

Celeo Concesiones e Inversiones, S.L. and Dependent Companies

Consolidated Annual Accounts

31 December 2020.

Consolidated directors' report

2020 Financial Year

(Including Auditor's Report)

Prepared in accordance with the International Financial Reporting Standards adopted by the European Union

CELEO CONCESIONES E INVERSIONES, S.L. AND DEPENDENT COMPANIES
that make up the Group Celeo

In accordance with the provisions of the legislation in force, all members of the Board of Directors of the Company CELEO CONCESIONES E INVERSIONES, S.L., formulated the annual accounts of CELEO CONCESIONES E INVERSIONES, S.L. and Dependent Companies comprising the CELEO Group (consolidated) corresponding to the financial year ended at 31 December 2020, all this being drawn up and identified in the manner indicated immediately below:

- The Statement of Financial Position of CELEO CONCESIONES E INVERSIONES, S.L. and Dependent Companies comprising the CELEO Group (consolidated) are drawn up on two (2) pages.
- The Income Statement of CELEO CONCESIONES E INVERSIONES, S.L. and dependent companies comprising the CELEO Group (consolidated), is drawn up on one (1) page.
- Comprehensive Income Statement and Statement of Changes in Net Equity of CELEO CONCESIONES E INVERSIONES, S.L. and dependent companies comprising the CELEO Group (consolidated), is drawn up on two (2) pages.
- Consolidated Statement of Cash Flows of CELEO CONCESIONES E INVERSIONES, S.L. and dependent companies comprising the CELEO Group (consolidated), is drawn up on (1) page.
- The Explanatory Notes are drawn up on seventy-Five (75) pages.
- The Annexes to the Explanatory Notes are drawn up on eight (8) pages.
- The Directors' Report is drawn up on twelve (12) pages.

Likewise, and in accordance with the first subsection, item (b) of Article 8 of Royal Decree 1362/2007, the members of the Board of Directors of CELEO CONCESIONES E INVERSIONES, S.L., declare that to the best of their knowledge, the "Consolidated Annual Accounts" of the CELEO Group (consolidated) corresponding to the financial year ended at 31 December 2020 were drawn up in accordance with the terms set out in the International Financial Reporting Standards adopted by the European Union, applying the corresponding principles of consolidation, accounting policies and valuation criteria, and present a true and fair view of the consolidated net equity, the consolidated financial position and the results of the companies covered by the consolidation taken as a whole, the changes in consolidated net equity and consolidated cash flows, and that the "Directors' Report" of the CELEO Group (consolidated) corresponding to the financial year ended at 31 December 2020 includes a reliable analysis of the evolution and business results and the position of the companies lying within the consolidation taken as a whole, together with a description of the main risks and uncertainties faced by the CELEO Group (consolidated).

They likewise declare that they have signed by hand each and every one of the aforementioned SEVEN documents, by setting their signature to this sheet.

In Madrid, on 25 March 2021

Signatories:

Miguel Morenés Giles

Rafael Martín de Bustamante Vega

Joaquín Gómez de Olea y Mendaro

Ronaldus Theodorus Joannes
Gertruda Boots

René Defize Quiroga

Consolidated Statement of Financial Position at 31 December 2020
(Thousands of euros)

Assets	31.12.2020	31.12.2019 (*)
Non-current assets		
Intangible assets		
Goodwill (Note 7)	1,125	1,125
Other intangible assets (Note 8)	554,678	809,108
Tangible fixed assets (Note 9)	1,054,510	1,235,958
Usage right assets (Note 10)	23,276	25,406
Investments accounted for under the equity method (Note 11)	238,302	104,461
Non-current financial assets (Note 12)	796,169	1,008,932
Deferred tax assets (Note 17)	86,759	80,447
Total non-current assets	2,754,819	3,265,437
Current assets		
Inventory stock	744	905
Trade receivables and other accounts receivable (Note 13)	55,103	67,990
Trade receivables, related companies (Note 21)	403	51
Public authority receivables	3,134	9,594
Current gains tax assets	1,688	1,494
Other receivables	8,147	3,929
Short-term investments in related companies (Note 21)	10,680	8
Other current assets	759	2,008
Cash and other equivalent liquid assets (Note 13)	120,307	158,718
Held-for-sale non-current assets (Note 11)	27,952	30,951
Total current assets	228,917	275,648
Total assets	2,983,736	3,541,085

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2019. See detail in 2.e)

Consolidated Statement of Financial Position at 31 December 2020
(Thousands of euros)

Liabilities and Net Equity	31.12.2020	31.12.2019 (*)
Net Equity (Note 14):		
Equity attributable to holders of dominant company net equity instruments:		
Capital	166,671	166,671
Other reserves	1,038,157	829,734
Conversion differences	(228,689)	91
Net equity adjustments through valuation	(16,360)	3,228
Result for year attributed to the Dominant Company	29,892	209,000
	989,671	1,208,724
Non-controlling holdings (Note 14)	91,892	117,455
Total equity	1,081,563	1,326,179
Non-current liabilities:		
Provisions for risks and liabilities	154	381
Financial liabilities through issuance of bonds and other tradable securities (Note 15)	624,158	789,133
Bank borrowings (Note 15)	743,963	810,564
Derivative financial instruments (Note 15)	82,494	82,593
Lease liabilities (Note 10)	25,974	28,187
Other non-current liabilities	16,806	12,612
Deferred income tax liabilities	240,016	339,847
	1,733,565	2,063,317
Current liabilities:		
Financial liabilities through issuance of bonds and other tradable securities (Note 15)	24,118	25,876
Bank borrowings (Note 15)	27,487	30,552
Derivative financial instruments (Note 15)	17,167	16,508
Trade payables, associated and related companies	17,632	12,229
Trade payables and other accounts payable	31,816	41,871
Lease liabilities (Note 10)	1,097	697
Current gains tax liabilities	5,467	5,781
Other current liabilities	43,824	18,075
	168,608	151,589
Total current liabilities	168,608	151,589
Total net equity and liabilities	2,983,736	3,541,085

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2019. See detail in 2.e)

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

Consolidated Income Statement for the financial year
ended at 31 December 2020
(Thousands of euros)

	2020	2019 (*)
Ongoing operations:		
Net turnover (Note 19)	258,456	46,432
Other operating income	2,235	230
Supplies (Note 19)	(114,063)	(7,302)
Personnel expenses (Note 19)	(13,609)	(2,625)
Amortisations, impairment and allocations to provisions (Note 19)	(58,570)	(15,949)
Other operating expenses (Note 19)	(32,098)	(7,850)
Impairment and results through disposal of fixed assets	-	7,744
Result of entities consolidated within ordinary operations under the equity method (Notes 6 and 11)	7,213	193,618
Negative difference in business combinations (Note 6)	-	6,173
Operating result	49,564	220,471
Financial revenues (Note 19)	85,156	210
Financial costs (Note 19)	(71,168)	(9,077)
Exchange differences	(1,128)	(2)
Impairment and profit /(loss) from disposal of financial instruments	-	(3)
Result before tax	62,424	211,599
Gains tax (Note 18)	(24,155)	(2,902)
Result for the financial year from ongoing operations	38,269	208,697
Result for the financial year	38,269	208,697
Attributable to:		
Shareholders of the Dominant Company	29,892	209,000
Minority interests (Note 14)	8,377	(303)

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2019. See detail in 2.e)

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2020.

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

**Consolidated Comprehensive Income Statement for the financial year
ended at 31 December 2020**
(Thousands of euros)

	2020	2019 (*)
CONSOLIDATED RESULT OF THE INCOME STATEMENT	38,269	208,697
Other comprehensive result:		
Entries to be classified under income		
- Hedging of cash flows, net of taxation effect (Note 14)	(19,588)	3,976
- Conversion differences of financial statements of businesses abroad	(261,621)	83,790
- Stake in other comprehensive result of investments accounted for under the equity method	-	50,332
Other comprehensive result for the financial year, net of taxes	(281,209)	138,098
Comprehensive result attributable to:	(242,940)	346,795
a) Holders of dominant company equity instruments	(218,476)	347,098
b) Non-controlling holdings	(24,464)	(303)

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2019.

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2020.

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

**Consolidated Statements of Changes in Net Equity corresponding to the financial years
ended at 31 December 2020 and 2019**

(Thousands of euros)

Thousands of euros	Capital	Share premium	Cumulative reserves	Equity adjustments through valuation	Conversion differences	Net result for the financial year	Non-controlling interests	Total equity
Balance at 31 December 2018	90,344	267,105	47,789	(40,219)	(76,061)	21,197	-	310,155
Total recognised revenue and expenditure for FY 2019	-	-	-	43,447	76,152	227,523	(327)	346,795
Shareholder contributions (Note 14.e)	-	-	6,967	-	-	-	-	6,967
Distribution of the result								
To Reserves	-	-	21,197	-	-	(21,197)	-	-
Capital increase (Note 14.a)	76,327	494,259	-	-	-	-	-	570,586
Dividends (Note 14)	-	(8,587)	-	-	-	-	-	(8,587)
Variation in the consolidation scope	-	-	-	-	-	-	90,211	90,211
Other movements	-	-	1,304	-	-	-	-	1,304
Balance at 31 December 2019	166,671	752,777	77,257	3,228	91	227,523	89,884	1,317,431
Adjustments for re-expression	-	-	(300)	-	-	(18,523)	27,571	8,748
Balance at 1 January 2020	166,671	752,777	76,957	3,228	91	209,000	117,455	1,326,179
Total recognised revenue and expenditure for FY 2020	-	-	-	(19,588)	(228,780)	29,892	(24,464)	(242,940)
Shareholder contributions (Note 14.e)	-	-	1,432	-	-	-	-	1,432
Distribution of the result								
To Reserves	-	-	209,000	-	-	(209,000)	-	-
Capital increase (Note 14.a)	-	-	-	-	-	-	4,311	4,311
Dividends (Note 14)	-	-	-	-	-	-	(5,964)	(5,964)
Variation in the consolidation scope	-	-	-	-	-	-	-	-
Other movements	-	-	(2,009)	-	-	-	554	(1,455)
Balance at 31 December 2020	166,671	752,777	285,380	(16,360)	(228,689)	29,892	91,892	1,081,563

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2020.

