting the electricity system in response to the phasing out process of thermal power plants. The main points affecting Grupo Corporación Acciona Energías Renovables were:

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

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

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

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

31 December 2019 marked the end of the first regulatory period. Order TED/171/2020 was published on 28 February 2020, updating the compensation parameters for standard facilities applicable to certain electricity production plants using renewable energy sources, cogeneration and waste. These parameters apply to the next regulatory half-period (2020-2022) and are retroactive in nature to 1 January 2020.

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

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

The most notable impact of this measure was a reduction in investment and operating remuneration for almost all domestic regulated assets compared to the year before, as a result of the high pool prices obtained.

As of 1 January 2022, the Group recorded the income from investment and operating remuneration in accordance with the published Order on parameters, recognising a liability for the difference between the amount accrued under this method and the amount settled to date by the CNMC. Following the publication of the Ministerial Order, the CNMC settled this the difference between January and May 2023.

On 28 December 2022, the Ministry for Ecological Transition and the Demographic Challenge published the Proposed Order to update the remuneration parameters applicable to certain electricity production facilities for the purposes of their application from the start of the new regulatory half-period beginning on 1 January 2023. The main effect of this proposal was the virtual eradication of investment remuneration at almost all of the facilities operated by the Group in Spain, mainly as a result of the high energy sales prices obtained in 2022 and the expected evolution of prices over the regulatory half-period. and whose main effect on the Group's consolidated financial statements at 31 December 2022 was the elimination of the accrued liability recorded as a result of the adjustment for market price deviations to the extent that it has been proven that it is no more adverse to leave the remuneration regime than to remain in it (see Note 3.2.M). The result was a reduction in the remuneration under the regulatory framework of approximately €75 million compared to the amount received in 2022.

Lastly, on 29 June 2023, LRD 5/2023 of 28 June came into force, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, the reconstruction of the island of La Palma and other situations of vulnerability; transposing European Union Directives on the structural modifications of commercial companies and the reconciliation of family and professional life for parents and carers; and the implementation and enforcement of European Union law. This royal decree contains a wide-ranging series of economic and social measures. Among the measures adopted that affect the renewable sector, it is worth highlighting the adoption of forecasts for updating the parameters of the specific remuneration scheme for generation assets using renewable resources for the period 2023-2025. These forecasts mainly refer to:

- a change in the bands of the adjustment mechanism for market price deviations, significantly lowering them with respect to those established in the proposal to update the parameters for said period published on 28 December 2022;

- the weighted average value of the basket of electricity market prices for the year 2023, which will be the minimum value between that value, as defined in article 22 of RD 413/2014, and the average annual price of the daily and intraday market for the year 2023;

- adjustment of the fuel prices applicable to the compensation for the first and second half of 2023 for facilities whose operating costs depend essentially on those prices.

On 9 July 2023, order TED/741/2023 of 30 June came into force, updating the remuneration parameters applicable to the 2023-2025 half-period on the basis established in LRD 5/2023 of 28 June, mentioned above, for application from the start of the regulatory half-period beginning on 1 January 2023. General speaking, these measures did not have a material impact on the Group at year-end, although the aforementioned order confirms the expectation derived from the analysis at the closing date of the financial statements at 31 December 2022, which foresaw the elimination of investment remuneration for wind power assets during the current regulatory half-year and modifies upwards the expected investment remuneration for biomass assets for the same period.

This effect, together with the updated estimate of energy prices over the remaining regulatory life of the rest of the assets, based on data published by OMIP, has led to the recognition in the consolidated financial statements at 31 December 2023 of a liability for the accumulated adjustment for deviations in market prices of those assets for which it is verified that, at the closing date of these financial statements, it would be more adverse to abandon the remuneration regime than to remain in the system (see Note 3.2.M).

At 31 December 2023, the Company recognised an additional liability €28.6 million (see Note 20) and a decrease in revenue and pre-tax profit of €28.6 million and €29.8 million, respectively.

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

To mitigate the adverse effects of rising wholesale prices in the previous quarter, the Government has introduced a series of measures throughout 2021. On 14 September of that year, LRD 17/2021 on urgent measures to mitigate the impact of soaring natural gas prices on the retail gas and electricity markets was published. This regulation reduces the compensation for non-emitting infra-marginal facilities based on the difference between the average price of natural gas in the month considered, and a value of reference, set at €20/MWh, applicable from the inception date through 31 March 2022. This reduction excludes facilities in non-peninsular territories, those included in a regulated compensation framework (specific compensation and REER) and those with a net power below 10 MW. It also includes certain consumer protection measures.

Subsequently, LRD 23/2021, which came into force on 26 October 2021, introduced urgent energy measures to protect consumers and measures to make the wholesale and retail electricity and natural gas markets more transparent. This regulation, in addition to extending and expanding consumer protection measures, specifies the scope of the mechanism for decreasing over-compensation in the electricity market caused by the high price of natural gas, regulated in the previous LRD 17/2021, which establishes that the decrease does not apply to energy production that is hedged by a term-contracting instrument, when the hedge price is fixed, provided that the contract was signed prior to the entry into force of LRD 17/2021, or later but with a hedge period of more than one year.

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

With the aim of supervising these business mechanisms, the regulation incorporated elements necessary to accredit the existence of these forward contracts, which would justify the exclusion of the reduction mechanism. This information is submitted to CNMC monthly. At year-end 2023, Acciona Green Energy Developments, S.A., a subsidiary of the Group, is in the process of review by the CNMC of the information submitted for confirmation of the exclusion of the undercutting mechanism between 1 October 2021 and 31 March 2022, from which it is estimated that no significant consequences will arise for the Group.

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

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

In 2021, the Supreme Court ruled that certain provisions of Royal Decree 198/2015, issued under Law 15/2012, which retroactively extended the application of the fee for the use of inland water to 2013 and 2014, were null and void and declared that for the years 2015 to 2020 the fee should not be paid in those cases where there had been no prior review of the administrative concession for the use of water for hydroelectric purposes. As a result of this decision, between the end of 2021 and the beginning of 2022, the affected operators received a refund of the amounts unduly paid, along with late interest.

Subsequently, Law 7/2022 of 8 April on waste and contaminated soils for a circular economy introduced changes to the legal regime of the Inland Water Charge, amending and eliminating the need for review of the concession conditions as a sine qua non requirement for its application. The effective application date will be 1 January 2023 and that the characteristics will be similar to the previously existing ones.

Legislative Royal Decree 29/2021 was passed on 21 December 2021, adopting urgent measures in the energy sector to promote electric mobility, self-consumption and the deployment of renewable energies. Under this Legislative Royal Decree, a series of tax measures established in LRD 12/2021 and LRD 17/2021 (10% reduced VAT rate, the special 0.5% electricity tax and electric bill discounts, primarily) are extended through 30 April

2022. In addition, the tax on the electricity production is temporarily suspended 1 July 2021 through 31 March 2022, applying the same mechanisms as the ones previously established in Legislative Royal Decree 15/2018 of 5 October for early suspension applicable to the last quarter of 2018 and the first quarter of 2019.

In addition to establishing a new mechanism for financing the electricity discount voucher, LRD 6/2022, published in March 2022, extended these measures through 30 June 2022 and LRD 11/2022 of 25 June subsequently extended them again through 31 December 2023.

RD 8/2023 was published on 27 December 2023. In addition to other relevant measures such as confirming that the aforementioned gas reduction mechanism would not be extended beyond 31 December 2023, the RD called for the gradual restoration of the Tax on Electricity Production (IVPEE) starting on 1 January 2024, reducing the rate to 3.5% for the first quarter of 2024 and to 5.75% for the second quarter instead of the general rate of 7% that would normally apply as from 1 July 2024.

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

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

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

Circular 4/2019 was published in November 2019, modifying the methodology for compensating the electricity system operator, as well as the financing charges to be passed on to agents.

Legislative Royal Decree 10/2022 of 13 May, which was published in the Official State Gazette (BOE) on 14 May 2022, establishes a temporary production cost adjustment mechanism to reduce the price of electricity in the wholesale market. At the same time, and insofar as the measures provided for in LRD 10/2022 affect the Iberian electricity market as a whole, 'Decree-Law no. 33/2022 of 14 May' was enacted in Portugal with the same measures, thus standardising the direction of the reforms. In both regulations, known as the 'Iberian Exception', a cost adjustment mechanism is introduced, applicable during the year following publication of the LDR with the aim of reducing energy prices by limiting the gas cost component included in the electricity sale price at any given time. The gas price of reference that triggers the price limitation is €40/MWh for the first six months and increases by €5/MWh per month for the next six months until it reaches €70/MWh in the last month. The mechanism was first applied in the electricity market on 14 June 2022 and will remain in force until 31 May 2023. Subsequently, RD 3/2023 of 28 March, extended the validity of this mechanism through 31 December 2023, after which it was discontinued.

This adjustment mechanism is settled by the market operator for each trading period and the cost is distributed among the agents that purchase energy in the Iberian market, although the contribution to the mechanism will depend on the level of participation measured in terms of the amount of electricity purchased. Excluded from paying for the cost of the adjustment are, among others, purchasing units that have certain hedging instruments, mainly those contracted on forward markets before 26 April 2022. The economic impact of this measure on the energy sales business in the Iberian market was negligible in 2023 (€19 million in 2022).

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

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

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

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

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

The Resolution of 26 January 2021 of the Directorate General for Energy Policy and Mines was published in the Official State Gazette on 28 January 2021, resolving on the first renewable energy auction under the economic scheme according to the terms of Order TED/1161/2020 of 4 December, in which 106.6 MW of nominal PV solar were awarded to various Group companies.

The Resolution of the Secretary of State for Energy announcing the second renewable energy auction under the provisions of Order TED/1161/2020, for a total of 3,300 MW, was published in the Official State Gazette on 9 September 2021. The Group did not participate in the auction. The public consultation period was opened on 30 December 2021 in relation to the proposed Resolution of the Secretary of State for Energy announcing the third renewable energy auction for a total of 500 MW.

The third and fourth auctions were held in 2022, with very little power awarded as a result of market conditions which make it impossible to fit a scheme of this nature into a context of very high prices and great uncertainty as to the medium- and long-term evolution. In the third auction, 177 MW were awarded out of the 520 MW finally launched, including a 29.9 MW biomass plant awarded to the Group. A total of 45.5 MW of the planned 3,300 MW were awarded in the fourth auction. No auctions were held in 2023 within the framework of this mechanism to promote renewable energy sources.

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

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

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

The fifth additional provision of LRD 8/2023 includes an extension of this tax under the same conditions for financial year 2024, contemplating the idea of revisiting it in the future for incorporation into the general tax system.

United States

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

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

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

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

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

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

The possibility of receiving PTC or ITC was extended for wind technology throughout 2020. In 2020, projects could 'qualify' for an even higher PTC (15$/MWh, 60% of the original) than they would have qualified for in

2019 (10$/MWh, 40%) and a period of 4 years is again allowed for the commissioning of the facility. Regarding ITC, which is an alternative to PTC, in 2020 it would represent 18% of CAPEX (40% of the 2016 value) rather than 12% in 2019 (60% of the 2016 value).