Celeo Concesiones e Inversiones, S.L.
and Dependent Companies

Cash Flow Statements for the Financial Years ended at 31 December 2020 and 2019
(Thousands of euros)

	2020	2019 (*)
Cash flows from operating activities:		
Consolidated result for financial year (before tax)	62,424	211,599
Adjustments for		
Amortisations	58,570	15,949
Impairment and net result through disposal of tangible fixed assets and other intangible assets	-	(7,744)
Variation in provisions for risks and expenses and other provisions (Note 19)	(227)	321
Stake in profits/(losses) for the financial year from investments accounted for under the equity method (Note 11)	(7,213)	(193,618)
Impairment and net result through disposal of financial instruments and other fixed assets	-	3
Negative difference in business combinations (Note 6)	-	(6,173)
Financial revenue (Note 19)	(85,156)	(210)
Financial costs (Note 19)	71,168	9,077
Exchange differences	1,128	2
Corporation tax	24,155	2,902
Resources from transactions	124,849	32,108
Variation in operating capital:		
Trade receivables and other accounts receivable	4,300	290
Inventory stock	161	665
Trade payables and other accounts payable	5,404	(2,570)
Variation in other current assets and liabilities	(9,505)	589
Gains tax paid	(20,309)	155
Net cash flows from/(used in) operating activities (I)	104,900	31,237
Cash flows through investment activities:		
Cash impact through business combinations	(4,298)	163,222
Payments for the acquisition of group and associate companies and jointly controlled entities (Note 6)		(14,249)
Payments for the acquisition of financial assets (Note 12)	(99,859)	(28)
Payments for the acquisition of tangible fixed assets (Note 9)	(45,459)	(15)
Payments for the acquisition of intangible assets (Note 8)	(2,638)	(47)
Collections through disposal of tangible, intangible and non-current fixed assets (Note 9)	51	-
Collections from financial assets (Note 13)	2,249	-
Collection of dividends from associate companies (Note 11)	19,758	-
Collection of interest	61,088	-
Collections through disposals of group and associate companies and jointly controlled entities	-	8,667
Net cash flows from/(used in) investment activities (II)	(69,106)	157,550
Cash flows through financing activities:		
Cash flows through financial debt and other long-term debt (Note 15)	131,705	-
Interest paid	(71,092)	(28,458)
Repayment of financial debt and other long-term debt (Note 15)	(109,569)	(19,050)
Payments from lease liabilities (Note 10 a)	(618)	-
Dividends paid (Note 14)	(5,964)	(8,587)
Capital increases and share subscription premium	5,743	16,967
Net cash flows from financing activities (III)	(49,795)	(39,128)
Effect of variations in exchange rates on cash and cash equivalents	(24,409)	-
Net increase in cash and cash equivalents (I+II+III)	(38,411)	149,659
Cash and cash equivalents at start of period	158,718	9,059
Cash and cash equivalents at end of period	120,307	158,718

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2019.

CELEO CONCESIONES E INVERSIONES, S.L. and Dependent Companies

Consolidated explanatory notes

1. Nature, Activities and Composition of the Group

Celeo Concesiones e Inversiones, S.L. (hereinafter the Company or the Dominant Company) was incorporated on 27 April 2009 as a private limited liability company, for an indefinite duration. It has its registered office and tax domicile in Madrid, at the address Avenida General Perón 38.

The corporate purpose of the Company comprises the pursuit of the following activities, both nationwide and abroad:

- a) Subscription, acquisition, disposal, assignment, holding, management and administration of all types of shares, stock, bonds and securities representing the shareholder equity of all manner of entities and/or companies engaged in business activities, whether or not listed on the Stock Exchange, explicitly excluding the inherent activities of Collective Investment Undertakings.
- b) The ownership, operation and management of all manner of concessions, sub-concessions, public service management, authorisations and administrative licences for works, services and mixed licences of the State, autonomous regions, provinces, municipalities, autonomous bodies and entities, and in general any State or public authority abroad, or international bodies or institutions.
- c) Promotion, design, exploitation, management, administration, operation, maintenance, upkeep and supplementary services, and the contracting and subcontracting of the construction and execution of infrastructure, public, private and mixed works, production or transport installations for any class of energy and installations and services for the supply, purification, transformation and treatment of any class of water and waste.
- d) The acquisition, assignment, investment, holding and administration of fixed capital and production equipment, raw materials and energy, consumer goods, movable and immovable assets or rights in rem of any class and nature.
- e) The provision, both for companies in which it holds a stake and on behalf of third parties, of services comprising technical consultancy, economic and legal management, administration, research, financing studies, marketing, transfer of technology and other similar services connected with the administration of investee companies, their financial structure, or the activities listed in the above paragraph.

The Company holds stakes in dependent companies. As a result, the Company is the parent of a Corporate Group under the terms of current legislation. The dependent companies are essentially engaged in the various activities that comprise the corporate purpose indicated above, mainly the promotion, operation and management of transmission lines, and also the operation of solar thermal and photovoltaic energy generation facilities. The Group also has investments in associate entities, which are accounted for under the equity method.

Information regarding stakes in group and associate companies accounted for under the equity method and included within the consolidation of the Celeo Concesiones e Inversiones Group (hereinafter, the "Group") at 31 December 2020 and 2019 is presented in Annex I.

Up until 17 December 2019 the Dominant Company, the shareholders of which are detailed in Note 14, was controlled by Elecnor, S.A., as the ultimate dominant entity of the Elecnor Group. The registered office and tax domicile of Elecnor, S.A. is in Madrid, at the address Calle Marqués de Mondéjar, 33. Elecnor, S.A. and its dependent companies present consolidated annual accounts prepared under the International Financial Reporting Standards adopted by the European Union (hereinafter, IFRS-EU), and as a result Celeo Concesiones e Inversiones, S.L., did not prepare consolidated annual accounts, taking advantage of the subgroup exception.

From 17 December 2019 onwards, following the increase in capital stock described in Note 14, the Dominant Company is jointly controlled by two shareholders: Elecnor, S.A. with a stake of 51% and

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Pasterze Investments Holding B.V. (hereinafter, the APG Group), with a stake of 49%. The latter company is validly incorporated and extant under the laws of the Netherlands, and has its registered office and tax domicile in Heerlen, at the address Oude Lindestraat, 70, in the Netherlands. As a result, following said date the aforementioned subgroup exception no longer applies, and the Dominant Company prepared its first consolidated annual accounts at 31 December 2019.

2. Basis for presentation

a) *Basis for presentation and regulatory financial reporting network applicable to the Group*

The consolidated annual accounts have been formulated on the basis of the accounting records of Celeo Concesiones e Inversiones, S.L. and of the dependent entities. The consolidated annual accounts have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and all other provisions of the applicable regulatory financial reporting framework, in order to present a true and fair view of the consolidated net equity and consolidated financial position of Celeo Concesiones e Inversiones, S.L. and dependent companies at 31 December 2020, and of the consolidated financial performance, consolidated cash flows and changes in consolidated net equity corresponding to the financial year ended at said date.

The Group formulated its consolidated annual accounts for the first time in 2019, adopting the IFRS-EU, and on said date applied IFRS 1 "First-time Adoption of International Financial Reporting Standards".

These consolidated annual accounts for the financial year ended at 31 December 2020 have been prepared by applying the latest version of all the applicable standards published by the IASB and adopted by the Regulation Commission of the European Union, the application of which is mandatory at 31 December 2020, as detailed in Note 3.

The Directors of the Dominant Company believe that the consolidated annual accounts for the 2020 financial year, which were formulated on 25 March 2021, will be approved by the General Shareholders' Meeting without any modification.

The consolidated annual accounts of the Celeo Concesiones e Inversiones Group corresponding to the financial year 2019 were approved by the General Shareholders' Meeting of Celeo Concesiones e Inversiones, S.L. held on 18 June 2020.

These consolidated annual accounts have been prepared on the basis of the going concern hypothesis, using the historical cost principle, except for business combinations and derivative financial instruments, which are valued at their fair value, and investments in associate companies, which are valued under the equity method.

b) *First-time application of IFRS-EU*

The Group prepared its consolidated annual accounts for the 2019 financial year considering the date of first-time application to be 1 January 2018, in accordance with the provisions of IFRS 1 "First-time adoption of the International Financial Reporting Standards".

As indicated in Note 1, on the date of the first-time application the Group was a subgroup of the Elecnor Group, which has prepared and formulated its consolidated annual accounts in accordance with the IFRS-EU since the financial year 2005 (it adopted the IFRS-EU on 1 January 2004). For the purposes of preparation of the consolidated annual accounts of the Elecnor Group, the Company and its dependent companies prepared a consolidation package in accordance with the IFRS-EU.

In accordance with IFRS 1, if a dependent company adopts the IFRS-EU for the first time later than its dominant company, said entity must on its financial statements value its assets and liabilities in one of the following forms:

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- The book value that would be obtained from the consolidated financial statements of the parent company at the date of adoption of the IFRS-EU by the latter, if one were not to consider the consolidation adjustments and the effect of the business combination in which the parent company acquired the dependent companies; or
- The book value by applying the other IFRS-EU, considering the date of first-time adoption by the dependent company. In this case, the IFRS 1 options chosen by the dependent company may differ from those of the parent company.

The Directors of the Dominant Company opted to value the assets and liabilities in the first-time consolidated annual accounts for the amounts included in the consolidated annual accounts of the ultimate dominant entity, established at the date of its transition to the IFRS-EU, disregarding adjustments derived from the consolidation procedure and the effects of the business combinations under which the dominant entity acquired the dependent entities of the Company.

c) **International Financial Reporting Standards (IFRS)**

Standards applied for the first time

The Group applied the following standards and interpretations for the first time for its consolidated annual accounts beginning on 1 January 2020:

- IAS 1 (Amendment) and IAS 8 (Amendment) "Definition of material"
- IFRS 3 (Amendment) "Definition of a business"
- Amendments to the IFRS standard references because of the conceptual framework.
- Recasting of the interest rate reference - IBOR (amendment to IFRS 9, IAS 39 and IFRS 7)

These new standards did not constitute a change in the accounting policy of the Group. Furthermore, the Group did not adopt any standard in advance.

Standards, amendments and interpretations issued which have not yet taken effect

At the date of formulation of these consolidated annual accounts, those standards, amendments and interpretations issued which have not yet taken effect and that the Group expects to adopt from 1 January 2021 or subsequently are:

- IFRS 16 (Amendment) "Rent concessions derived from Covid-19". The entity must apply this standard in its first IFRS financial statements for periods beginning on or later than 1 June 2020.

Standards, amendments and interpretations of existing standards not adopted by the European Union

At the date of formulation of these consolidated annual accounts, the IASB and the IFRS Interpretations Committee had published the standards, modifications and interpretations detailed below, which are pending adoption by the European Union:

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associates or joint businesses"
- IAS 1 (Amendment) "Classification of liabilities as current or non-current"
- IFRS 17 Insurance contracts: Replacing IFRS 4. This sets out the principles for registration, valuation, presentation and disclosure of insurance contracts in order for the entity to provide relevant and reliable information allowing users of the financial information to determine the effect that the contracts have on the financial statements.
- IAS 37 (Amendment) "Provisions, contingent liabilities and contingent assets: Provisions for contracts for payment".

The Group is in the process of analysing these standards, although given the Group's activities, the effect of application of the new standards, amendments or interpretations on the consolidated

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annual accounts once they are applied for the first time is not expected to prove significant for the Group.

c) *Functional currency and currency of presentation*

These consolidated annual accounts are presented in thousands of euros, this being the functional currency and currency of presentation of the Dominant Company.

d) *Relevant accounting estimations and relevant hypotheses and judgments in the application of the accounting policies*

The information contained in these consolidated annual accounts is the responsibility of the Board of Directors of the Dominant Company.

The preparation of the consolidated annual accounts in accordance with the IFRS-EU requires the application of relevant accounting estimations, and the generation of judgments, estimations and hypotheses in the process of applying the accounting policies of the Group. In this regard, a summary is set out below of the details of those aspects involving the greatest degree of judgment, complexity, or where the hypotheses or estimates are significant in preparing the annual accounts.