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

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

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

Following the regulatory development of the IRA, on 17 November 2023 the US Treasury Department published guidance on the investment tax credit (ITC) under Section 48 of the US Federal Tax Code. The proposal brings important clarity to several aspects of the ITC, in particular the eligibility criteria for offshore and onshore wind projects and stand-alone storage.

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

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

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

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

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

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

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

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

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

2023 was an especially active year in terms of regulatory developments to boost renewable hydrogen in the country. On 17 October, the US Department of Energy announced a USD 7 billion investment in seven Regional Clean Hydrogen Hubs (H2Hubs). On 22 December 2023, the Internal Revenue Service (IRS) and the Treasury Department published regulatory proposals regarding the clean hydrogen production tax credit under Section 45v of the Internal Revenue Code. This credit is the main tax incentive for clean hydrogen production in the United States.

Mexico

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 30 September 2021, the President of Mexico presented the Reform of Articles 25, 27 and 28 of the Constitution to the Congress of the Union with the following objectives:

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

As this is a constitutional amendment, there are no deadlines for it to be passed, as the aim is for study and discussion to continue for as long as is necessary. However, passage requires the favourable vote of two-thirds of the members of the Congress of the Union (Chamber of Deputies and Senate) and the favourable vote of 50% plus one of the local state congresses.

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

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

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

The test phase, which was to have ended on 31 December 2022, has been extended through 2023 because the final operating rules had not yet been defined. As announced by the government, the system is planned in two phases: the first from 2024 to 2026 and the second from 2027 to 2030. The Ministry of the Environment and Natural Resources (SEMARNAT) will allocate emission allowances to installations with emissions exceeding 100,000 tonnes of CO_2, including the hydrocarbon and electricity, automotive, cement, chemical, food and beverage, and glass industries. The affected installations, which will have to surrender allowances for their total emissions, will be able to buy and sell allowances and purchase offset credits from other projects to cover the volume.

On 31 December 2021, the Official Gazette of the Federation published General-Purpose Administrative Provisions containing the efficiency, quality, reliability, continuity, security and sustainability standards of the national electricity system: Network Code (‘Network Code 2.0’). The document includes some major changes and amends the order of the technologies that CENACE limits for reasons of reliability. So, for example, stations undergoing testing are positioned in first place, followed by renewable (intermittent) generation and shifting thermal generation to fourth place.

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

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

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

Chile

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

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

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

The Chilean government's goal with the auctions is for electricity distribution companies to have long-term supply contracts, 20 years starting in 2024, to satisfy the needs of price-regulated customers. For the first time in the four-years since 2017 (last auction called in Chile), a new reverse auction of energy supply contracts was held in September 2021. All willing projects will use renewable assets and storage for the supply. The weighted average auction price decreased by 27% to $23.8/MWh from $32.5/MWh in the previous auction. Grupo Corporación Acciona Energías Renovables was not awarded any projects in this auction.

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

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

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

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

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

In 2021, the Chilean Congress analysed the Electricity Portability Law, a bill that amends the General Electricity Services Act (LGSE) to add a new energy trader to Chile's electricity market to promote competition, which could buy blocks of energy from generating companies and sell sub-blocks to regulated customers at prices lower than those offered by distributors. The bill is still sitting in the Chamber of Deputies and there appears to be no urgency in bringing it up for discussion, so no progress has been made recently. It is expected that the bill will be debated and ultimately approved in 2023 and that the new figure of the power trader with the ability to buy and sell energy within the regulated market will come into operation in 2024. Currently only unregulated customers can choose who they buy their energy from.

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

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

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

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

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

- Bill to boost renewable energy ('Quota Law'). The aim is to at least double the share of renewables by 2030, from 20% to 40%, and even 60%.

- Storage: key to integrating renewables and to reducing dumping, also associated with the promotion of electromobility. The Senate unanimously approved the Renewable Energy Storage Bill, which will now be sent to the Lower Chamber.

- Strengthening and expanding the transmission grid and managing the active grid more efficiently are essential to reducing the frequency of dumping and transmitting renewable surpluses from the north of the country to the centre.

- Renewable hydrogen: increase electrolysis capacity to 25 GW by 2030. A renewed National Green Hydrogen Strategy will be developed to achieve this.

In order for the country to advance in the energy transition it is currently undergoing and to solve the serious problems that are a drag on the current Chilean market design, on 17 April 2023 the Ministry of Energy unveiled the Energy Transition Bill called 'New Agenda for a Second Time of Energy Transition'. The plan contains 10 short-term and medium-term measures to better enable an accelerated decarbonisation of the electricity sector.

On 30 November 2023, the Senate Energy Committee (CES) approved the bill and on 19 December 2023 it was unanimously approved on the Senate floor. Before moving forward, Senators are demanding subsidies, making the discussion of the Energy Transition Bill contingent on the approval of these subsidies. The Ministry of Finance is only offering USD 20 million out of the USD 120 million required. the rest should come out of the Tariff Revenue and it is not clear that this amount of money can be generated over the next two years using this mechanism, so the government is required to guarantee the financing of the shortfall so that it can be approved in the required timeframe.

In the course of drafting of this bill, there was also a proposal to modify the extraordinary reallocation of tariff revenues to generators harmed by price differentials between different areas of the country, which could help to alleviate the losses of the country's renewable generators.

Poland

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

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

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

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

In October 2023, an amendment to the Act on Renewable Energy Source was passed. This amendment defines among the rules for the development of PPAs and limits hybridisation exclusively to storage-related projects, among other things. In July 2023, the government approved an amendment to the Act on Spatial Planning and Development. According to this amendment, all municipalities must prepare long-term spatial development strategies to replace the current zoning studies and the procedure for the preparation of the local plan must be simplified.

Australia

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

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

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

In March 2017, the state of South Australia launched the SA Energy Plan which mentions battery storage as the basis for renewable technologies and the purpose of which is to provide the state with large-scale storage of renewable energy. In April of that year, the Clean Energy Council published a report with recommendations for eliminating regulatory barriers to storage and improving network security (‘Policy and Regulatory Reforms to Unlock the Potential of Energy Storage in Australia’). In August of the same year, the Victorian government announced a 650MW renewables auction, which is part of the Victorian Renewable Energy Auction Scheme (VREAS) to achieve the Victorian Renewable Energy Target (VRET) of 40% renewable energy by 2025.

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

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

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

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

In 2022, the Energy Security Board (ESB), which is in charge of coordinating the country's energy reforms, worked on the development of grid access regulations to manage congestion, as well as the design of capacity management mechanisms. In line with these proposals, steps were taken in 2022 to reconfigure the generation mix, setting new renewable power targets and announcing progress made in the abandonment of fossil fuel plants, mainly coal-fired. This has forced states to accelerate the development of new renewable capacity, storage systems and large transmission assets to strengthen the connection between systems.

At the end of 2022, the government announced it would step up efforts to achieve renewable development and emissions reductions, setting a target of reaching 82% renewable generation by 2030 (supported by several states such as the State of Victoria which has raised its renewables target to 95% by 2035, creating a renewables company, the State Electricity Commission, with the aim of developing 4.5 GW of clean energy projects). This has materialised in the reallocation of budget funds (A$478 million) to the fight against climate change, which had been allocated by the previous government to programmes to promote mostly gas projects, and the commitment to reduce emissions from sectors such as steel, aviation and agriculture by at least 50% by 2035, boosting research into green hydrogen and carbon capture and storage.

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

Under current policies, the country would reach a 60-70% share of renewables in electricity generation by 2030, well below the target of 82%. To meet this ambitious target, the federal government has proposed new regulatory developments in 2023.

On the one hand, the Department of Climate Change, Energy, Environment and Water has proposed a new Renewable Energy Certification Scheme (REGO) that will come online in 2025 and will coexist with the current RET system until it ends in 2030. The new system will include all electricity generators currently covered by the LGC system and will electricity exported abroad, electricity generated by small-scale solar PV, and renewable electricity for storage facilities.

Furthermore, in November 2023 the government announced the expansion of the Capacity Investment Scheme (CIS) to support 9 GW of clean manageable capacity, and 23 GW of new renewable capacity by 2030, which represents an increase of 3 GW in firm capacity, and 6 GW in renewables over the previous figures. Financial support to the selected CIS projects will be provided through CfDs with caps and floors, with an agreed minimum and maximum revenue.

India

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

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

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

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

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

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

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

In April 2023, the Indian government announced a renewable deployment schedule (Bidding Trajectory for Renewable Energy Power Projects) that envisages the development of 50 GW each year for the next five years, starting on 1 April. The auctions will include at least 10 GW of wind capacity per year. The plans are designed to ensure that India meets its target of 500 GW of installed capacity from non-fossil energy sources by 2030. According to the ministry, the country currently has about 180 GW of installed renewable energy capacity including 72 GW of solar, 52 GW of hydro, 44.5 GW of wind and 10 GW of biomass. Furthermore, in order to achieve the emission reduction targets, the country has announced that it will launch a national emissions trading system within the next two years which will cover approximately 15% of emissions by 2030. Initially, the market will include high-polluting industries such as steel, cement, paper and pulp, petrochemicals and aluminium.

South Africa

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

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

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

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

The seventh round was announced in December 2023 with a total of 5,000 MW: 1,800 MW for solar PV and 3,200 MW for onshore wind. Also in the context of the IRP and with the aim of developing storage and improving the integration of renewables into the national electricity system, the first bidding period for the Battery Energy Storage Procurement Programme to allocate 513 MW of storage capacity was opened in March 2023

Several amendments to the electricity sector regulation were also introduced in 2023. An amendment to the Electricity Regulation Act was approved at the end of the year which completely abolishes the need to obtain generation licences for renewable projects (henceforth only registration is required). Amendments were also approved that include the creation of an independent transmission system operator, which will act as an independent system and market operator.

Canada

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

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

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

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

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

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

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

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

According to the 2023 federal budget, the ITC scheme will be available until 2035 and is expected to mobilise CAD 6.3 billion through 2028 and an additional CAD 19.4 billion through 2035. Incentives for the development of hydrogen projects vary between 15-40% of the eligible cost of hydrogen projects, depending on the carbon intensity of the hydrogen obtained. Hydrogen investment grants are expected to cost CAD 5.6 billion over five years, starting in 2023-24. It is expected that an additional CAD 12.1 billion will be spent between 2028-29 and 2034-35; on top of a similar expenditure in 2028-29 and 2034-35 for clean hydrogen investment tax credits.

Ukraine

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

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

After the MoU, the Law 'On Amendments to the Laws of Ukraine to Improve Support to Electricity Generation from Alternative Energy Sources' (Draft Law No. 3658) was published, followed the regulator's (NEURC) decree defining the new tariffs. One of the changes introduced by this l law is a reduction of the Green Tariff. Specifically, for photovoltaic plants commissioned between 1 July 2015 and 31 December 2019 there is a 15% reduction in the Green Tariff; for plants larger than 1MW there is a reduction of approximately €22.6 per MWh from 1 August 2020 and these reductions will remain unchanged until at least 31 December 2029. This new regulation affects all facilities owned by the Group.