Significant book estimates and hypotheses

- Business combinations: determination of the fair values of stakes held prior to the combination of businesses and the determination of the fair values of assets and liabilities acquired (Note 6).
- The evaluation of possible impairment losses of certain assets with an indefinite useful life included within goodwill (Notes 7, 8).
- The ordinary revenues through the provision of services derived from concession contracts within the scope of IFRIC 12 "Service Concession Arrangements" are recognised by considering the degree of execution of service provision at the date of close, once the corresponding margin has been set. This requires a re-estimation each financial year of all costs to be incurred throughout the period of the concession (Note 12).
- Impairment of financial assets: calculation on the basis of the expected loss (Notes 12 and 13).
- Recognition and valuation of provisions and contingencies: hypotheses to determine the likelihood of occurrence and the estimated amounts of outgoing resources (Note 16).
- Recognition and valuation of deferred tax assets: estimations and hypotheses used to evaluate the recoverability of tax credits (Note 17).

Although the estimates performed by the Directors of the Company were calculated in accordance with the best information available at 31 December 2020, it is possible that future events could force them to be modified in future financial years. The effect on the Consolidated Annual Accounts of any modifications which may arise out of adjustments to be made during future financial years would be recorded on a forward-looking basis.

Relevant judgments

The information as to judgments made in the application of the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements is included in the following notes:

- Consolidation: determination of control (Notes 6 and 3.b).

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- Leases: classification of leases (Note 10).
- Held-for-sale non-current assets (Note 11).

e) *Comparison of information*

For comparative purposes, the consolidated annual accounts for the financial year 2020 present together with each of the entries on the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in net equity, the consolidated statement of cash flows and the consolidated explanatory notes, not only the consolidated figures for the 2020 financial year but also those of the previous financial year, which differ from those approved by the General Shareholders' Meeting of the Dominant Company on 18 June 2020 because of the re-expression of figures for the previous financial year in connection with the following events:

- The Celeo Concesiones e Inversiones Group proceeded to adjust the provisional values for business combinations which occurred in the 2019 financial year as a consequence of the contribution of the Celeo Redes subgroup by APG with the acquisition of a stake in the Dominant Company and the purchase of 42.57% and 44.30% of the stock of the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, and assignment of the corresponding purchase price to the stake in these associate companies in accordance with the principles of IFRS 3 (Note 6).

As a consequence, the consolidated statements of financial position and the consolidated income statement attached hereto corresponding to the financial year 2019 differ from those included in the consolidated annual accounts approved for said financial year, as detailed below:

Thousands of euros	31.12.2019	Provisional value adjustment (IFRS 3)	Re- expressed at 31.12.2019
Assets			
Non-current assets			
Goodwill	683,468	(682,343)	1,125
Other intangible assets	76,175	732,933	809,108
Property, plant and equipment	1,213,361	22,597	1,235,958
Investments accounted for under the equity method	99,433	5,028	104,461
Non-current financial assets	714,327	294,605	1,008,932
Assets through deferred taxes	80,457	(10)	80,447
Total non-current assets	2,892,627	372,810	3,265,437
Current assets			
Held-for-sale non-current assets	27,717	3,234	30,951
Total current assets	272,413	3,235	275,648
Total assets	3,165,040	376,045	3,541,085

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Thousands of euros	31.12.2019	Provisional value adjustment (IFRS 3)	Re- expressed at 31.12.2019
Net Equity and Liabilities			
Net equity			
Other reserves	830,034	(300)	829,734
Result for year attributed to dominant company	227,523	(18,523)	209,000
Non-controlling interests	89,884	27,571	117,455
Total net equity	1,317,431	8,748	1,326,179
Non-current liabilities			
Financial liabilities through the issuance of bonds and other tradable securities	705,185	83,948	789,133
Bank borrowings	789,985	20,579	810,564
Deferred tax liabilities	77,071	262,776	339,847
Total non-current liabilities	1,696,016	367,301	2,063,317
Total net equity and liabilities	3,165,040	376,045	3,541,085
Thousands of euros	31.12.2019	Provisional value adjustment (IFRS 3)	Re- expressed at 31.12.2019
Amortisations, impairment and allocations to provisions	(16,187)	238	(15,949)
Result of entities consolidated within ordinary activity under the equity method	204,066	(10,448)	193,618
Negative difference through business combinations	14,802	(8,629)	6,173
Operating result	239,310	(18,839)	220,471
Financial expenses	(9,662)	585	(9,077)
Profit before tax	229,853	(18,254)	211,599
Gains tax	(2,657)	(245)	(2,902)
Result for the financial year from ongoing operations	227,196	(18,499)	208,697
Result for the financial year	227,196	(18,499)	208,697
Attributable to:			
Shareholders of the Dominant Company	227,523	(18,523)	209,000
Minority interests	(327)	25	(302)

g) Consolidation scope variations

The most significant variations occurring within the consolidation scope in the financial year 2020 were as follows:

- On 16 April 2020, APG Energy & Infra Investments Chile SpA. acquired 50% of CRC Transmisión SpA by means of a capital increase of 44 million dollars, no longer exercising control over these businesses.

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The summary of the main accounting impacts reflected in the consolidated financial statements for this financial year is as follows:

- Deregistration of all assets and liabilities of the subgroup CRC Transmisión SpA on the date of loss of control for their book value, amounting to 40,529 thousand euros (net assets).
 - Recognition of the investment retained in the CRC Transmisión SpA subgroup at its fair value at the date of loss of control for an amount of 40,729 thousand euros, estimated in accordance with the valuation agreed with APG Energy & Infra Investments Chile SpA. for the transfer of this subgroup, which entails a contribution of 40,729 thousand euros by APG Energy & Infra Investments Chile SpA. to the capital stock of CRC Transmisión SpA, diluting the state of the Celeo Group to 50%. From the moment of the loss of control, the Celeo Concesiones e Inversiones Group reflects this stake as an investment in a joint venture, applying the provisions of IAS 28 Investments in Associates and Joint Ventures.
 - Accounting for all the aforementioned amounts recognised under other comprehensive result (conversion differences) on the consolidated income statement at the date of loss of control for an amount of 412 thousand euros of income.
 - Recognition of the resulting difference as a result for the financial year attributable to the Celeo Concesiones e Inversiones Group in the amount of 200 thousand euros, this amount being registered under the caption "Result from entities consolidated within ordinary operations under the equity method" in the attached consolidated income statement corresponding to the financial year 2020.
- On 29 April 2020 Celeo Redes Brasil, S.A. received a loan from APG Energy & Infra Investments 2012, S.L. with a value of 160 million BRL as an advance on the co-investment agreement for 50% of Celeo Redes Expansões, S.A. The company to which were transferred 100% of Parintins Amazonas Transmissora de Energia S.A., 66.6% of Jauru Transmissora de Energia S.A. and which will own 100% of Cachoeira Paulista Transmissora de Energia S.A., once the relevant approvals have been obtained. As a consequence, the Celeo Concesiones e Inversiones Group will not exercise control over these companies registered under the caption "Investments accounted for under the equity method" of the Group. At 31 December 2019, under the agreement already in place with APG since 2018 (Note 11), the companies Jauru Transmissora de Energia S.A. and Cachoeira Paulista Transmissora de Energia S.A. were already consolidated under this caption. The inclusion of Parintins Amazonas Transmissora de Energia S.A. within this arrangement entailed the loss of control of this company in 2020, and the main accounting impacts reflected in the consolidated financial statements for this financial year are as follows:
 - Deregistration of all assets and liabilities of Parintins Amazonas Transmissora de Energia S.A. at the date of loss of control for their book value, amounting to 3,252 thousand euros (net assets).
 - Recognition of the investment retained at Parintins Amazonas Transmissora de Energia S.A. for its fair value at the date of loss of control, amounting to 1,626 thousand euros. From the moment of the loss of control, the Celeo Concesiones e Inversiones Group reflects this stake as an investment in a joint venture, applying the provisions of IAS 28 Investments in Associates and Joint Ventures.
 - Recognition of non-current assets held for sale in the amount of 1,626 thousand euros at the same fair value as the investment.
 - Accounting for all the aforementioned amounts recognised under the other comprehensive result (conversion differences) on the consolidated income statement at the date of loss of control, for an amount of 861 thousand euros of expenditure.

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The key hypotheses taken into account in the valuation of the stakes retained were as follows:

- The value was obtained by using the Equity Cash Flows discounting method, estimated in the respective functional currencies of the projects (US Dollar for the project in Chile and Brazilian Real for the projects in Brazil).
- The discount rates employed to convert the aforementioned cash flows to the present value corresponded to the respective costs of capital, estimated by means of the Capital Asset Pricing Model (CAPM), taking into account both the market circumstances at that time and the circumstances of the specific projects (7% for the project in Chile and 10% for the project in Brazil, approximately).
- The conversion into Euros of the present value obtained was performed by using the corresponding exchange rates at the date of closure of the operation (31 March 2020 for the CRC Transmisión subgroup on 30 April 2020 for Parintins Amazonas Transmissora de Energia S.A.).

The book value of the assets and liabilities of the subgroup CRC Transmisión and Parintins Amazonas Transmissora de Energia S.A. at the date of loss of control is shown below (the reference date was taken as 31 March 2020 and 30 April 2020, respectively, as there were no significant variations with regard to the dates when the operations took place: 16 and 29 April 2020):

	Thousands of euros	
	CRC Transmisión Subgroup	Parintins Amazonas Transmissora de Energia S.A.
Assets		
Other intangible assets	3,010	-
Property, plant and equipment	101,854	-
Non-current financial assets	2,140	4,414
Assets through deferred taxes	879	-
Trade receivables and other accounts receivable	1,416	-
Trade receivables, related companies	46	-
Public authority receivables	5,433	40
Cash and other equivalent liquid assets	7,766	16
Other receivables	-	160
Non-current assets held for sale	20,011	-
Liabilities		
Financial liabilities through issuance of bonds and other long-term tradable securities	63,815	-
Long-term debts with Group companies	5,026	-
Deferred income tax liabilities	27	-
Financial liabilities through issuance of bonds and other short tradable securities	2,946	-
Trade payables, associated and related companies	29,351	312
Trade payables and other accounts payable	525	910
Public authority payables	336	156
Total net assets	40,529	3,252

The Celeo Concesiones e Inversiones Group does not consider these losses of control as an interrupted activity, since neither the subgroup CRC Transmisión nor Parintins Amazonas Transmissora de Energia S.A. corresponded to a segment of activity. Furthermore, the loss of control did not constitute the abandonment of any geographical area where the Group was present.

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The most significant variations occurring in the consolidation scope in the financial year 2019 were as follows:

- On 31 July 2019, through the company Celeo Termosolar, S.L., the Group acquired 42.57% and 44.30% of the stake in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, with control over these businesses being acquired, the corporate purpose thereof comprising the construction and operation of three parabolic trough technology solar thermal plants in Extremadura and Castilla-La Mancha (see Note 6).
- On 20 December 2019, the Group sold the company Tramperase, S.L., dedicated to project promotion, for an amount of 11,774 thousand euros, having obtained a gain of 7,744 thousand euros, registered under the caption "Impairment and result through disposals of fixed assets" on the attached consolidated income statement.
- On 17 December 2019 the Group, through the Dominant Company, acquired the 49% stake in the company Celeo Redes, S.L., a company at which it held a non-controlling stake (see Note 11). The acquisition was structured by means of the non-monetary contribution by the APG Group to the Dominant Company of 49% of the shares which it had up to that time held in the Celeo Redes subgroup, receiving in exchange shares of the Dominant Company with a par value plus share premium of 560,493 thousand euros (see Notes 14 and 6.2). As a result of this acquisition, the Sole Shareholder of the Group, Elecnor, S.A., formalised a shareholder agreement with the APG Group, to exercise joint control over the Group, acquiring a 51% stake in the Dominant Company Celeo Concesiones e Inversiones, S.L.

3. Accounting principles

a) *Dependent entities*

Dependent entities are understood as all those over which the Company exercises control, directly or indirectly through dependent entities. The Company controls a dependent entity if given its involvement therein it is exposed or entitled to variable yields and it has the capacity to influence said yields through the power which it exerts over it. The Company has this power if it holds substantial rights in force which give it the ability to direct significant activities. The Company is exposed or entitled to variable yields through its involvement in the dependent entity if the yields obtained by said involvement may vary depending on the economic evolution of the entity.

The revenue, expenses and cash flows of the dependent entities are included in the consolidated annual financial statements from the date of acquisition, namely the date when the Group obtains effective control thereof. Dependent companies are excluded from consolidation from the date on which control is lost.

In the consolidation process, transactions and balances held with Group companies and profits or losses not realised have been offset in the consolidation process. Nonetheless, losses not realised have been considered as an indicator of impairment of the value of the assets transferred.

The accounting policies of the dependent entities have been adapted in accordance with the Group's accounting policies, for transactions and other events which are similar and occurred under similar circumstances.

The annual accounts or financial statements of the dependent entities employed in the process of consolidation refer to the same date of presentation and the same period as those of the Dominant Company itself.

The non-controlling stakes in the net assets of dependent companies are identified within the net equity separately from the net equity of the Dominant Company. Non-controlling stakes in the

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consolidated results for the financial year (and the consolidated comprehensive total result for the financial year) are likewise presented separately in the consolidated income statement.

Changes in the stake of a dependent company that do not give rise to a loss of control are accounted for as equity transactions, in other words any difference is recognised directly under equity.

In the reduction of the stake of a dependent entity that entails the loss of control over it, the Group recognises a result for the difference between the consideration received plus the fair value of any investment maintained at the entity, plus the book value of the non-controlling stakes and the book value of the consolidated net assets. The other comprehensive result corresponding to the dependent entity is transferred in full to results or reserves, depending on its nature. Consolidated net assets include goodwill, to the extent that the entity disposed of constitutes a business. If the entity disposed of constitutes a business which formed part of a cash-generating unit or a group of cash-generating units to which goodwill had been assigned, this is assigned to the part disposed of and the part maintained in accordance with the fair value and the recoverable value, respectively.

The fair value of the investment maintained constitutes the cost of acquisition for subsequent valuation purposes in accordance with its classification.

b) Business combinations

The Group applied the exception to the acquisition method allowed for in IFRS 1 "First-time adoption of the International Financial Reporting Standards", and as a result only business combinations performed from 1 January 2004 onwards, the date of transition of the Celeo Group to the IFRS-EU, were registered under the acquisition method. There were no acquisitions of entities performed prior to said date.

The Group applied IFRS 3 "Business combinations", revised in 2008, to transactions performed from 1 January 2010 onwards.

In business combinations, the Group applies the acquisition method.

The date of acquisition is the date when the Group obtains control over the business acquired.

The consideration given in the combination of businesses is determined on the date of acquisition in accordance with the sum total of the fair values of the assets handed over, the liabilities incurred or assumed, the net equity instruments issued and any contingent consideration dependent on future events or the fulfilment of certain conditions in exchange for control of the business acquired.

The consideration given excludes any disbursement that does not form part of the exchange for the business acquired. The costs related with the acquisition are recognised as an expense as they are incurred.

The Group recognises the assets acquired and the liabilities assumed at the date of acquisition. The liabilities assumed include contingent liabilities to the extent that they would represent present obligations derived from past events, and their fair value can be reliably measured. The Group likewise recognises assets for compensation granted by the vendor at the same time, and following the same valuation criteria as the entry subject to the compensation from the business acquired, taking into account, where applicable, the risk of insolvency and any contractual limitation on the amount of compensation.

An exception to the application of this criterion applies to non-current assets or disposable groups of elements classified as being held for sale.

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The existing surplus between the consideration given, plus the value assigned to non-controlling stakes and the net amount of the assets acquired and the liabilities assumed, is registered as goodwill. Where applicable, the shortfall, following evaluation of the amount of consideration given, the value assigned to the non-controlling stakes and the identification and evaluation of the net assets acquired, is recognised as a separate entry on the consolidated income statement.

If the business combination can only be determined provisionally, the identifiable net assets are initially registered for their provisional values, recognising the adjustments made during the valuation period as if they had been known at the date of acquisition, with any relevant re-expression of the comparative figures for the previous financial year. In any event, adjustments to provisional values only include information regarding facts and circumstances that existed at the date of acquisition, and that if they had been known, would have affected the amounts recognised at said date.

Following expiry of this period, adjustments to the initial valuation are made only in order to correct an error.

In business combinations conducted in stages, the existing surplus between the consideration given plus the value assigned to the non-controlling stakes plus the fair value of the prior stake in the business acquired and the net amount of the assets acquired in the liabilities assumed, is registered as goodwill. Where applicable, any shortfall after valuation of the amount of the consideration given, the value assigned to the non-controlling stakes, to the prior stake and the identification and valuation of the net assets acquired, is recognised under results. The Group recognises the difference between the fair value of the prior stake in the business acquired and the book value in the consolidated results or under the other comprehensive result. The Group likewise reclassifies amounts deferred under the other comprehensive result corresponding to the prior stake to reserves or results, as applicable.

If the Group does not hold a prior stake in the business acquired, the existing surplus between the value assigned to the non-controlling stakes and the net amount of the assets acquired and liabilities assumed is registered as goodwill. Where applicable, any shortfall, following valuation of the value assigned to the non-controlling stakes and the identification and evaluation of the net assets acquired, is recognised under results.

Loss of control

When the Group loses control over a dependent company, it deregisters the assets (including Goodwill) and liabilities of the dependent entity and the non-controlling stake for their book value at the date when control is lost, recognising the consideration received and the stake maintained in the company in question at the fair value at the date when control is lost, recognising the result derived from the difference. The other comprehensive result corresponding to the dependent company is transferred in full to results or to reserves, depending on its nature.

Non-controlling interests

Non-controlling stakes at independent entities are registered at the date of acquisition for the percentage stake in the fair value of the identifiable net assets. Non-controlling stakes at independent entities acquired prior to the date of transition were recognised for the percentage stake in the net equity thereof at the date of initial consolidation.

Non-controlling stakes are presented under the consolidated net equity separately from the equity attributed to the shareholders of the Dominant Company. Non-controlling stakes in consolidated results for the financial year (and in the consolidated comprehensive total result for the financial year) are likewise presented separately on the consolidated income statement (consolidated comprehensive income statement).

The Group's stake and non-controlling stakes in the consolidated results for the financial year (the consolidated comprehensive total result for the financial year) and in the changes in the net equity of

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dependent entities, following consideration of adjustments and offsetting derived from consolidation, are determined on the basis of the stakes in ownership at the close of the financial year, without considering the possibility of exercising or converting potential voting rights, and following deduction of the effect of dividends, whether agreed or not, of preference shares with cumulative rights not classified under net equity accounts. However, the Group's stake and the non-controlling stakes are determined by considering the possibility of exercising potential voting rights and other derivative financial instruments which, in substance, currently grant access to economic profits associated with stakes in ownership, in other words the right to a stake in future dividends and changes in the value of the dependent entities.

The surplus from losses attributable to non-controlling stakes generated prior to 1 January 2010 not attributable to them because they exceed the amount of their stake in the equity of the dependent entity, is registered as a reduction in the net equity attributable to the shareholders of the Dominant Company, except in those cases where the non-controlling stakes have a binding obligation to assume part or all of the losses and they have the capacity to make the required additional investment. The profits obtained in subsequent financial years are assigned to the net equity attributable to the shareholders of the Dominant Company, until the amount of the losses absorbed in previous accounting periods corresponding to the non-controlling stakes is recovered.

From 1 January 2010 onwards, the results and each component of the other comprehensive result are assigned to the net equity attributable to the shareholders of the Dominant Company and the non-controlling stakes in proportion to their stake, even if this would imply a debit balance of non-controlling stakes. Agreements signed by the Group and the non-controlling stakes are recognised as a separate transaction.

c) Associate entities

Associate entities are deemed to be those over which the Company directly, or indirectly through its dependents, exerts significant influence. Significant influence is the power to intervene in financial policy and operating decisions at an entity, without constituting control or joint control over it. In the evaluation of the existence of significant influence, consideration is given to potentially exercisable voting rights or those which are convertible at the date of close of each financial year, likewise taking into consideration potential voting rights held by the Group or by another entity.

Investments in associate entities are registered under the equity method from the date when significant influence is exercised up to the date when the Company can no longer accredit the existence thereof. Nonetheless, if at the date of acquisition all or part of the investment complies with the conditions for classification as non-current assets or disposable groups of elements held for sale, this is registered at the fair value, less the costs of sale or disposal by some other means.

Investments in associate entities are initially recognised at their cost of acquisition, including in addition any costs directly attributable to the acquisition and any contingent asset or liability consideration dependent on future events or the fulfilment of certain conditions.

The surplus between the cost of the investment and the percentage corresponding to the Group in the fair values of the identifiable net assets is registered as goodwill, included in the book value of the investment. Any shortfall, following valuation of the amounts corresponding to the cost of the investment in the identification and valuation of the net assets of the associate entity, is registered as income in determining the stake of the investor in the results of the associate entity for the financial year when the acquisition occurred.

If the investment is the result of a loss of control over a dependent company that did not comprise a business, the cost of the investment is the fair value, net of the offsetting of results derived from the loss of control.

The accounting policies of associate entities have been subject to homogenisation of timing and valuation on the same terms as with reference to dependent entities.

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The Group's stake in the profits or losses of associate entities obtained from the date of acquisition is registered as an increase or reduction in the value of the investments, credited or charged to the entry "Stake in the result for the financial year from investments accounted for under the equity method" on the consolidated income statement. Likewise, the Group's stake in the "other comprehensive result" of associate entities obtained from the date of acquisition onwards is registered as an increase or reduction in the value of the investments in the associate entities, with recognition of the counterpart based on the nature thereof under "other comprehensive result" on the consolidated comprehensive income statement. Distributions of dividends are recorded as reductions in the value of the investments. To determine the Group's stake in the profits or losses, including the losses recognised through value impairment of associate entities, the income or expenditure derived from the acquisition method is considered.