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

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

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

On 11 November 2020, the Regulator adopted a Resolution on Amendments to the Market Rules whereby the TSO will be able to compensate renewable producers, upon request, for capped electricity throughout 2019. By contrast, no payments will be made for capped electricity in 2020 based on their requirements until the respective amounts are included in the tariff structure for 2021.

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

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

The Government announced that it will pass a law allowing for the repayment of outstanding debts between 2021-2022, issuing 5-year government bonds and defining a timetable for issuing additional bonds to resolve the TSO's debt in the future. 80% of generators' energy sales were settled by the GB in 2021. The remaining 20% was expected to be covered by the government budget.

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

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

Other countries

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

ANNEX VI

UPDATED LIST OF NET PRESENT VALUE BY STANDARD FACILITY

The net present value (NPV) by standard facility (IT) is shown below, along with other parameters, for the consolidated MW operated by the Group according to the latest parameters approved by the regulator and published in Order TED/741/2023 dated 30 June, which includes an extraordinary update of the 2023 parameters:

Standard facility	Consolidated MW operated by the Group	Net present value (NPV) (millions of euros)	Return on investment (thousands of €/MW/yr)	Annual variable remuneration (millions of euros)	Regulatory end of life
IT-00079	1.2	6.1	699.8	0.8	2032
IT-00635	4.0	0.5	0.0	0.0	2028
IT-00636	3.0	0.7	7.4	0.0	2029
IT-00654	268.2	0.0	0.0	0.0	2024
IT-00655	426.9	0.0	0.0	0.0	2025
IT-00656	219.7	0.0	0.0	0.0	2026
IT-00657	636.1	0.2	0.0	0.0	2027
IT-00658	128.0	0.4	0.0	0.0	2028
IT-00659	412.4	0.5	0.0	0.0	2029
IT-00660	70.6	0.7	0.0	0.0	2030
IT-00661	127.5	0.7	0.0	0.0	2031
IT-00662	63.0	0.7	0.0	0.0	2032
IT-00663	39.0	0.7	0.0	0.0	2033
IT-00675	0.3	0.2	0.0	0.0	2025
IT-00699	1.2	0.0	0.0	0.0	2023
IT-00700	4.2	0.0	0.0	0.0	2024
IT-00702	7.3	0.1	0.0	0.0	2026
IT-00706	4.9	0.6	0.0	0.0	2030
IT-00760	5.9	0.2	0.0	0.0	2032
IT-00812	24.8	0.3	0.0	0.0	2032
IT-00834	30.2	0.4	61.3	1.8	2030
IT-00839	16.0	1.1	122.8	2.0	2035
IT-00840	15.0	1.2	135.4	2.0	2036
Other smaller plants (Solar PV)	1.06	--	0.0	0.0	--
Total		15.32		6.71	

Part I - Analysis of the financial year

The Group presents its results in compliance with International Financing Reporting Standards (IFRS) under a corporate structure composed of the following geographical areas and businesses (technologies):

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

- Technologies. Wind, photovoltaic, hydraulic, biomass, thermosolar and others. Other assets include the storage battery, retail and energy efficiency businesses, primarily.

The Alternative Performance Measures, or APMs, consistently used by the Group in this directors' report are defined below:

EBITDA or gross operating profit: defined as earnings before interest, taxes, depreciation and amortisation, i.e., it shows the Group's operating result. It is calculated by taking the following items from the consolidated income statement: 'net revenue', 'other revenue', 'cost of goods sold', 'personnel expenses', 'other operating expenses' and 'equity-accounted profit (loss) from similar activities'.

Net financial debt: shows the debt incurred by the Group, but in net terms after discounting cash and similar financial assets. There is a detailed reconciliation in the Directors' Report. It is calculated by taking the following consolidated balance sheet items: Current and non-current 'Debt securities and other marketable securities', current and non-current 'Bank borrowings', current and non-current 'Lease obligations', less 'Cash and cash equivalents' and 'Other current financial assets'.

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

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

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

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

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

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

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

Operating cash flow: represents the ability of assets to generate funds in terms of net financial debt (excluding IFRS 16). A reconciliation is shown in the Cash Flow section.

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

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

Management uses these APMs for financial, operational and planning decisions, and to evaluate the Group's performance and that of its subsidiaries.

Management considers that these APMs provide additional financial information that is useful and suitable for assessing the performance of the Group and its subsidiaries, as well as for decision-making by users of financial information.

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

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

1. Executive Summary

Key milestones for the year

- In 2023, the Group accelerated its growth considerably, in line with its strategic objectives, installing 1.7 GW of new capacity, a record high. Consolidated production grew by 9.0% compared to 2022. The operating environment improved substantially compared to 2022 with the normalisation of the global supply chain.

- The Group's earnings in 2023 reflect the progressive normalisation of energy prices, particularly in Spain, which are still higher than expected before the energy crisis. Price hedges, the production of new assets coming online and revenue growth in international markets have helped to mitigate the impact of prices. In Spain, the drop in pool prices was exacerbated by the untimely modification of the remuneration parameters for the 2023-25 regulatory half-period in July.

- The Group's revenue in 2023 is €3,547 million, with €1,851 million coming from generation and €1,696 million from other sources, mainly the retail business in Spain and Portugal. EBITDA for the period was €1,285 million. Attributable Net Profit was €524 million.

- The takeover of Renomar, which owns 494 MW of wind power capacity operated by the Energy in Spain, in the second quarter of the year is a positive development for the Group from a strategic and financial point of view. Raising the stake from 50% to 75% and consequently taking control of the company means that it will be accounted for using the full integration method from 1 May 2023 (previously using the equity method), generating a capital gain of €145 million which is recorded in the first-half results.

- The Group's total installed capacity was 13,523 MW, representing a net growth of 1,701 MW in the last twelve months.

- The Group's total installed capacity was 12,131 MW, representing a net growth of 2,247 MW in the last twelve months. The installation of new assets totalled 1,701 MW, while changes in the scope of consolidation, mainly Renomar and to a lesser extent the global integration of the Moura PV plant in Portugal (46 MW), added 539 MW to consolidated capacity. The Group also increased its stake in two projects in Canada, where it added 10 MW, compared to a 3 MW decrease in the USA.

- The Group had 1,577 MW under construction at year-end, mainly in Australia (MacIntyre and Aldoga), North America (Forty Mile and Red Tailed Hawk) and the Dominican Republic (Cotoperi).

- The Group's total production grew by 4.1% to 24,894 GWh thanks to the new assets that came online and despite generalised low resources and higher discharges. Consolidated production rose by 9.0% to 21,433 GWh, which in homogeneous terms fell by 0.5%, with a slight drop in Spain and a marginal improvement in International.

- The average price of generation was €86.4/MWh.

- Generation revenue in Spain totalled €1.105 million, whilst international revenues came in at €746 million, an 8.9% increase. Revenue from Retail and Other was €1,696 million due to lower prices in the Iberian market.

- The Group's EBITDA for 2023 stands at €1,285 million. The contribution from International Generation increased by 37.3% to €549 million.

- In Spain, EBITDA stood at €736 million compared to €1,253 million in 2022. EBITDA for the Generation business was €749 million. Consolidated production grew by 9.4% to 10,146 GWh thanks primarily to Renomar, which offset exceptionally low resource levels. The Group's total average price for 2023 was €108.9/MWh compared to €167.6/MWh in the first half of 2022, due mostly to the decline in the average pool price to €87.1/MWh, compared to €167.5/MWh on average in 2022.

    - Market energy sales reached an average price of €84.4/MWh.
    - Price hedging contributed €20.9/MWh to an increase in the average price, whereas in the same period the year before it subtracted €17.8/MWh.
    - Thus, the average market selling price adjusted for hedges stood at €105.4/MWh (-29.3%), compared to the benchmark price of €87.1/MWh.
    - Regulated revenue contributes only marginally to the average price under the new parameters of the 2023-25 regulatory half-period, adding €1.1/MWh to the average price.
    - The adjustment of regulatory bands as a whole adds €2.5/MWh.

- EBITDA for the international business rose by 37.3% to €549 million despite lower revenue and the non-recurrence of the impairment of the Moura power plant in 2022 (accounted for by the equity method) with the conclusion of regulate rates in Portugal. Consolidated production totalled 11,287 GWh, up 8.8% thanks to newly-commissioned assets. The average price was €66.1/MWh, in line with the previous year, with improved prices commanded by assets in the Americas offsetting declines in Australia, the rest of Europe and the rest of the World.

- Worth highlighting in the income statement is the capital gain of €145 million from the takeover of Renomar, as well as the gains resulting from changes in the value of certain energy supply contracts (PPAs and long-term hedges), which contributed €9 million to the income statement, compared to a loss of €64 million the year before, which reflects the decline in electricity prices. Net financial expenses (financial expenses less financial income) increased by €30 million to €154 million due to higher average net financial debt and higher financing costs. A significant part of the incremental debt is linked to ongoing investments (capitalisation of financial expenses).

- Net cash flows from investments in 2023 totalled €2,231 million, nearly double the amount invested in the same period the year before (€1,279 million), reflecting the acceleration of construction and investment activity and the delay in monetising the 30% stake in the MacIntyre wind farm in Australia, which is expected to take place in 2024. Investment activity is concentrated in Australia (construction of MacIntyre); in the US where there are four PV plants under construction and the payment for the purchase of the Cunningham storage project; and the rest of the American continent (San Juan de Marcona, Calabaza, Forty Mile). Investments for the period also include the purchase of the additional stake in Renomar.

- On 27 August 2023, the Group announced a treasury stock buyback programme involving a maximum of 4,938,759 shares representing approximately 1.5% of the Company's capital at the date of the announcement. The maximum amount was €172,856,565. At 31 December 2023, 50.88% of the treasury stock, or 2,513 million shares had been bought back for an average price of €25,769 for a total cumulative investment of €65 million.

- Net financial debt totalled €3,726 million compared to €2,021 million at December 2022, reflecting strong investment during the period and the dividend payment which was partially financed by operating cash flow.

- In terms of the key ESG indicators, 100% of the Group's CAPEX is aligned with the European taxonomy of sustainable activities. Scope 1 and 2 emissions increased due to changes in criteria for accounting standards for emissions from fleet vehicles (previously scope 3). Despite this increase, emissions are well below the SBTi target (-68). There was a fatal accident at the El Cabrito wind farm (Spain) in July in which an operation and maintenance worker died. The percentage of women in management and executive positions increased to 27%, with the launch of new 50:50 projects to encourage the inclusion of women as well as leadership and mentoring initiatives to develop female talent. In the area of governance, the Company received 15 reports through the whistle-blower channel and reinforced its due diligence efforts involving business partners, including suppliers, with 100% of strategic suppliers audited and 172 due diligence studies of partners. In terms of sustainable finance, the Acciona Group published its new Sustainable Finance framework which applies to Grupo Corporación Acciona Energía Renovables.