The Group's stake in the profits or losses of associate entities and in changes in net equity is determined on the basis of the stake in ownership at the close of the financial year, without taking into consideration the possibility of exercising or converting potential voting rights. However, the Group's stake is determined by considering the possibility of exercising potential voting rights and other derivative financial instruments which, in substance, currently grant access to economic profits associated with stakes in ownership, in other words the right to a stake in future dividends and changes in the value of associate entities.

Losses in associate entities corresponding to the Group are limited to the value of the net investment, except in those cases where the Group has assumed legal or implicit obligations, or has made payments in the name of the associate entities. For the purposes of recognition of impairment losses at associate entities, consideration is given to the net investment, as the result of adding to the book value resulting from application of the equity method, that corresponding to any other entry which, in substance, forms part of the investment in the associate entities. Any surplus loss beyond the investment in equity instruments is applied to other entries in reverse order of priority in the settlement. The profits obtained subsequently by those associate entities where the recognition of losses was limited to the value of the investment are registered to the extent that they exceed the losses not previously recognised.

In this regard, if the part corresponding to the Group of the losses of an associate is equal to or greater than its stake in that associate, it will no longer recognise any part which might correspond to it in subsequent losses. To this extent, the stake in the associate will be equal to the book value of the investment calculated in accordance with the equity method, to which will be added the amount of any other long-term part which in substance forms part of the net investment of the Group in the associate.

Profits and losses not realised in transactions conducted between the Group and associate entities are recognised only to the extent that they correspond to the stakes of other unrelated investors. This criterion does not apply to the recognition of losses not realised that would represent evidence of a value impairment of the asset transferred. Nonetheless, the profits and losses derived from transactions between the Group and associate entities from net assets comprising a business are recognised in full.

In the reduction of the stake of an associate entity that does not constitute the loss of significant influence or where the Group loses comprehensive control of a joint business and maintains significant influence, the Group recognises a result for the difference between the consideration received and the proportional part of the book value of the stake disposed of. The other comprehensive result corresponding to the proportional part of the associate entity disposed of is reclassified to results or reserves as if the associate had directly sold the assets or liabilities tied to it. If the transaction entails a loss, the Group checks the value impairment of the residual investment maintained.

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Value impairment

Following application of the equity method, the Group evaluates if there is objective evidence of impairment of the net investment in the associate entity.

Calculation of the impairment is determined as the result of the comparison of the book value associated with the net investment in the associate entity against the recoverable value, the recoverable value to be understood as whichever is the greater of the value in use or the fair value less the costs of sale or disposal by some other means. In this regard, the value in use is calculated in accordance with the Group's stake in the present value of estimated cash flows from ordinary activities and any amounts that might result from the final disposal of the associate entity.

The recoverable amount of the investment in an associate is evaluated with regard to each associate entity, unless it does not constitute a cash-generating unit (CGU).

d) Transactions and balances in foreign currency

Transactions, balances and flows in foreign currency

Transactions in foreign currency are converted to the functional currency by applying the cash exchange rates between the functional currency and the foreign currency on the dates when the transactions are performed.

Monetary assets and liabilities denominated in foreign currency have been converted to euros by applying the rate in place at the close of the financial year, while non-monetary amounts valued at their historical cost are converted by applying the exchange rates applied on the date when the transaction occurred. Lastly, the conversion into euros of non-monetary assets valued at fair value has been performed by applying the exchange rate on the date when the asset in question was quantified.

Conversion of businesses abroad

The Group did not take advantage of the exemption provided for in IFRS 1 "First-time adoption of the IFRS" regarding cumulative conversion differences. The Group has therefore accounted for cumulative conversion differences in a retrospective manner at the date of transition to the IFRS (1 January 2018).

The conversion to euros of businesses abroad the functional currency of which is not that of a hyperinflationary country has been performed through application of the following criterion:

- Assets and liabilities, including goodwill and adjustments to net assets derived from the acquisition of the businesses, including comparative balances, are converted at the closing exchange rate on the date of each balance sheet;
- Income and expenses, including comparative balances, are converted to the exchange rate in force at the date of the transaction; and
- Exchange differences resulting from the application of the above criteria are recognised as conversion differences under the comprehensive result;

This same criterion applies to the conversion of the financial statements of the companies accounted for under the equity method, recognising the conversion differences corresponding to the Group's stake in the other comprehensive results.

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Conversion differences registered under the other comprehensive result are recognised under results as an adjustment to the result in the sale, following the criteria set out in the subsections concerning dependent and associate entities.

e) Interest costs

The Group recognises interest costs directly attributable to the acquisition, construction or production of qualified assets as an increase in their value. Qualified assets are those which require a substantial time period before they can be used or disposed of. To the extent that financing was specifically obtained for the qualified asset, the amount of interest to be capitalised is determined in accordance with the real costs incurred during the financial year, less the returns obtained on temporary investments made with such funds (Note 3.h).

The capitalisation of interest begins when the expenses related with the assets have been incurred, the interest has been incurred, and the necessary activities are being undertaken to prepare the assets or parts of them for their intended use or for sale, and ends once all or practically all of the activities required to prepare the assets or parts of assets for their intended use or sale have been completed. Nonetheless, capitalisation of interest is suspended during the interruption of the course of activities, if they cover a significant time period, unless the delay is necessary in order to make the asset functional or available for sale.

f) Held-for-sale non-current assets

Non-current assets or disposable groups of elements the book value of which will essentially be recovered through a sale transaction, rather than through continued use, are classified as non-current assets held for sale. To classify non-current assets or disposable groups of elements as being held for sale, they must be available for disposal, in their current condition, subject solely to usual and standard sale transaction terms, while it is furthermore necessary that the transaction be considered highly probable.

Non-current assets or disposable groups of elements classified as held for sale are not amortised, being valued at whichever is the lower of their book value and fair value less costs of sale or disposal by some other means.

At the date of acquisition, the Group classifies a non-current asset or disposable group of elements, including dependent entities, and all or part of the investment in associate entities or joint businesses acquired solely for the purpose of subsequent disposal or exchange as held for sale, if it expects that the planned transaction will take place during the following year and the sale complies with the requirements to be considered highly likely within a short time after the acquisition. At the moment of initial recognition of this type of asset, the initial valuation is determined on the basis of the value that would have been recognised if it had not been classified as available for sale and its fair value less costs of sale or disposal by some other means, whichever is the lower.

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g) Intangible assets

Goodwill

Goodwill is determined by following the criteria set out in subsection concerning business combinations.

Goodwill is not amortised, but any impairment in its value is checked on an annual basis or prior to this in the event of any evidence of a potential loss in the value of the asset. For these purposes, the goodwill resulting from the combination of businesses is assigned to each of the cash-generating units (CGU) or groups of CGUs of the Group that are expected to benefit from synergies from the combination, applying the criteria referred to in subsection (j) for value impairment. Following initial recognition, goodwill is valued at its cost less cumulative value impairment losses.

Impairment losses connected with goodwill are not subject to subsequent reversal.

Other intangible assets

The goods comprising the intangible assets of the Group correspond to computer applications and electrical easements, and are presented on the consolidated statement of financial position for their cost value reduced by the amount of accumulative impairment losses and amortisations.

Electrical easement assets do not have a defined useful life and so are not subject to amortisation. The Group conducts tests of value impairment loss at least once per year, and whenever there are factors that would indicate a possible loss in the value of intangible assets with an indefinite useful life.

The Group reviews the residual value, useful life and the amortisation method for intangible assets at the close of each financial year. Modifications to the criteria initially established are recognised as a change in estimation.

Intangible assets are amortised on a straight-line basis over the course of their useful life.

Impairment of assets

The Group evaluates and determines the losses and reversals of value impairment losses of intangible assets in accordance with the criteria referred to in subsection (k).

h) Property, plant and equipment

Initial recognition

Tangible fixed assets are recognised at cost, less the cumulative amortisation and, where applicable, the cumulative value impairment loss.

The capitalised costs include financial expenses regarding the external finance accruing during the construction period for works with a construction period of more than one year.

As the Group has no obligation to meet significant costs for dismantling in connection with the closure of its facilities, the attached consolidated statement of financial position does not include any provision whatsoever in this regard.

The cost of the tangible fixed assets includes the estimation of dismantling or removal costs, and refurbishment of the site where they are located, wherever these constitute obligations incurred as a consequence of their use, and for purposes other than the production of inventory stock. In this regard, since the Celeo Group has no obligation to meet significant costs in connection with the

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closure of its facilities, the attached consolidated statement of financial position does not include any provision whatsoever in this regard.

Subsequent costs

Subsequent to initial recognition of the asset, costs are capitalised only if they are incurred to generate future economic profits that can be classified as likely, and the amount of the costs in question can be reliably valued. In this regard, the costs derived from the daily maintenance of material fixed assets are recorded in results as they occur.

Replacements of tangible fixed asset elements open to capitalisation entail a reduction in the book value of the elements replaced. In those cases where the cost of the elements replaced was not amortised separately or the book value thereof cannot feasibly be determined, the replacement cost is used to indicate the cost of the elements at the moment of their acquisition or construction.

Amortisations

The amortisation of tangible fixed assets is performed on a systematic basis over their useful life.

Amortisation of tangible fixed asset elements is established by applying the criteria set out below:

	Estimated years of useful life
Buildings	33-50
Technical installations and machinery (*)	10-25
Apparatus and tools	3 -10
Furniture and fittings	3-10
Information processing equipment	3-5
Transport elements	2-10
Other fixed assets	3-10

(*) Including machinery and installations assigned to renewables projects.

The Group reviews the residual value, the useful life and the amortisation method for tangible fixed assets at the close of each financial year. Modifications to the criteria initially established are recognised as a change in estimation.

Impairment of assets

The Group evaluates and determines the losses and reversals of value impairment losses of tangible fixed assets in accordance with the criteria indicated in subsection (k).

The Dominant Company Directors believe that the book value of the assets is no higher than their recoverable value, the latter being calculated in accordance with the future cash flows generated by these assets (Note 3.h).

i) Usage right assets and lease liabilities

At the date of the initial application of the IFRS-EU, for those leases in which the Group acts as lessee, the Group decided to measure the lease liability at the present value of the remaining lease payments under the contract, discounted using the incremental rate for the lessee at the date of transition to the IFRS-EU. Measurement of the usage right asset was performed for an amount equal to the value of the liability. At the date of transition, the Group analysed if a contract was or contained a lease.

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(i) Identification of a lease

The Group evaluates at the start of a contract whether it contains a lease. A contract is or contains a lease if it grants the right to control usage of the identified asset for a time period in exchange for consideration. The time period during which the Group uses the asset includes consecutive and non-consecutive periods of time. The Group only re-evaluates the conditions when there is a modification to the contract.

(ii) Accounting records of the lessee

In those contracts that contain one or more lease and non-lease components, the Group considers all the components as one single lease component.

The Group has opted not to apply the accounting policies indicated below for short-term leases, and those where the underlying asset has a value of less than 5 thousand euros. At 31 December 2020 the usage right asset caption corresponds essentially to leases of properties and land where the photovoltaic and solar thermal generating facilities are located. For this type of contract, the Group recognises the payments on a straight-line basis over the duration of the lease.