Consolidated income statement aggregates

(Millions of euros)	2023	2022	Change €m	% Change
Sales	3,547	4,351	(804)	-18.5%
EBITDA	1,285	1,653	(368)	-22.3%
Pre-tax profits	776	1,057	(281)	-26.6%
Net profit of parent	524	759	(235)	-31.0%

Balance sheet aggregates

(Millions of euros)	2023	2022	Change €m	% Change
Equity	6,356	6,261	95	1.5%
Net financial debt	3,726	2021	1,705	84.4%
Net debt excluding IFRS 16	3,212	1,617	1,595	98.6%
Net financial debt/EBITDA	2.90x	1.22x	1.68	N.A.

Operating aggregates

	2023	2022	Change €m	% Change
Total installed capacity (MW)	13,523	11,826	1,697	14.3%
Consolidated installed capacity (MW)	12,131	9884	2,247	22.7%
Total production (GWh)	24,894	23,910	984	4.1%
Consolidated production (GWh)	21,433	19,657	1,776	9.0%
Average number of employees	3,099	2,355	744	31.6%

Breakdown of installed capacity (MW)

	FY 2023 Capacidad Instalada (MW)					FY 2022 Capacidad Instalada (MW)					Var MWs		
31-dic-23	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Neto
España	**5.839**	**5.311**	**252**	**-154**	**5.409**	**5.796**	**4.775**	**499**	**-31**	**5.243**	**43**	**536**	**166**
Eólico	4.682	4.169	246	-152	4.263	4.681	3.674	493	-29	4.138	2	495	125
Hidráulico	868	868	0	0	868	868	868	0	0	868	0	0	0
Solar Fotovoltaica	227	213	6	0	219	186	172	6	0	178	41	41	41
Biomasa	61	61	0	-2	59	61	61	0	-2	59	0	0	0
Internacional	**7.684**	**6.820**	**364**	**-723**	**6.461**	**6.030**	**5.109**	**394**	**-716**	**4.787**	**1.654**	**1.711**	**1.675**
Eólico	**4.705**	**4.431**	**69**	**-637**	**3.863**	**4.100**	**3.815**	**69**	**-634**	**3.250**	**605**	**616**	**613**
México	1.076	1.076	0	-150	925	1.076	1.076	0	-150	925	0	0	0
EEUU	1.058	987	4	-142	848	1.062	990	4	-142	851	-5	-3	-3
Australia	1.077	1.013	32	-68	977	603	539	32	-68	504	473	473	473
India	164	164	0	-21	142	164	164	0	-21	142	0	0	0
Italia	156	156	0	-39	117	156	156	0	-39	117	0	0	0
Canadá	181	151	0	-38	113	181	141	0	-35	106	0	10	7
Sudáfrica	138	138	0	-81	57	138	138	0	-81	57	0	0	0
Portugal	120	120	0	-36	84	120	120	0	-36	84	0	0	0
Polonia	101	101	0	-25	76	101	101	0	-25	76	0	0	0
Costa Rica	50	50	0	-17	32	50	50	0	-17	32	0	0	0
Chile	312	312	0	-11	301	312	312	0	-11	301	0	0	0
Croacia	30	30	0	-8	23	30	30	0	-8	23	0	0	0
Hungría	24	0	12	0	12	24	0	12	0	12	0	0	0
Vietnam	84	0	21	0	21	84	0	21	0	21	0	0	0
Perú	136	136	0	0	136	0	0	0	0	0	136	136	136
Solar Fotovoltaica	**2.725**	**2.135**	**295**	**-70**	**2.360**	**1.676**	**1.040**	**325**	**-66**	**1.299**	**1.050**	**1.095**	**1.061**
Chile	610	610	0	0	610	610	610	0	0	610	0	0	0
Sudáfrica	94	94	0	-55	39	94	94	0	-55	39	0	0	0
Portugal	46	46	0	-11	34	46	0	30	-8	23	0	46	12
México	405	0	202	0	202	405	0	202	0	202	0	0	0
Egipto	186	0	93	0	93	186	0	93	0	93	0	0	0
Ucrania	100	100	0	-3	97	100	100	0	-3	97	0	0	0
EE.UU.	1.227	1.227	0	0	1.227	177	177	0	0	177	1.050	1.050	1.050
Rep. Domincana	58	58	0	0	58	58	58	0	0	58	0	0	0
Solar Termoeléctrica (EE.UU.)	**64**	**64**	**0**	**-16**	**48**	**64**	**64**	**0**	**-16**	**48**	**0**	**0**	**0**
Almacenamiento (EE.UU.)	**190**	**190**	**0**	**0**	**190**	**190**	**190**	**0**	**0**	**190**	**0**	**0**	**0**
Total capacidad instalada	**13.523**	**12.131**	**616**	**-877**	**11.870**	**11.826**	**9.884**	**893**	**-747**	**10.030**	**1.697**	**2.247**	**1.841**
Total Eólico	9.387	8.600	315	-789	8.126	8.781	7.489	561	-663	7.388	606	1.111	738
Total otras tecnologías	4.136	3.531	302	-88	3.744	3.045	2.395	332	-84	2.642	1.091	1.136	1.102

Breakdown of consolidated production (GWh)

	FY 2023 Producción (GWh)					FY 2022 Producción (GWh)					Var % GWh		
31-dic-23	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Pta. Equiv	Minorit.	Neto	Total	Consol.	Neto
España	**11.766**	**10.146**	**787**	**-220**	**10.713**	**11.720**	**9.278**	**1.186**	**-80**	**10.385**	**0%**	**9%**	**3%**
Eólico	9.374	7.775	778	-205	8.348	9.713	7.285	1.181	-60	8.405	-3%	7%	-1%
Hidráulico	1.744	1.744	0	0	1.744	1.532	1.532	0	0	1.532	14%	14%	14%
Solar Fotovoltaica	298	277	9	0	286	24	11	6	0	17	n.a	n.a	n.a
Biomasa	351	351	0	-15	335	450	450	0	-19	430	-22%	-22%	-22%
Internacional	**13.128**	**11.287**	**785**	**-1.754**	**10.318**	**12.191**	**10.378**	**802**	**-1.696**	**9.485**	**8%**	**9%**	**9%**
Eólico	**9.766**	**9.168**	**156**	**-1.592**	**7.733**	**9.162**	**8.709**	**109**	**-1.548**	**7.270**	**7%**	**5%**	**6%**
México	3.009	3.009	0	-503	2.506	2.887	2.887	0	-474	2.413	4%	4%	4%
EEUU	1.946	1.881	4	-225	1.659	2.067	1.985	5	-245	1.745	-6%	-5%	-5%
Australia	1.327	1.205	61	-181	1.086	1.075	940	68	-186	822	23%	28%	32%
India	398	398	0	-51	347	354	354	0	-46	308	13%	13%	13%
Italia	251	251	0	-63	188	240	240	0	-60	180	5%	5%	5%
Canadá	466	378	0	-95	284	524	395	0	-99	297	-11%	-4%	-4%
Sudáfrica	352	352	0	-207	145	303	303	0	-178	125	16%	16%	16%
Portugal	271	271	0	-83	188	276	276	0	-83	193	-2%	-2%	-3%
Polonia	222	222	0	-56	167	217	217	0	-54	163	2%	2%	2%
Costa Rica	246	246	0	-86	160	226	226	0	-79	147	9%	9%	9%
Chile	846	846	0	-25	821	817	817	0	-27	790	4%	4%	4%
Croacia	74	74	0	-18	55	70	70	0	-17	52	5%	5%	5%
Hungría	45	0	22	0	22	40	0	20	0	20	12%	n.a	12%
Vietnam	277	0	69	0	69	67	0	17	0	17	n.a	n.a	n.a
Perú	36	36	0	0	36	0	0	0	0	0	n.a	n.a	n.a
Solar Fotovoltaica	**3.268**	**2.025**	**629**	**-139**	**2.515**	**2.936**	**1.577**	**693**	**-125**	**2.145**	**11%**	**28%**	**17%**
Chile	1.198	1.198	0	0	1.198	1.321	1.321	0	0	1.321	-9%	-9%	-9%
Sudáfrica	198	198	0	-116	81	182	182	0	-107	75	9%	9%	9%
Portugal	92	44	31	-19	56	88	0	58	-14	43	4%	n.a	30%
México	772	0	386	0	386	836	0	418	0	418	-8%	n.a	-8%
Egipto	424	0	212	0	212	435	0	217	0	217	-3%	n.a	-3%
Ucrania	105	105	0	-4	101	74	74	0	-3	71	41%	41%	42%
EE.UU.	424	424	0	0	424	0	0	0	0	0	n.a	n.a	n.a
Rep. Domincana	57	57	0	0	57	0	0	0	0	0	n.a	n.a	n.a
Solar Termoeléctrica (EE.UU.)	**93**	**93**	**0**	**-23**	**70**	**93**	**93**	**0**	**-23**	**70**	**1%**	**1%**	**1%**
Almacenamiento (EE.UU.)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**n.a**	**n.a**	**n.a**
Total Producción	**24.894**	**21.433**	**1.572**	**-1.974**	**21.031**	**23.910**	**19.657**	**1.988**	**-1.775**	**19.870**	**4%**	**9%**	**6%**
Total Eólico	19.141	16.943	934	-1.796	16.081	18.876	15.994	1.289	-1.608	15.675	1%	6%	3%
Total otras tecnologías	5.753	4.490	638	-178	4.950	5.035	3.663	699	-167	4.195	14%	23%	18%

2. Consolidated Income Statement

Revenue

(Millions of euros)	2023	2022	Change	Change (%)
Spain	2,426	3,197	(771)	(24.1%)
Rest of Europe	279	364	(85)	(23.4%)
America	708	642	66	10.3%
Australia	56	73	(17)	(23.3%)
Other zones	78	75	3	4.0%
Total revenue	3,547	4,351	(804)	(18.5%)

(Millions of euros)	2023	2022	Change	Change (%)
Wind	1,645	2,013	(368)	(18.3%)
Photovoltaic power	150	76	74	97.4%
Hydraulic	174	309	(135)	(43.7%)
Biomass and solar thermal	66	96	(30)	(31.3%)
Other	1,512	1,857	(345)	(18.6%)
Total revenue	3,547	4,351	(804)	(18.5%)

Revenue decreased by 18.5% to €3,547 million, mainly due to the decline in electricity prices, particularly in Spain.

Spain

Revenue in Spain totalled €2,426 million in 2023, primarily due to lower electricity prices that affected both the Generation business (mainly wind and hydraulic) and Retail businesses (other technologies).
The factors behind the performance of revenue are summarised below:

Consolidated installed capacity in Spain stood at 5,311 MW at 31 December 2023 compared to 4,775 MW in December 2022, an increase of 536 MW mainly due to the change of perimeter (Renomar) and a 41 MW increase in solar photovoltaic.

- Consolidated production increased by 9.4% in 2023 to 10,146 GWh.
- The total average price in 2023 was €108.9/MWh compared to €167.6/MWh in 2022, due mostly to the decline in the average pool price to €87.1/MWh, down from an average of €167.5/MWh in 2022.
- Market energy sales reached an average price of €84.4/MWh, below the pool price.
- Price hedging contributed €20.9/MWh to an increase in the average price, whereas in the same period the year before it subtracted €17.8/MWh.
- Thus, the average market selling price adjusted for hedges stood at €105.4/MWh compared to the benchmark price of €87.1/MWh.
- Regulated revenue contributes only marginally to the average price under the new parameters for the 2023-25 regulatory half-period, adding €1.1/MWh to the average price.
- The adjustment of regulatory bands as a whole adds €2.5/MWh.