At the start of the lease the Group recognises a usage right asset and a lease liability.

The usage right asset comprises the amount of the lease liability, any lease payment made on or before the start date, less the incentives received, initial direct costs incurred, and an estimate of the dismantling or restoration costs to be incurred, as indicated in the accounting policy for provisions.

The Group values the lease liability as the present value of the lease payments pending at the start date. The Group discounts the lease payments at the appropriate incremental interest rate, unless it can reliably determine the implicit interest rate of the lessor. In this regard, for the initial measurement of the lease liability, the incremental interest rate was used, representing the interest rate that a lessee would need to pay to request a loan for a similar term, and with a similar guarantee, for the funds required to obtain an asset of a similar value to the usage right asset, in a similar economic environment. The Group uses different discount rates for each country and in accordance with the remaining lease periods, the discount rate applied being 4.95% for leases in Spain, between 4.96% and 5% for leases in Chile, and between 9.7% and 10.56% for leases in Brazil, depending on the duration of the contracts, which is where most of the leases are subject to this standard are located.

Pending lease payments comprise fixed payments, less any incentive to be collected, variable payments dependent on an index or rate, initially valued at the index or rate applicable on the start date, the amounts expected to be paid for residual value guarantees, the price of exercising the purchase option where it is reasonably certain that this will be exercised, and indemnification payments for the cancellation of the contract, wherever the lease duration indicates the exercise of a cancellation option.

The Group values usage right assets at cost, less the cumulative impairment losses and amortisations, adjusted for any re-estimation of the lease liability.

If the contract transfers ownership of the asset to the Group at the end of the lease period or the usage right asset includes the price of the purchase option, the amortisation criteria indicated in the subsection for tangible fixed assets are applied from the start date of the lease up to the end of the useful life of the asset. The Group otherwise amortises the usage right asset from the start date up to whichever is the earlier date of the useful life of the right or the end date of the lease.

The Group applies value impairment criteria for non-current assets as indicated in subsection (k) to the usage right asset.

The Group values the lease liability by increasing this by the financial expense accruing, reduced by the payments made, and re-estimating the book value on the basis of modifications to the lease, or to reflect updates to essentially fixed payments.

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The Group registers re-estimations of the liability as an adjustment to the usage right asset, until it is reduced to zero, and subsequently under results.

The Group re-estimates the lease liability by discounting the lease payments at an updated rate if there is a change in the lease duration or a change in the expectation as to exercising the purchase option over the underlying asset.

The Group re-estimates the lease liability if there is a change in the estimated amounts payable as a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect changes in market rents once these have been revised.

j) Value impairment of non-financial assets subject to amortisation or depreciation

The Group follows the criterion of evaluating the existence of evidence that could indicate a potential value impairment of non-financial assets subject to amortisation or depreciation, in order to ascertain whether the book value of the aforementioned assets is greater than their recoverable value.

Likewise, and irrespective of the existence of any evidence of value impairment, the Group checks at least each year the potential value impairment that could affect intangible assets with an indefinite useful life - electrical easements.

The recoverable amount is calculated for each individual asset, unless this cannot be estimated. In this case the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. In this regard, electrical easements do not generate cash flows independently, and so with a view to an analysis of their possible impairment, the flows from the CGU to which they belong will be used.

The recoverable value of the assets is whichever is the greater of their fair value less costs of sale and their value in use.

Calculation of the value in use of the asset is performed in accordance with the future cash flows expected to result from usage of the asset, expectations as to possible variations in the amount or timing distribution of the flows, the time value of money, the price to be paid to cover the uncertainty connected with the asset, and other factors that market participants would consider in the valuation of future cash flows connected with the asset.

In the event that the recoverable amount is less than the net book value of the asset, the corresponding impairment loss is recorded against the caption "Amortisations, impairment and allocations to provisions" of the attached consolidated income statement.

The Group evaluates at each closing date if there is any evidence that the loss from value impairment recorded in previous years does not exist any longer or that it has reduced. Value impairment losses corresponding to goodwill are not reversible. Losses from value impairment for the rest of the assets only revert if the estimations used to determine the asset recoverable value have changed.

k) Public authority concessions

The Group operates various assets under service concession contracts granted by different public bodies.

The Group analyses in accordance with the characteristics of the contracts whether they lie within the scope of IFRIC 12 "Service Concession Arrangements".

In the concession contracts lying within the scope of IFRIC 12, construction services and service provision are recognised in accordance with the accounting policy for ordinary income.

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As a result, the fair value of the service provided will be similar to the fair value of the total consideration received less the cost of construction.

Since the Group provides various services on the basis of these contracts (construction, maintenance and operational services), the income is recognised in accordance with the fair values of each service provided.

The Group recognises the consideration received under construction contracts as a financial asset, only to the extent that there is an unconditional contractual right to receive cash or another financial asset, whether directly from the assigning party or from a third party.

In this regard:

- The transmission concessions in Brazil in which the Celeo Redes subgroup has a stake are governed by the corresponding Concession Contract signed by and between Concessionaria de Transmissao (the Concession Operator) and Agencia Nacional de Energia Elétrica (ANEEL).
- The Concession Contract governs the obligation on the part of the Concession Operator to construct certain infrastructure and to operate it for a period of 30 years. In consideration, the Concession Operator is granted the unconditional right to receive cash, through the setting of a fixed and quantified remuneration, the "Receita Anual Permitida" (RAP), which the concession operator will receive throughout the operational period of the infrastructure.
- The RAP is periodically updated in order to account for certain economic variables, mainly inflation.
- The responsibility of the Concession Operator is confined to maintaining the infrastructure available for use, and its remuneration is not affected by whether or not it is used.
- There is a penalty protocol applied by ANEEL for infrastructure unavailability events for reasons attributable to the Concession Operator, although these are limited to a maximum of 12.5% of the RAP in the last 12 months, in other words 87.5% of the RAP is always collected. These penalties have furthermore been minimal over recent financial years.

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Maintenance and operation services

The Group accounts for income from maintenance and operation services under concession contracts as explained in subsection p.1.

I) Financial instruments

Recognition and classification of financial instruments

Financial instruments are classified at their initial recognition as a financial asset, a financial liability or an equity instrument, according to the economic basis of the contractual agreement and the definitions of financial asset, financial liability or equity instrument set out in IAS 32 "Financial instruments: Presentation".

Financial instruments are recognised when the Group becomes an obliged party under the contract or legal business in accordance with its provisions.

For the purposes of valuation, the Group classifies financial instruments in the categories of financial assets and liabilities at fair value with changes in results, separating those initially designated from those held for trading or valued on a mandatory basis at fair value with changes in results, financial assets and liabilities valued at amortised cost, and financial assets valued at fair value with changes in other comprehensive result, separating equity instruments designated as such from other financial assets. The Group classifies financial assets other than those designated at fair value with changes in results and equity instruments designated at fair value with changes in other comprehensive result, in accordance with the business model and the characteristics of the contractual flows. The Group classifies financial liabilities as valued at amortised cost, except for those designated at fair value with changes in results and those held for trading.

The Group classifies a financial asset at amortised cost if it is maintained within the context of a business model the purpose of which is to maintain financial assets to obtain the contractual cash flows and the contractual conditions of the financial asset give rise to cash flows on specified dates which are solely payments of principal and interest on the principal pending (SPPI).

The Group classifies a financial asset at fair value with changes under the other comprehensive result if it is held within the context of a business model the purpose of which is achieved by obtaining contractual cash flows and selling financial assets and the contractual conditions of the financial asset give rise to cash flows on specified dates that are SPPI.

The business model is determined by the key personnel of the Group, and at a level that reflects the manner in which groups of financial assets are jointly managed to achieve a specific business objective. The Group's business model represents the way in which it manages its financial assets to generate cash flows.

Those financial assets that form a part of a business model the objective of which is to hold assets to receive contractual cash flows are managed to generate cash flows in the form of contractual collections over the lifespan of the instrument. The Group manages assets held in the portfolio to receive such specific contractual cash flows. To determine if the cash flows are obtained through the receipt of contractual cash flows from the financial assets, the Group considers the frequency, the value and the calendar of sales in previous financial years, the reasons for these sales, and the expectations with regard to future sales activity. Nonetheless, sales in themselves do not determine the business model, and cannot therefore be considered in isolation. Instead, it is information about past sales and about expectations of future sales which provides indicative data as to how the declared objective of the Group is achieved in terms of the management of financial assets, and more specifically the way in which cash flows are obtained. The Group considers information as to past sales within the context of the reasons for these sales and the conditions which existed at the time, in comparison with the current conditions. For these purposes the Group considers that trade

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receivables and other accounts receivable that will be assigned to third parties and will not lead to their deregistration are held under this business model.

Although the objective of the Group's business model is to hold financial assets to receive contractual cash flows, the Group does not necessarily hold all instruments until maturity for this purpose. The Group's business model is therefore to hold financial assets to receive contractual cash flows even if sales of such assets have occurred or are expected to occur in the future. The Group holds this requirement to be fulfilled provided that sales occur because of an increase in the credit risk of the financial assets. In all other cases, at the individual and aggregate level, the sales must be relatively insignificant even if they are frequent, or infrequent if they are significant.

Those contractual cash flows that are SPPI are consistent with a basic loan agreement. In a basic loan agreement, the most significant interest elements are generally the consideration for the time value of money and the credit risk. Nonetheless, in an agreement of this type, the interest also includes consideration for other risks, such as liquidity risk and costs, such as the administrative costs of a basic loan associated with holding the financial asset for a set period. Furthermore, the interest may include a profit margin that would be consistent with a basic loan agreement.

The Group designates a financial liability at the initial moment at fair value with changes under results, if doing so eliminates or significantly reduces any inconsistency in the valuation or in the recognition that would otherwise arise, if the valuation of the assets or liabilities or the recognition of their results take place on a different basis or a group of financial liabilities or of financial assets and financial liabilities is managed, and its return is evaluated, on the basis of the fair value, in accordance with a documented investment or risk management strategy, and information is provided internally with regard to the group on this same basis for the key management personnel of the Group.

The Group classifies other financial liabilities, except for financial guarantee contracts, commitments to grant a loan at a below-market interest rate and the financial liabilities resulting from a transfer of financial assets that do not fulfil the requirements for the registration in the accounts or that are accounted for using the continued involvement focus, as financial liabilities at amortised cost.

Category of financial instruments at fair value

An analysis is set out below of those financial instruments which at 31 December 2020 and 2019 were valued at fair value subsequent to their initial recognition, grouped into levels 1 to 3, depending on the fair value calculation system:

- Level 1: the fair value is obtained from direct observation of their listed price on active markets for identical assets and liabilities.
- Level 2: the fair value is determined by observation on the market for inputs other than the prices included in category 1, which are observable for assets and liabilities either directly (prices) or indirectly (e.g. obtained from the prices).
- Level 3: The fair value is determined by means of appraisal techniques including inputs for assets and liabilities not directly observed on the markets.