International

Revenue from international sales was €1,211 million.

The factors behind the performance of revenue are summarised below:

- Consolidated international installed capacity at 31 December 2023 was 6,820 MW, an increase of 1.711 MW over the last 12 months, notably 1,049 MW in the US (Fort Bend, High Point, Union and Red Tailed Hawk), 473 MW in Australia (MacIntyre), and 136 MW in Perú (San Juan de Marcona).
- Total consolidated production grew by 8.8% to 11,287 GWh, thanks to the production of new assets.
- The average international price remains stable at €66.1/MWh, with increases in Chile +19%, Mexico +14%, USA +10% and declines in Australia -37%, the rest of Europe -16% and the rest of the world -8%.

Gross Operating Revenue (EBITDA)

(Millions of euros)	2023	2022	Change	Change (%)
Spain	736	1,253	(517)	(41.3%)
Rest of Europe	101	60	41	68.3%
America	375	252	123	48.8%
Australia	10	37	(27)	(73.0%)
Other zones	63	51	12	23.5%
Total EBITDA	1,285	1,653	(368)	(22.3%)

(Millions of euros)	2023	2022	(%)	Change
Wind	943	1,396	(453)	(32.4%)
Photovoltaic	149	38	111	292.1%
Hydraulic	149	200	(51)	(25.5%)
Biomass and solar thermal	23	39	(16)	(41.0%)
Other	21	(20)	41	(205.0%)
Total EBITDA	1,285	1,653	(368)	(22.3%)

The Group's EBITDA in 2023 is €1,285 million, 22.3% lower than in 2022, mainly due to the fall in EBITDA in Spain related to the aforementioned decrease in energy generation revenues. EBITDA for the international business rose by 37.3% to €549 million despite lower revenue (mentioned above) and the non-recurrence of the impairment of the Moura power plant (photovoltaic technology) in 2022 (accounted for by the equity method) with the conclusion of regulate rates in Portugal.

Operating Profit (EBIT)

Operating Profit (EBIT) stood at €916 million compared with €1,225 million in 2022, largely due to the decline in EBITDA which was partly offset by the capital gain of €145 million recognised as a result of the full consolidation of Renomar - a company that owns 494 MW of wind power in Spain- in which the group increased its stake from 50% to 75%. In the first half of 2022, nearly 50% of the capital invested in the Ukrainian generation assets was impaired, resulting in a non-recurring charge of €35 million.

Pre-tax Profit

(Millions of euros)	2023	2022	(%)	Change
Spain	806	1,217	(411)	(33.8%)
Rest of Europe	33	(36)	69	(191.7%)
America	(24)	(113)	89	(78.8%)
Australia	(60)	(9)	(51)	566.7%
Other zones	21	(2)	23	(1150.0%)
Total pre-tax profit	776	1,057	(281)	(26.6%)

(Millions of euros)	2023	2022	(%)	Change
Wind	614	1,006	(392)	(39.0%)
Photovoltaic	38	(76)	114	(150.0%)
Hydraulic	127	161	(34)	(21.1%)
Biomass and solar thermal	12	16	(4)	(25.0%)
Other	(15)	(50)	35	(70.0%)
Total pre-tax profit	776	1,057	(281)	(26.6%)

Pre-tax profit was €776 million, reflecting the decline in EBITDA and EBIT, and net financial expenses increased by €30 million to €154 million due to higher average net financial debt and higher financing costs. The gains resulting from changes in the value of certain energy supply contracts (PPAs and long-term hedges) contributed €9 million to the income statement, compared to a loss of €64 million the year before, which reflects the decline in market electricity prices.

Attributable Net Profit

Attributable Net Profit was €524 million.

3. Consolidated Balance Sheet, Cash Flow and Investment:

Attributable Equity

ACCIONA's attributable equity at 31 December 2023 is €5,850 million. 5,870 million at 31 December 2022.

Net Financial Debt

(Millions of euros)	2023	2022	Change €M	Change
Project debt	547	550	(3)	-0.5%
Corporate debt	3,556	1,879	1,677	89.2%
Financial debt excluding IFRS 16 (Note 17)	4,103	2,429	1,674	68.9%
Cash + Current financial assets (Note 15)	(891)	(812)	(79)	9.7%
Net financial debt excluding IFRS 16	3,212	1,617	1,595	98.6%
Lease obligations (Note 5)	514	404	110	27.2%
Net financial debt	**3,726**	**2021**	**1,705**	**84.4%**

(Millions of euros)	*Source of information*	2023	2022	Change €M	Change
Non-current non-recourse bank borrowings	(Note 17)	303	311	(8)	(2.6%)
Current non-recourse bank borrowings	(Note 17)	70	45	25	55.6%
Debentures and bonds of Mexican subsidiaries	(Note 17)	174	194	(20)	(10.3%)
Project debt		547	550	(3)	(0.5%)

Cash flows

(Millions of euros)	2023	2022	Change €M	Change
Cash flows from operations	709	1,344	(635)	(47.2%)
Cash flows from investments	(2,321)	(1,279)	(1,042)	81.5%
Cash flows from financing and other	17	(100)	117	(117,0%)
Change in net financial debt ex. IFRS 16 + red/inc	(1,595)	(35)	(1,560)	4457.1%

Net financial debt at 31 December 2023 stood at €3,726 million (including €514 million of IFRS 16 liabilities), which amounts to an increase of €1,705 million compared to December, due to the following factors:

- Operating cash flow in the amount of €709 million. The negative change in working capital includes the refund of regulated revenue collected the year before, which will be settled again in 2023 following the publication of the Ministerial Order in December 2022 on the applicable remuneration parameters for 2022.
- -€2,321 million in net cash flow from investments, of which -€2,218 million is gross ordinary investment. The net cash flow from investments also reflects +€103 million of net deferred investment flows.
- Cash flows from financing and other stood at €17 million, including -€230 million for the dividend paid on 15 June 2023, and other items, primarily €362 million for liabilities associated with assets held for sale.

The reconciliation of the above APMs is shown below:

(Millions of euros)	Origin	2023	2022	Change €M	Change
EBITDA	APM	1,285	1,653	(368)	(22.3%)
Current financial income and expense	EFE	(152)	(87)	(65)	74.7%
Changes in inventory	EFE	6	(13)	19	(146.2%)
Changes in current assets/liabilities	EFE	(413)	283	(696)	(245.9%)
Results of companies accounted for using the equity method	EFE	(81)	(110)	29	(26.4%)
Other profit not involving the movement of funds	EFE	(75)	(20)	(55)	275.0%
Dividends received from associates and other non-current financial investments	EFE	16	83	(67)	(80.7%)
Corporate tax receivable/payable	EFE	(282)	(312)	30	(9.6%)
Changes in non-current operating assets/liabilities	EFE	44	(97)	141	(145.4%)
Dividends paid to external shareholders*	EFE		(35)	35	(100.0%)
Net TEI contribution	Note 20	152		152	N.A.
Other cash flows from operations	DNO	209	(1)	210	(21000.0%)
Cash flows from operations		709	1,344	(635)	-47.2%

(Millions of euros)	Origin	2023	2022	Change €M	Change
Gross ordinary investment	APM	(2,218)	(1,640)	(578)	35.2%
Changes in 'Fixed asset suppliers'	Note 20	(47)	381	(428)	(112.3%)
Other cash flows from investments	DNO	(56)	(20)	(36)	180.0%
Net cash flows from investments		(2,321)	(1,279)	(1,042)	81.5%

(Millions of euros)	Origin	2023	2022	Change €M	Change
Dividend payments	EFE	(230)	(92)	(138)	150.0%
Lease payments	EFE	(14)	(24)	10	(41.7%)
Dividends paid to external shareholders*	EFE	(56)		(56)	N.A.
Debt transferred to held for sale	Note 22	362		362	N.A.
Treasury shares	Note 15	(65)	(2)	(63)	3150.0%
Other financial flows	DNO	20	18	2	11.1%
Cash flows from financing and other		17	(100)	117	-117.0%

**Dividend payments to external partners were part of cash flows from operations in 2022, becoming part of financing cash flow in 2023.*

Investments

(Millions of euros)	2023	2022	Change €M	Change
Spain	283	243	40	16.5%
America	1,199	902	297	32.9%
Australia	629	338	291	86.1%
Rest of Europe	98	104	(6)	(5.8%)
Other zones	9	53	(44)	(83.0%)
Gross ordinary investment	2,218	1,640	578	35.2%

Gross ordinary investments totalled €2,218 million, due mostly to investments in Australia (MacIntyre), the United States (Red Tail Hawk, Fort Bend, High Point and Union), Spain (acquisition of the incremental stake in Renomar as well as other investments), and the Americas (San Juan de Marcona, Calabaza, Fort Mile).

The reconciliation of the above APMs is shown below:

(Millions of euros)	Origin	2023	2022	Change €M	Change
Change under:					
Property, plant and equipment	BCE	(1,708)	(1,246)	(462)	37.1%
Other intangible assets	BCE	10	(93)	103	(110.8%)
Goodwill		(13)		(13)	N.A.
Non-current financial assets	BCE	(35)	10	(45)	(450.0%)
Investments carried using the equity method	BCE	134	(121)	255	(210.7%)
Corrections to changes in balances:					
Amortisation funding PPE and intangible assets	Notes 4, 7	(446)	(394)	(52)	13.2%
Results of asset impairment PPE and intangible assets	Notes 4, 7	(11)	(21)	10	(47.6%)
Profit/(loss) of companies consolidated by equity	PL	81	110	(29)	(26.4%)
Profit/(loss) on disposal of non-current assets	PL	1	9	(8)	(88.9%)
Effect of consolidation changes on results	Note 2	133		133	N.A.
Gains (losses) on exchange PPE and intangible assets	Notes 4, 7	(190)	171	(361)	(211.1%)
Dividends associates	Note 8	(40)	(93)	53	(57.0%)
Other corrections/adjustments:	DNO	(134)	28	(162)	(578.6%)
Gross ordinary investment		(2,218)	(1,640)	(578)	35.2%

4. Relevant events for the year

- 25 January 2023: ACCIONA Energía submits details of the transactions under the liquidity contract between 24/10/2022 and 24/01/2023.

  — These details refer to the transactions for the fifth quarter of the contract (from 24 October 2022 to 24 January 2023).

- 6 March 2023: ACCIONA Energía announces the temporary suspension of the liquidity contract.

  — ACCIONA Energía announces the temporary suspension of the liquidity contract entered into on 19 October 2021 with Bestinver, S.V., S.A. (OIR number 12246) to enable the purchase by ACCIONA Energía of up to 100,000 treasury shares, representing 0.03% of the share capital, in a block trade of Company securities to fulfil the obligations under the variable remuneration plans involving the delivery of shares, approved by the Company for the Executive Director and other employees and executives of ACCIONA Energía.