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	Fair value at 31 December 2020			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current liabilities				
Derivative financial instruments (Note 15)	-	82,494	-	82,494
Current liabilities				
Derivative financial instruments (Note 15)	-	17,167	-	17,167
	-	99,661	-	99,661

	Fair value at 31 December 2019			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current liabilities				
Derivative financial instruments (Note 15)	-	82,593	-	82,593
Current liabilities				
Derivative financial instruments (Note 15)	-	16,508	-	16,508
	-	99,101	-	99,101

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised for their fair value, plus or less the transaction costs incurred, and subsequently valued at their amortised cost, using the effective interest rate method.

Value impairment

The Group recognises in results a value correction for expected credit losses from financial assets valued at amortised cost, fair value with changes in other comprehensive result, accounts receivable from financial leases, assets from contracts, loan commitments and financial guarantees.

For financial assets valued at fair value with changes under other comprehensive result, the expected credit loss is recognised under the other comprehensive result, and does not reduce the fair value of the assets.

At each date of close the Group values the valuation correction as an amount equal to the expected credit losses over the next 12 months, for those financial assets for which the credit risk has not significantly increased since the date of initial recognition, or where it believes that the credit risk of a financial asset has no longer increased significantly.

When evaluating if there is a significant increase in credit risk, the Group considers all reasonable and demonstrable prospective information, specifically:

- Internal and external credit risk ratings;
- Actual or expected adverse changes in the business, financial or economic conditions that could cause a significant change in the capacity of the borrower to fulfil its obligations;
- Significant current or expected changes in the operating results of the borrower;
- Significant increases in the credit risk in other financial instruments of the same borrower;

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- Significant changes in the value of the guarantee supporting the obligation or in the quality of the guarantees or credit improvements of a third party;

Nonetheless, the Group recognises the expected credit loss during the entire lifespan of the interest for trade receivables or contractual assets.

Interest and dividends

The Group recognises interest under the effective interest rate method, which is the discount rate matching the book value of a financial instrument with the estimated cash flows over the expected lifespan of the instrument, based on its contractual conditions and without taking into consideration the expected credit losses, except for financial assets acquired or originated with losses incurred.

Dividend income from investments in equity instruments is recognised under results if the rights arise for the Group upon receipt, it is likely to receive the economic benefits, and the amount can be reliably estimated.

Deregistrations and modifications of financial liabilities

The Group deregisters a financial liability or a part thereof once it has fulfilled the obligation contained in the liability or is legally released from the main responsibility contained in the liability, either as a result of court proceedings or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications to the initially recognised liabilities are recorded in the accounts as a cancellation of the original financial liability and the recognition of a new financial liability, provided that the instruments have substantially different conditions.

The Group considers that the conditions are substantially different if the present value of the discounted cash flows under the new conditions, including any commission paid, net of any commission received, and employing the original effective interest rate to perform the discounting, is less than 10% different from the present discounted value of the cash flows which still remain from the original financial liability.

If the exchange is registered as a cancellation of an original financial liability, the costs or commissions are recognised under results, forming part of the corresponding results. Otherwise, the modified flows are discounted at the original effective interest rate, recognising any difference regarding the prior book value under results. Otherwise, costs or commissions adjust the book value of the financial liability and are amortised by means of the amortised cost method throughout the remaining lifespan of the modified liability.

The Group recognises the difference between the book value of the financial liability, or a part thereof, cancelled or assigned to a third party, and the consideration paid, including any asset assigned other than cash or the liability assumed under results.

Accounting for hedging operations

Derivative financial instruments are initially recognised by following the criteria set out above for financial assets and liabilities. Derivative financial instruments that do not comply with the hedge accounting criteria set out below are classified and valued as financial assets or liabilities at fair value with changes under results. Derivative financial instruments that comply with the hedge accounting criteria are initially recognised at their fair value, plus any transactional costs directly attributable to the contracting thereof, or, where applicable, less transactional costs directly attributable to the issuance thereof. Nonetheless, the transaction costs are subsequently recognised under results, to the extent that they do not form part of the effective variation in the hedge.

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At the start of the hedge, the Group formally designates and documents the hedging relationship, and the objective and strategy that it assumes with regard thereto. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the risk hedged, and the manner in which the Group measures the efficacy of the hedge.

Accounting for hedging operations only applies if there is an economic relationship between the item hedged and the hedging instrument, the credit risk does not exert a dominant effect over the value changes resulting from this economic relationship, and the hedging ratio of the hedging relationship is the same as that resulting from the quantity of the item hedged that the Group actually uses to hedge that amount of the item hedged. Nonetheless, this designation must not reflect an imbalance between the weightings of the item hedged and of the hedging instrument generating a lack of hedging effectiveness, irrespective of whether or not it is recognised or could give rise to an accounting result contrary to the purpose of the hedge accounting.

Likewise, in hedges of cash flows from planned transactions or a component thereof, the Company evaluates whether said transactions are highly likely, and whether they reveal exposure to variations in cash flows that could ultimately affect the results for the financial year.

The Group evaluates whether the relationship fulfils the requirements of prospective efficacy at the outset of the hedging relationship and also continuously. The Group evaluates efficacy at each accounting close or whenever there are significant changes that would affect the efficacy requirements.

The Group conducts a qualitative evaluation of efficacy whenever the fundamental conditions of the instrument and the item hedged coincide. Where the fundamental conditions do not fully coincide, the Group employs a hypothetical derivative with fundamental conditions equivalent to the item hedged to evaluate and measure inefficacy.

The Group only designates as hedged items those assets, liabilities, firm commitments and transactions expected to be highly likely. The item hedged may be an individual item or a group of items.

Cash flow hedges

The Group recognises under other comprehensive result the losses or gains derived from the fair value valuation of the hedging instrument corresponding to the part identified as an ineffective hedge.

The part of the hedge deemed ineffective, and the specific component of the loss or gain or cash flows connected with the hedging instrument, excluded from the appraisal of efficacy of the hedge, are recognised as a credit or charge against financial expense or income accounts.

In planned transaction hedges that give rise to the recognition of a financial asset or liability, the associated losses or gains that have been recognised under the other comprehensive result are reclassified to results in the same financial year or years during which the asset acquired or liabilities assumed affect the result, and under the same entry on the consolidated income statement.

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Interruption of hedge accounting

If the hedging relationship no longer fulfils the effectiveness requirements connected with the hedging ratio, but the risk management objective remains the same for this relationship, the Group adjusts the hedging ratio in order to continue fulfilling the hedging relationship criteria (rebalancing). Rebalancing refers to adjustments made to the designated quantities of the item hedged or of the hedging instrument in an existing relationship in order to maintain a hedging ratio that fulfils the hedging effectiveness requirements. The Group accounts for the rebalancing as a continuation of the hedging relationship. On the date of rebalancing, the Group determines the lack of effectiveness of the relationship and recognises any ineffectiveness under results.

The Group interrupts the hedging relationship prospectively only when all or part of the hedging relationship no longer fulfils the qualified requirements. This includes situations in which the hedging instrument expires or is sold, ended or exercised. For these purposes, the replacement or renewal of a hedging instrument is not an expiry or ending, provided that the operation is consistent with the documented risk management objective of the Group.

In cash flow hedges, the cumulative amount under the other comprehensive result is not recognised under results until the planned transaction takes place. Notwithstanding the above, the cumulative amounts under the other comprehensive results are reclassified as financial income or expenses at the moment when the Group no longer expects the planned transaction to take place.

m) Inventory stock

This caption of the consolidated statement of financial position records the assets that the Group expects to consume over the course of production or in the provision of services.

Inventory stock is valued at whichever is the lower of the cost and the net realisable value. The cost includes all expenses derived from acquisition and transformation, including those incurred in order to achieve the current condition and location of the stock.

If inventory stock comprises products that are not normally interchangeable, the cost is established in a specific manner, while for all others the mean weighted cost method is used.

The net realisable value is the estimated price of sale less the estimated costs to complete production and those required in order to perform the sale.

n) Cash and other equivalent liquid assets

Cash and cash equivalents include cash on hand and demand deposits at banks and credit institutions. This item also covers other highly liquid short-term investments provided that they can easily be converted into specific sums of cash and are subject to insignificant exchange rate risk. For these purposes, investments maturing less than three months from the date of acquisition are included.

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

o) Provisions

The Group policy is to allocate provisions for the estimated amount required in order properly to meet liabilities, whether legal or implicit, probable or certain, derived from contingencies, litigation in progress or obligations, arising as a result of past events wherever it is likely that this would entail outgoing resources for the Group, and where it is possible to make a reasonable estimate of the corresponding amount. This provision is allocated upon emergence of the liability or obligation, charged to the corresponding caption of the consolidated income statement in accordance with the

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nature of the obligation, at the present value of the provision when the effect of discounting the obligation materialises.

The amounts recognised on the consolidated statement of financial position correspond to the best estimate at the date of close of the disbursements required to cancel the present obligation, following consideration of the risks and uncertainties connected with the provision.

Provisions are reversed against results when it is unlikely that there will be outgoing resources required to settle the obligation. The reversal is performed against the item in the results where the corresponding expense was registered, and the surplus, where applicable, is recognised under the entry for "other income".

Meanwhile, contingent liabilities are not recognised to the extent that they correspond to possible obligations (they depend on the occurrence or otherwise of uncertain future events) or to present obligations that do not fulfil the provision recognition (because it is not likely, or the amount cannot be reliably measured).

p) Revenue recognition

Income through sales and services provided is recognised for the market value of the goods or rights received as consideration for the goods and services provided, as applicable, in the course of the normal business operations of Group companies, net of applicable discounts and taxes.

p.1 Services provided

Ordinary income derived from the provision of services is recognised by considering the degree of execution of service provision at the date of close if the result of the transaction can be reliably estimated. This circumstance occurs when the amount of the income; the degree of execution; the costs already incurred and those pending can be reliably valued, and it is likely that the economic benefits derived from provision of the service will be received.

p.2 Interest and dividends

Interest is recognised under the effective interest rate method, which is the discount rate matching the book value of a financial instrument with the estimated cash flows over the course of the expected lifespan of the instrument, on the basis of the contractual conditions and without considering future credit risk losses.

Dividend income from investments in equity instruments is recognised under the results if rights for the Group to receive this have arisen.

q) Gains tax

The expenditure or income from gains tax comprises both current and deferred tax.

Current tax is the amount payable or recoverable under gains tax with regard to the consolidated tax gain or loss for the financial year. Current gains tax assets or liabilities valued for the amount expected to be paid or recovered from the tax authorities, using the regulations and taxation rates that have been approved or are about to be approved at the date of close.

Liabilities through deferred tax are the sums payable in the future as corporation tax in connection with temporary taxation differences, while deferred tax assets are sums recoverable with regard to corporation tax as a result of the existence of temporary deductible differences, negative taxable bases subject to offsetting or deductions pending application. For these purposes a temporary difference is understood as the difference existing between the book value of the assets and liabilities and their taxable base.

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Current or deferred corporate income tax is recognised under results, unless it arises from a transaction or economic event recognised in the same or a different financial year against net equity or a business combination.

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

- where they arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a combination of businesses and at the date of the transaction did not affect either the book result or the taxable base sum;
- they correspond to differences connected with investments in dependent, associate companies and joint businesses over which the Group has the power of control at the point of reversion and it is not probable that any foreseeable future reversion will take place.