- 6 March 2023: ACCIONA Energía announces the resumption of the liquidity contract following the completion of the purchase and sale of treasury stock.

  — ACCIONA Energía announces that 100,000 shares of the Company's own stock were acquired today as direct treasury stock in a block trade transaction representing 0.03% of the capital for a price of €33.80 per share. These shares are acquired in order to meet the obligations under the bonus plans approved by the Company for the CEO and other executives and employees of Acciona Energía. Details of these bonus plans were disclosed to the market (OIR 14256) and in the listing prospectus, which is available on the Company's website.

- As a result, and as a continuation of the notice of Other Relevant Information under number 21184, published today, we hereby inform you of the resumption of operations under the liquidity contract signed on 19 October 2021 with Bestinver, S.V., S.A. (OIR 12246).

- 7 March 2023: ACCIONA Energía discloses the names of the persons with management responsibilities who are members of the management team:

  - ACCIONA Energía discloses the names of the persons holding positions with management responsibilities for the purposes of article 3.1.(25)(b) of Regulation (EU) No 596/2014 on market abuse: Arantza Ezpeleta Puras, Rafael Esteban Fernández de Córdoba, Joaquín Javier Ancín Viguristi, Santiago Gómez Ramos, Juan Otazu Aguerri, José Entrecanales Carrión, Jorge Paso Cañabate, Raimundo Fernández-Cuesta, Ana Benita Aramendia, Yolanda Herrán Azanza, Belén Linares Corell, Joaquín Francisco Castillo García, Brett Wickham, Miguel Ortiz de Latierro, Javier Montes Jiménez, Antonio Ferreiro Viña, Elvira López Prados, Klaus Falgiani, and David Liste Alba.

- 26 April 2023: ACCIONA Energía submits details of the transactions under the liquidity contract between 25/01/2023 and 25/04/2023.

  - These details refer to the transactions for the sixth quarter of the contract (from 25 January 2023 to 25 April 2023).

- 28 April 2023: ACCIONA Energía announces the date of the Ordinary General Meeting of Shareholders and proposed resolutions.

  - The Board of Directors of ACCIONA Energía has announced an Ordinary General Meeting of Shareholders to be held on 1 June 2023 at 12:00 o'clock and 2 June 2023 on second call, at the same time (it is expected to be held on first call).

  - The resolutions that the Board of Directors of ACCIONA Energía will submit to the shareholders for their consideration at the General Meeting of Shareholders in relation to all the items on the agenda are also enclosed. These, along with the other documentation related to the General Meeting of Shareholders, will be available to shareholders at the Company's registered offices and on the website www.acciona-energia.com according to the terms set forth in the announcement.

- 1 June 2023: The Company reports on the resolutions adopted and the results of the votes held at the Ordinary General Meeting of Shareholders on 1 June 2023.

  - At the Ordinary General Meeting of Shareholders held on first call with 97.10% of the capital in attendance (including treasury stock), each and every one of the proposed resolutions put up for a vote was approved by at least 85.81% of the voting capital in attendance at the Meeting. The documentation made available to the shareholders coincide with the proposed resolutions that were notified to the National Securities Market Commission on 28 April 2023, with registration number 22267, and which are indicated in the text below.

- 1 June 2023: ACCIONA Energía announces the composition of the board of directors and its committees. The board of directors is composed of: Chairman: José Manuel Entrecanales Domecq, Proprietary Director; CEO: Rafael Mateo Alcalá, Executive Director; Juan Ignacio Entrecanales Franco, Proprietary Director; Karen Christiana Figueres Olsen, Proprietary Director; Sonia Dulá, Proprietary Director; Rosauro Varo Rodríguez, Independent Director; Juan Luis López Cardenete, Independent Director; María Salgado Madriñán, Independent Director; Alejandro Mariano Werner Wainfeld, Independent Director; María Fanjul Suárez, Independent Director; Teresa Quirós Álvarez, Independent Director

- The following resolutions were adopted at the board of directors meeting held right after the Ordinary General Meeting of Shareholders:

  - Modify the composition of the Audit and Sustainability Committee, whose members will be as follows: María Fanjul Suárez (Chair), Alejandro Werner (Member), Teresa Quirós Álvarez, (Member) and Sonia Dulá (Member)

  - Modify the composition of the Appointments and Remuneration Committee, whose members will be as follows: Juan Luis López Cardenete (Chair), Karen Christiana Figueres (Member), Rosauro Varo Rodríguez (Member), Maria Salgado Madriñán (Member)

- 7 June 2023: Acciona Energía announces the dates and exact amounts of the dividend payments approved at the Ordinary General Meeting of Shareholders.

  - The Company reports that the payment of a dividend for the 2022 financial year was approved at the Ordinary General Meeting of Shareholders held on 1 June 2023, payable on 15 June 2023 through the participating entities of Sociedad de Gestión de los Sistemas de Registro Compensación y Liquidación de Valores. The relevant dates for the distribution of the dividend are as follows: Last trading date: 12 June 2023, ExDate: 13 June 2023, Record Date: 14 June 2023 and Payment Date: 15 June 2023.

  - It is also reported that the gross dividend of €0.07 per share approved at the General Meeting of Shareholders was increased slightly to €0.70025581 per share due to the adjustment made for direct treasury stock. Taxes will be withheld from these amounts where applicable.

- 20 June 2023: ACCIONA Energía announces a change in the registered address.

  - The Board of Directors of ACCIONA Energía has decided to move the registered office of Corporación Acciona Energías Renovables, S.A. from Avenida de Europa 10, Parque Empresarial La Moraleja, 28108 Alcobendas, Madrid to Avenida de la Gran Vía de Hortaleza, 1, 28033 Madrid.

- 20 June 2023: Acciona Energía announces the increase in its shareholding stake in Energías Renovables Mediterráneas, S.A.

  - ACCIONA Energía has indirectly increased its stake in Energías Renovables Mediterráneas, S.A. ('RENOMAR'), a company that owns 493.5 MW of wind energy capacity operating in the Valencia region, to the equivalent of 75% of RENOMAR's capital. This was achieved by acquiring 50% of the capital of MedWind Energy, S.L.

which owns 50% of RENOMAR and which also has a portfolio of MWs under development in the Valencian Community.

- 20 June 2023: ACCIONA Energía announces the reclassification of the members of the board of directors.

  - ACCIONA Energía has agreed to reclassify Maria Salgado Madriñán as a proprietary director and Karen Christiana Figueres Olsen as an independent director. These changes do not affect the percentage of proprietary and independent directors on the Board of Directors and Committees as a result of the appointments made at the General Meeting of Shareholders and at the meeting of the Board of Directors of ACCIONA Energía on 1 June 2023.

- 10 July 2023: Acciona Energía reports on the reaffirmation of the ratings assigned by the credit rating agency Fitch Ratings.

  - The credit rating agency, Fitch Ratings, reaffirms the long-term rating of Acciona Energía and gives issued debt instruments a 'BBB-' rating. The outlook for long-term debt is 'stable'.

- 26 July 2023: Acciona Energía reports on the reaffirmation of the ratings assigned by the credit rating agency DBRS.

  - DBRS Ratings GmbH (DBRS Morningstar) confirms the 'BBB (high)' rating of ACCIONA Energía and its short-term rating of 'R-2 (high)', both with a 'stable' outlook.

- 27 July 2023: ACCIONA Energía submits details of the transactions under the liquidity contract between 26/04/2023 and 26/07/2023.

  - These details refer to the transactions for the fifth quarter of the contract (from 26 April 2023 to 26 July 2023).

- 5 September 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 29 August 2023 and 4 September 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 29 August 2023 and 4 September 2023 under the Share Buyback Programme.

- 12 September 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 5 September 2023 and 11 September 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 5 September 2023 and 11 September 2023 under the Share Buyback Programme.

- 19 September 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 12 September 2023 and 18 September 2023.

- The Board of Directors, with the approval of the General Shareholders' Meeting, has approved that ACCIONA Energía carry out various transactions on its own shares under the Share Buyback Programme between 12 September and 18 September 2023.

- 26 September 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 19 September 2023 and 25 September 2023..

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has approved that ACCIONA Energía carry out various transactions on its own shares under the Share Buyback Programme between 19 September and 25 September 2023.

- 3 October 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 26 September 2023 and 2 September 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 26 September 2023 and 2 October 2023 under the Share Buyback Programme.

- 10 October 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 3 October 2023 and 9 October 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 3 October 2023 and 9 October 2023 under the Share Buyback Programme.

- 17 October 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 10 October 2023 and 16 October 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 10 October 2023 and 16 October 2023 under the Share Buyback Programme.

- 24 October 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 17 October 2023 and 23 October 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 17 October 2023 and 23 October 2023 under the Share Buyback Programme.

- 30 October 2023: ACCIONA Energía submits details of the transactions under the liquidity contract between 27/07/23 and 27/10/23..

  - These details refer to the transactions for the seventh quarter of the contract (from 27 July 2023 up to and including 27 September 2023).

- 31 October 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 24 October 2023 and 30 October 2023.

- The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 24 October 2023 and 30 October 2023 under the Share Buyback Programme.

- 7 November 2023: ACCIONA Energía’s report on the transactions carried out under its Share Buyback Programme between 31 October 2023 and 6 November 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 31 October 2023 and 6 November 2023 under the Share Buyback Programme.

- 14 November 2023: ACCIONA Energía’s report on the transactions carried out under its Share Buyback Programme between 7 November 2023 and 13 November 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 7 November 2023 and 13 November 2023 under the Share Buyback Programme.

- 15 November 2023: ACCIONA Energía’s report on the transactions carried out under its Share Buyback Programme between 7 November 2023 and 13 November 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 7 November 2023 and 13 November 2023 under the Share Buyback Programme.

- 21 November 2023: ACCIONA Energía’s report on the transactions carried out under its Share Buyback Programme between 14 November 2023 and 20 November 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 14 November 2023 and 20 November 2023 under the Share Buyback Programme.

- 28 November 2023: ACCIONA Energía’s report on the transactions carried out under its Share Buyback Programme between 14 November 2023 and 20 November 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 14 November 2023 and 20 November 2023 under the Share Buyback Programme.

- 28 November 2023: ACCIONA Energía’s report on the transactions carried out under its Share Buyback Programme between 21 November 2023 and 27 November 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 21 November 2023 and 27 November 2023 under the Share Buyback Programme.

- 5 December 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 28 November 2023 and 4 December 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 28 November 2023 and 4 December 2023 under the Share Buyback Programme.

- 12 December 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 5 December 2023 and 11 December 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 5 December 2023 and 11 December 2023 under the Share Buyback Programme.

- 19 December 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 12 December 2023 and 18 December 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 12 December 2023 and 18 December 2023 under the Share Buyback Programme.

- 26 December 2023: ACCIONA Energía's report on the transactions carried out under its Share Buyback Programme between 19 December 2023 and 25 December 2023.

  - The Board of Directors, with the approval of the General Shareholders' Meeting, has given ACCIONA Energía the green light to buy back its own shares during the period between 19 December 2023 and 25 December 2023 under the Share Buyback Programme.

5. Share Capital

At 31 December 2023, the share capital of Corporación Acciona Energías Renovables, S.A. is €329,250,589 divided into 329,250,589 ordinary shares with a par value of one euro (€1) each.

At 31 December 2023, the Group holds 2,642,747 shares of treasury stock, which accounts of 0.803% of the total.

The changes in treasury stock during the year are as follows:

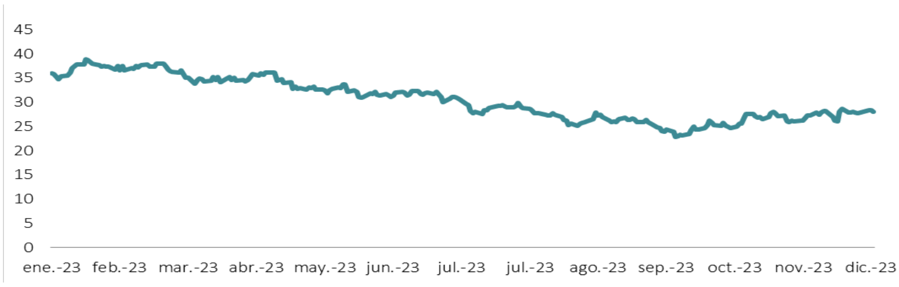
	2023		2022	
	Number of shares	Cost (millions of euros)	Number of shares	Cost (millions of euros)
Opening balance	130,951	4	53,937	2
Added	3,057,275	100	3,785,996	137
Removed	(3,058,344)	(100)	(3,708,982)	(135)
Changes in liquidity contracts	(1,069)	--	77,014	2
Rest of additions	2,512,865	65		
Rest of removals				
All other changes	2,512,865	65	--	--
Closing balance	2,642,747	69	130,951	4

6. Dividend

On 1 June 2023, the General Meeting of Shareholders approved the payment of a dividend for the 2022 financial year of €0.70 per share for a total amount of €230 million, payable on 15 June 2023. On 29 February 2024, the Group's Board of Directors proposed the payment of a dividend of €157 million (€0.48 per share) against 2023 earnings.

7. Stock Price and Performance

Stock market capitalisation



Key stock market data

Price at 29 December 2023 (€/share)	28.08
Price at 30 December 2022 (€/share)	36.14
FY23 low (03/10/2023)	22.80
FY23 high (17/01/2023)	38.78
Average daily volume (shares)	344,752
Average daily volume (€)	10,491,214
Number of shares	329,250,589
Market capitalisation 29/12/23 (millions of €)	9,245.0

Part II - Business risks and uncertainties

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

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

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

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

Regulatory risks

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

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

Following the regulatory changes in 2023, mainly LRD 5/2023 of 28 June and Order TED/741/2023 of 30 June, it is expected that a significant portion of the Group's renewable assets will no longer be remunerated above and beyond market price and will therefore be exposed to variations in electricity market prices in the 2023-2025 regulatory half-period.

Of the Group's total attributable production in the national electricity market, approximately 20% is subject to regulated remuneration (35% of production in 2022), 59% is covered by different pricing mechanisms (52% of production in 2022) and the rest is remunerated at market prices.

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

Overall, with regard to price risk in the electricity markets of the countries in which the Grupo Corporación Acciona Energías Renovables operates, approximately 51% of its production is under a long-term price contract agreement established with a third party (PPA or hedge), 17% under regulation or feed-in tariff structures and the remainder through free market sales. Almost all the PPA contracts signed by the Group are contracts that are settled by physical delivery of energy and were entered into or are maintained for the purpose of receiving or delivering energy in accordance with purchases, sales or utilisation requirements based on the Group's strategy, and are therefore not measured at fair value. PPA contracts that are not settled by physical delivery (hedge) are measured by the Group at fair value with changes in profit and loss or equity if hedging criteria are applied.

Financial Risks

To manage the financial risk related to the Group's operations, the exposure, degree and magnitude of market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk are analysed.

The Group seeks to minimise the effects of these risks by using derivative financial instruments, in keeping with the Group's risk management policies approved by the Board of Directors. The risk management policies encompass the principles of the exchange rate, interest rate and credit risk management policies as well as the use of financial derivatives and non-derivatives and surplus investment policies.

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

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

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

The reference interest rate on the debt contracted by the member companies of Grupo Corporación Acciona Energías Renovables is mainly Euribor for operations in euros; SOFR for operations in USD, both in the United States and in other Latin American countries where this is often the currency in which they are financed, as the cash flow generated by the assets are also denominated in this currency; BBSY for financing in Australian dollars, and JIBAR for financing in South African rand.

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

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

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

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

Natural hedges are used to the extent possible. This means taking out financing in the same currency (natural hedge). When this is not possible, the Group arranges currency derivatives (mainly foreign exchange hedges) to hedge transactions involving cash flows in a different currency.

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

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

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

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

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

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

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

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

The ultimate responsibility for managing liquidity risk lies with the Group’s Corporate Finance Department, which devises an appropriate framework for controlling the Group’s cash needs in the short, medium and long term. The Group manages its liquidity by maintaining adequate reserves, appropriate banking services and the availability of loans and credit facilities by constantly supervising the forecasts and the actual flow of funds and pairing these with the maturity profiles of the financial assets and liabilities.

Lastly, it should be noted that the Group, in its quest to diversify financing sources, has registered a European Commercial Paper (ECP) programme for a maximum amount of €2 billion to issue commercial paper with a term of less than one year and a Euro Medium Term Note programme for a maximum amount of €3 billion.

Climate change and energy transition risk

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

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

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

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

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

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

The risk management process is conducted annually. Through the use of these tools, a range of risk situations is proposed for all centres, groups of centres and/or activities of the Group (or its value chain), according to their geographical location, type of business and vulnerability, which are characterised and quantified using a series of key indicators.

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

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

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

As part of its low-carbon business strategy, Corporación Acciona Energías Renovables assesses the most significant climate risks and opportunities for the company annually. In 2023, climate risks were identified by business line along with their potential impact, time horizon and geographical scope, and actions were taken to manage them.

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

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

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

In preparing the consolidated annual accounts at 31 December 2023, the Acciona Energías Renovables Group has considered the impact of climate change in the key assumptions of its accounting estimates and judgements. It did not identify any impairment losses on tangible or intangible assets, changes in the valuation of financial instruments, or additional obligations other than the ones already recognised.

Supply-chain risk

The Group believes that managing its supply chain is a strategic business priority as well as a source of opportunities to generate value. Variations in raw material prices have intensified because of the geopolitical context and the negative consequences of the climate crisis, making the supply chain one of the main sources of both financial risks opportunities which can impact the company's entire value chain. In response, one of the steps that the Group has taken is to invest in an improved Risk and Opportunity Control System for its supply chain equipped with the latest technology and Artificial Intelligence that provides real-time monitoring of 100% of its supply chain. With this new model, the Group has a standard methodology in place which is adapted to new regulations such as, inter alia, the Corporate Sustainability Due Diligence Directive, the Modern Slavery Act, the UK Bribery Act, the GHG Protocol and GRI standards.

Despite high levels of inflation, the situation in the different commodity markets is evolving positively for the most part and prices are stabilising in most markets. However, the Group remains focused on continuing to monitor the markets and 1) the evolution of inflation in specific markets, 2) the announcement of an economic recession in Germany and 3) the political tensions between China and the US vis-a-vis the conflicts in Ukraine and Southeast Asia (Taiwan).

For example, the price of steel declined across the board in all markets in the second quarter of the year, something that has not happened since June 2022. However, to understand the global outlook for the market it is important to continue analysing what is happening in China, which produces more than 50% of the world's steel.

The Purchasing area has redoubled its efforts to monitor and control the information on commodities markets. Aware of how important this information can be for the decision-making and risk management of the different businesses and projects, in addition to real-time monitoring there are mechanisms in place for the periodic distribution on a global level of the most relevant information and analysis through detailed reports and informative bulletins. Also, work continues to be coordinated between the Contracts and Procurement departments to support price negotiations and reviews.

Another key aspect of the Group's supply chain is logistics and here prices have begun to stabilise, although the road transport situation must be monitored as there is a shortage of drivers in Europe. In Spain, the government reduced the transport subsidy.

In maritime transport, the low water level situation in the Panama Canal is something that must be monitored. This situation could result in ships having to start reducing their loads, weights and capacity in order to make it through the Canal. Shipping lines seem to be anticipating price increases starting early in the second half of the year due to the peak demand expected at the end of the year. Finally, in Australia, where the portfolio of projects and needs is growing, a possible trade agreement with the European Union is expected to facilitate trade between the two regions.

Compliance risks

To mitigate the risk of non-compliance with regulations, the Group has a Compliance Model that includes criminal compliance and addresses specific risks such as corruption, environment, health and safety, competition and taxation.

The Compliance Model is based on internal control systems and processes for the prevention, detection and correction of potential non-compliance events and follows a continuous improvement approach. To that end, this Model is supervised both internally and externally and is certified according to ISO 37.001 - Anti-bribery Management Systems and UNE 19.601 - Criminal Compliance Management Systems.

In 2023, the main criminal risks identified by the Group based on the type of work it does are public corruption and business corruption, classified as medium risk (to be watched), with the rest of the criminal risks classified as low risk (to be contained).

Regarding the uncertainties affecting the Compliance Model, it is worth noting the ones stemming from the regulatory modifications that have already taken place and the ones that are foreseen in the short and medium term. The first half of 2023 saw the transposition of European Directive (EU) 2019/1937 into Spanish law through Law 02/2023, which increases the regulatory requirements for the articulation and management of internal information channels. There are other uncertainties arising from the increased regulatory burden surrounding due diligence in the area of sustainability and human rights, which will imply a reinforcement of the requirements for compliance risk management processes and reporting.

In the jurisdictions where the Group operates, laws regulating the criminal liability of legal entities are being reinforced, which means that the Group must take a risk-based approach to analysis and coverage.

Other external factors affecting the activities: Adverse changes in the political and regulatory environment in countries where the Group operates, together with periods of political transition, could impact operations, cause priorities to change or result in deficiencies in the work performed or services rendered. In turn, sanctions and penalties could be imposed that could have a negative impact on the financial position and results.

Part III - Events after the balance sheet date

There were no events subsequent to the closing date which could have a significant effect on the Group's consolidated financial statements at 31 December 2023 or its present or future activities.

Part IV - Future outlook

The global economy continues its slow recovery from the effects of the pandemic, the Russian invasion of Ukraine and the cost of living crisis. Despite this series of events, the world economy has slowed, but not stagnated. Growth is slow and uneven, with increasing global divergence. Both headline and core inflation are gradually coming under control. However, full recovery to pre-pandemic levels seems increasingly out of reach, especially in emerging markets and developing economies.

Global trade growth is projected to be 3.3% in 2024 and 3.6% in 2025, below the historical average growth rate of 4.9%. Increased trade disruptions and geo-economic fragmentation are expected to continue to weigh on the level of world trade. These forecasts are based on assumptions that fuel and other commodity prices will fall in 2024 and 2025, and that interest rates will decline in major economies. In 2024, annual average oil prices are projected to decline by about 2.3%, whilst non-fuel commodity prices are projected to decline by 0.9%.

Headline inflation is expected to drop to 5.8% in 2024 and 4.4% in 2025. Risks to growth are balanced, with the possibility of more stringent financial conditions if disinflation continues. On the other hand, escalating commodity prices or problems in the Chinese real estate sector could have a negative impact. Prudent management of monetary and fiscal policy is urged to maintain stability and foster productivity and financial sustainability. Inflation is declining faster than expected in most regions as supply-side problems dissipate and tight monetary policy is implemented. Headline global inflation is projected to fall to 5.8% in 2024 and 4.4% in 2025, a downward revision of the 2025 forecast.

For advanced economies, growth is projected to slow slightly from 1.6% in 2023 to 1.5% in 2024, before recovering to 1.8% in 2025. In the United States, growth is expected to fall from 2.5% in 2023 to 2.1% in 2024 and 1.7% in 2025; the delayed effects of monetary policy tightening. In the Eurozone, growth is projected to slow slightly from 1.6% in 2023 to 1.5% in 2024, before recovering to 1.8% in 2025. In the UK, we expect growth to rise moderately, from an estimated 0.5% in 2023 to 0.6% in 2024, coinciding with the fading of the lagging negative effects of high energy prices, and then to 1.6% in 2025. In Japan, growth will decelerate from an estimated 1.9% in 2023 to 0.9% in 2024 and 0.8% in 2025 due to the fading of one-off factors that supported activity in 2023, such as the depreciation of the yen, latent demand and the recovery of business investment following the delayed implementation of previous projects.

For emerging market and developing economies, growth is expected to remain at 4.1% in 2024 and to rise to 4.2% in 2025. The upward revision of 0.1 percentage points for 2024 is due to improvements in several regions. In this context, emerging and developing economies in Asia are expected to decline by an estimated 5.4% in 2023, 5.2% in 2024 and 4.8% in 2025, with an improvement of 0.4% in 2024 from the October 2023 projections, placing China at 4.6% growth in 2024 and 4.1% in 2025. Growth in India is set to remain strong at 6.5% in both 2024 and 2025, an improvement of 0.2% for both years, due to resilient domestic demand. In Russia, on the other hand, growth is projected to be 2.6% in 2024 and 1.1% in 2025, with an upward revision to 1.5% in 2024, reflecting the carry-over effects of stronger-than-expected growth in 2023.

In Latin America and the Caribbean, growth is set to decline from an estimated 2.5% in 2023 to 1.9% in 2024, increasing to 2.5% in 2025. This is according to a downward revision of 0.4% from previous projections for 2024. Brazil is expected to grow by 0.2% and Mexico by 0.6%, mainly due to the carry-over effects of stronger-than-expected domestic demand and higher-than-expected growth in major trading partners.

Finally, in sub-Saharan Africa, growth is projected to increase from an estimated 3.3% in 2023 to 3.8% in 2024 and 4.1% in 2025 as the negative effects of past weather shocks subside and supply constraints gradually improve. South Africa's economy is expected to weaken as a result of increased logistical constraints in the transport sector which affect economic activity.

Part V - Sustainability highlights

Environmental indicators

Climate:

Scope 1 and 2 emissions increased by 17% due to a change in the accounting criteria for emissions from leased vehicles (previously computed in Scope 3). This effect has been partially offset by the reduction in Scope 2 emissions (-67%) thanks to higher consumption of renewable electricity. Emissions remain well below the SBTi reduction target (-68%).

Alignment with the European taxonomy of sustainable activities

Climate change mitigation	Alignment	Eligibility
CAPEX	99.99%	97.62%
OPEX	98.24%	92.67%
REVENUE	97.24%	57.49%

Percentage of alignment calculated on the eligible percentage.

Ineligible revenue refers to the representation activity and sale of energy for third parties. Although 100% of the marketed energy comes from renewable sources, trading activities are not eligible as part of the European taxonomy.

Circularity:

The company does not dispose of wind turbine blades in landfill and is spearheading various initiatives to increase their recyclability. Examples of such initiatives include integrating the blades into the structure that supports the photovoltaic panels at the Extremadura I plant, or the 'El Ganso x ACCIONA' initiative, in which materials from wind turbine blades are used to make slippers.

In addition, as part of its commitment to the development of circular economy solutions for the wind energy sector, ACCIONA Energía, together with RenerCycle, has launched the Waste2Fiber initiative to build a plant that will recycle 6,000 tonnes per year of composites from blades.

There was a slight reduction in the percentage of waste recovery during the period, which stood at 97%, due to maintenance work at biomass plants (generation of waste from boiler cleaning, which is not recoverable).

Biodiversity:

The LEAP methodology is used for the location, evaluation, assessment and disclosure of dependencies, impacts, risks and opportunities following the recommendations of the Task Force on Nature-Related Financial Disclosure (TNFD).

182 environmental management plans were developed at facilities under construction and in production. As part of the voluntary planting programme, 118,738 trees were planted (316,819 in the last three years since the programme began), contributing to the 'No Deforestation' objective.

The company has undertaken initiatives as part of the 'No Net Loss' objective, such as the translocation and maintenance of 12,000 specimens of the vulnerable Macrozamia Conferta species at the MacIntyre wind farm, and other initiatives to meet the 'Net Gain' target, such as the plan to protect the red kite, an endangered species, in the Cazorla, Segura and Las Villas natural park.

Social indicators

The average workforce of ACCIONA Energía increased by 32% due to the company's organic growth and the integration of Solideo. The number of women in management and executive positions increased, including new hires and internal promotions, thanks to the programmes implemented in recent years to hire and promote female talent, such as the 'Sustainable 50:50' projects. A new project of this type was launched this year titled *Tech Hub New Generation*, which aims to strengthen the Operations and Maintenance team in the United States by supporting the local university ecosystem in Mexico and promoting the professional development of women in this country. Six men and six women joined the maintenance area with the idea of promoting their internal mobility to the US once they have been trained.

There was a fatal accident at the El Cabrito wind farm (Spain) in July in which an operation and maintenance worker died.

There were 133 social impact management projects during the year, 17% more than the year before, in which €4 million were invested to develop 200 initiatives that had a positive impact on the community, benefitting more than 290,000 people.

Governance indicators

The new Whistle-blower Policy was approved by the Audit and Sustainability Committee in July, adapted to the requirements of Law 2/2023, which regulates the protection of people who report regulatory violations and the fight against corruption. The number of third party due diligence processes (commercial and business partners) increased by 65% compared to the same period the year before, thanks to the deployment of the company's Criminal Compliance and Anti-Bribery Management System, which allows the Group to have greater control over business partners.

100% of strategic suppliers and 12 tier 2 suppliers were audited. These are suppliers who pose a high risk due to the volume of contracts, the countries where they operate or the goods and services they provide. GoSupply, the new supply chain management platform, has been deployed in all countries, setting minimum scores on the ESG and Compliance questionnaires for suppliers who invoice more than €400,000 per year.

The preponderance of sustainability objectives for bonuses increased from 10% to 12.5%, thus reaching the target defined in the Sustainability Master Plan two years ahead of schedule.

The number of women on the Board accounts for 45% of the total, exceeding the recommendation established in the Code of Good Governance of Listed Companies.

ESG Ratings

The company maintains its position of leadership in the main ESG ratings.

		ACCIONA ENERGÍA		
Agencia	Escala	Valoración	Media Industria	Industria
S&P Global	0 a 100	87	34	Elec. Utilities
CDP	D- a A	A -	C	Construcción
SUSTAINALYTICS	100 a 0	10.7 Low Risk	25 Med Risk	Utilities
MSCI	CCC a AAA	AAA	A	Utilities
ISS ESG	D- a A+	A - Prime	B	Electricidad Renovable
FTSE4Good	0 a 5	4,1	2,7	Utilities
ecovadis	0 a 100	82 Platinum	--	Electricity, gas, steam and air conditioning supply

IMPACT FUNDING

A new Sustainable Impact Finance Framework was developed in 2023 that captures both green finance transactions and sustainability-linked financing instruments and introduces a new Local Impact feature that, when combined with either type of instrument, results in a ‘Double Impact’ structure.

The new framework is based on sustainable finance standards such as the International Capital Markets Association (ICMA) Green Bond Principles (GBP) and the Green Lending Principles (GLP) administered by the Loan Market Association (LMA). DNV has the new framework and issued an opinion on its compliance with these standards.

The Framework, which applies to ACCIONA Energía and the ACCIONA Group, replaces ACCIONA Energía’s 2021 Sustainability-Linked Framework.

98% of ACCIONA Energía’s debt is included in these sustainable financing instruments.

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

Weighted average days to pay suppliers

According to articles 262.1 of Legislative Royal Decree 1/2010 of 2 July, which approved the Revised Text of the Capital Companies Act (hereinafter ‘LSC’), the information on the weighted average days to pay suppliers is shown in note 35 of the Consolidated Report. This information, which is part of the Consolidated Directors' Report, is also available on the Group's website (www.acciona-energia.com)

Annual Corporate Governance Report

The Annual Corporate Governance Report, which is part of this Consolidated Directors' Report, is available on the website of the Spanish Securities and Exchange Commission (www.cnmv.es) and on the Group's website (www.acciona-energia.com)

In addition, the Annual Corporate Governance Report will be communicated as Other Relevant Information (ORI) to CNMV.

Annual Report on Directors' Remuneration

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

The Annual Report on Directors' Remuneration is filed with the CNMV as Other Relevant Information (ORI).

Non-Financial Information Statement

The Non-Financial Information Statement, drafted pursuant to Law 11/2018 of 28 December transposing Directive 2014/95/EU of the European Parliament into the Spanish legal system, is part of this Consolidated Directors' Report and is available in its entirety on the website of the National Securities Market Commission (www.cnmv.es) and on the Group's website(www.acciona-energia.com).

In addition, the Non-Financial Information Statement will be communicated as Other Relevant Information (ORI) to CNMV.

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

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

In witness whereof, all members of the Board of Directors of Corporación Acciona Energías Renovables S.A. have prepared the Consolidated Annual Accounts and Consolidated Directors' Report for the 2023 financial year at the meeting held on 29 February 2024:

José Manuel Entrecanales Domecq Chairman ______________________________	Rafael Mateo Alcalá CEO ______________________________
Juan Ignacio Entrecanales Franco Member ______________________________	Sonia Dulá * Member ______________________________
Juan Luis López Cardenete Member ______________________________	Karen Christiana Figueres Olsen * Member ______________________________
Alejandro Mariano Werner Wainfeld Member ______________________________	Maria Salgado Madriñán Member ______________________________
Rosauro Varo Rodríguez Member ______________________________	María Fanjul Suárez Member ______________________________
Teresa Quirós Álvarez Member ______________________________	

*Acknowledgement to the effect that it was impossible for the directors to sign the Statement of Compliance but gave their consent for it to be signed by the Secretary of the Board of Directors, Jorge Vega-Penichet López, following the directors' explicit instructions.