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is likely that there will be sufficient future taxable gains to offset them, or the tax legislation allows for the possibility of future conversion of deferred tax assets into a credit that may be enforced against the Public Authority. However, assets arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the date of the transaction, do not affect either the book result or the taxable base, are not recognised;
- they correspond to temporary differences associated with investments in dependent, associate companies and joint businesses to the extent that the temporary differences will revert in the foreseeable future and future positive taxable gains are expected to be generated to offset the differences.

It is, however, considered likely that the Group has sufficient tax gains to recover deferred tax assets, provided there are taxable temporary differences of a sufficient amount, related to the same tax authority and related to the same taxpayer, reversal of which is expected in the same fiscal year in which a reversal in deductible temporary differences is expected or in years in which a tax loss, arising from a deductible temporary difference, may be offset against prior or subsequent gains.

In order to determine future taxable gains, the Group considers tax planning opportunities, provided that it intends or is likely to adopt them.

Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities are valued at the tax rates which will apply in the financial years when the assets are expected to be realised or the liabilities paid, based on the regulations and rates in force or approved and pending publication and following consideration of the tax consequences which will be derived from the manner in which the Group expects to recover the assets or settle the liabilities. For these purposes, the Group has considered the deduction due to the reversal of temporary measures implemented in transitional provision thirty-seven of Corporation Tax Act 27/2014 of 27 November, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations applied in 2013 and 2014.

The Group reviews the book value of deferred tax assets at the date of close of the financial year, in order to reduce this value to the extent that it is unlikely there will be sufficient positive future taxable bases to offset them.

Deferred tax assets that do not fulfil the above conditions are not recognised on the consolidated statement of financial position. The Group reconsiders at the close of the financial year whether the conditions to recognise deferred tax assets that were previously recognised are still fulfilled.

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Tax uncertainties

If the Group determines that the Tax Authority is unlikely to accept an uncertain tax treatment or group of uncertain tax treatments, it considers this uncertainty in determining the taxable base, tax bases, negative taxable base credits, deductions or taxation rates. The Group determines the effect of the uncertainty on the corporation tax return under the expected amount method, if the range of possible outcomes varies greatly, or the most likely outcome method, in the case of a binary outcome or one concentrated on one of value. In those cases where the tax asset or liability calculated under these criteria is greater than the amount presented in self-assessed tax returns, it is presented as current or non-current on the consolidated statement of financial position in accordance with the expected date of recovery or settlement, taking into account, where applicable, the amount of the corresponding late-payment interest on the liability, as this accrues on the income statement. The Group registers changes in facts and circumstances regarding tax uncertainties as a change in estimation.

The Group recognises and presents penalties in accordance with the accounting policy indicated for provisions.

Classification

Deferred tax assets and liabilities are recognised on the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

r) Consolidated statement of cash flows

In the cash flow statement, drawn up in accordance with the indirect method, the following expressions are used with the following meanings:

- Cash flows. Incoming and outgoing cash and cash equivalents, the latter being understood as short-term high-liquidity investments with no significant risk of changes in their value.
- Operating activities. Typical activities of the entities that make up the Group, and other activities that cannot be classified as investment or financing.
- Investment activities. Investment activities are those relating to the acquisition, transfer or disposal by other means of long-term assets and other investments not included in cash and cash equivalents. The Group classifies interest and dividends collected as investment activities.
- Financing activities. Financing activities are those activities generating changes in the size and composition of the consolidated net equity and the liabilities not forming part of operating activities.

The cash flows corresponding to operating activities correspond to the ordinary activity of the Group.

The net cash flows from investment activity are essentially the result of new investments in dependent companies, other intangible assets, tangible fixed assets, usage rights and concessions (see Notes 6, 8, 9, 10 and 12).

In addition, net cash flows from financing activities correspond in the main to the amortisation of financial liabilities in accordance with the contractual calendar and the refund of the share premium (see Notes 14 and 15).

s) Segment reporting

An operational segment is a component of the Group that undertakes business activities in which it may obtain ordinary income and incur expenses, where the operating results are regularly reviewed

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by the highest authority for operational decision-making at the Group, to decide as to the resources that should be assigned to the segment, evaluate its performance, and with regard to which separate financial information is available. The segments defined by the Group are detailed in 25.

t) Environment

The Group undertakes operations the main aim of which is to predict, reduce or rectify any damage which it could cause to the environment as a result of its activities.

The expenses derived from environmental activities are recognised as "Other operating expenses" in the financial year in which they are incurred.

Tangible fixed asset elements acquired for the purpose of lasting use in operations, and the main function of which is the minimisation of environmental impact and protection and improvement of the environment, including the reduction or elimination of future pollution caused by Group operations, are recognised as assets by application of valuation criteria, presentation and disclosure consistent with those set out in subsection (h).

4. Financial risk management policy

The Group is exposed to certain financial risks that it manages by grouping systems for the identification, measurement, limitation of concentration and supervision. The management and limitation of financial risks is performed in coordination by Corporate Management and the different Business Units and Subsidiaries that make up the Group. Operations connected with financial risk management are approved at the highest decision-making level, in accordance with the established standards, policies and procedures.

Exchange rate risk

Market risk as a result of exchange rate risk is the consequence of the operations that the Group performs on international markets in the course of its business. Part of the income and procurement costs are denominated in currencies other than the functional currency of each country where the dependent companies operate. As a result, there could be a risk that fluctuations in the exchange rates of these currencies against their functional currency could affect the Group's results.

To manage and minimise this risk, the Group uses hedging strategies, since the objective is to generate results only for the performance of the ordinary activities that it performs, and not by speculating on exchange rate fluctuations. The instruments used to achieve such hedging are essentially debts referenced to the currency in which contract payments are collected.

At 31 December 2020 the most significant balances of the Group in foreign currency correspond to the debt in UF maintained by the Chilean subsidiaries, the functional currency of which is the US dollar (see Note 14).

Interest rate risk

Variations in interest rates modify the fair value of those assets and liabilities accruing a fixed interest rate, and future flows from assets and liabilities referenced to a variable interest rate. The Group actively manages its exposure to interest rate risk, so as to mitigate its exposure to a variation in interest rates derived from debt entered into at a variable interest rate, by using hedging instruments where applicable to minimise the risk from interest on finance. The hedging instruments, which are assigned specifically to financial debt, have as a maximum the same nominal amounts, and are essentially interest rate swaps (IRS), the purpose of which is to achieve a fixed interest cost for finance originally arranged at variable interest rates. In any event, interest rate hedges are arranged with an accounting efficiency criterion.

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In addition, it should be pointed out that, as may be seen in Note 15, the Group has bonds issued on the capital market at a fixed interest rate in the financial years 2020 and 2019, corresponding to the companies of the subgroup Celeo Redes and Celeo Fotovoltaico.

Liquidity risk

Liquidity risk is mitigated by means of the policy of holding cash and highly liquid and non-speculative short-term instruments, through first-tier credit institutions, in order to fulfil future commitments, along with the arrangement of credit facilities of a sufficient limit and term to address expected needs.

Note 15 provides a disclosure of the maturities of financial liabilities.

Meanwhile, in terms of transmission lines, specifically those providing their services in Brazil under the concession regime, the national system operator, Operador Nacional do Sistema Eléctrico (ONS), is responsible for coordinating system collections and payments, and informs the Concession Operator each month of the companies that are required to pay it: generators, major consumers and distributors connected to the system. Before these companies connect to the system, they lodge surety which will be enforced in the event of non-payment, and are immediately disconnected from the system, at which point the payment obligation is distributed among all other system users. The concession operator thus has a guarantee of collection under the national electricity system. In this regard, during the years that the Group has been operating these lines, no non-payment on the part of the users has occurred.

With regard to the transmission lines in Chile, they belong to the national transmission system (formerly known as the trunk system), with responsibility for coordinating the flow of payments to the transmission companies lying with the coordination entity Coordinador Eléctrico Nacional (CEN). Up until December 2018 the applicable regime was that the generating companies were those responsible for making payment to the transmission companies. From 2019 onwards, distribution companies are added to those responsible for making the payments, and so from this date onwards there is a more diverse portfolio of payers. The collection guarantee under the national transmission system is based on a CEN Procedure which establishes that in the event of possible non-payment by a coordinated party (the company subject to coordination by the CEN), the party in breach is disconnected from the system, with the payment obligation being divided among the other coordinated companies.

Credit risk

The main Credit Risk is attributable to accounts receivable through trade operations, to the extent that a counterparty or client might not meet its contractual obligations. To mitigate this risk, operations are performed with clients that have an appropriate credit record, while furthermore, given the activity and sectors in which it operates, the Group has clients with a high credit rating. In addition, a financial solvency analysis of the client is conducted, and specific conditions are included in the contract intended to guarantee collection of the price.

In the case of renewables projects in Spain, under the terms of the regulatory electricity framework in force, the electricity generated is sold on the Iberian Electricity Market (MIBEL), collecting income from the market operator (OMIE) with a payment guarantee system, and the National Markets and Competition Commission (CNMC), the regulatory body for energy markets in Spain, dependent on the Ministry of Industry.

The Group always aims to further heighten the measures it has been taking to mitigate this risk, and conducts periodic analyses of its exposure to credit risk, conducting the corresponding impairment valuation corrections. At 31 December 2020 and 2019 there were no overdue accounts receivable nor impaired balances (see Note 13.a).

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Regulatory risk

As for Regulatory Risk, and in particular with regard to renewable energies, the Group conducts detailed monitoring in order properly to reflect any impact on the consolidated income statement.

5. Distribution of Results

The proposal for the distribution of the Dominant Company's results for the financial year ended at 31 December 2020 to be presented before the General Shareholders' Meeting is as follows:

	Euros
Basis of distribution Profit for the year	785,071.54
Distribution Legal reserve	78,507.15
Compensation for losses from previous financial years	706,564.39
	785,071.54

The application of the result of the Dominant Company for the financial year ended at 31 December 2019, approved by the General Shareholders' Meeting on 18 June 2020, comprised:

	Euros
Basis of distribution Loss for financial year	(29,577,736.61)
Application Compensation for losses from previous financial years	(29,577,736.61)
	(29,577,736.61)

At 31 December 2020 and 2019 the amount of non-distributable reserves totalled 4,720,268 euros, corresponding in its entirety in both financial years to the legal reserve.

6. Business combinations

6.1 Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L.

On 31 July 2019 the Group, through the company Celeo Termosolar, S.L., acquired 42.57% and 44.30% of the stake in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively. The Group maintained a non-controlling stake in both companies at that date (see Note 11). Both companies have their registered office in Madrid, their main activity being the construction and operation of three parabolic trough technology solar thermal generating facilities in Extremadura and Castilla-La Mancha.

In 2009 the business acquired generated ordinary income and consolidated results for the Group during the period between the date of acquisition and the close of the 2019 financial year amounting to 35,133 thousand euros 108 thousand euros of losses, respectively.

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If the acquisition had occurred on 1 January 2019, the ordinary income of the Group and the consolidated result for the financial year ended at 31 December 2019 would have been 55,425 thousand euros higher and 1,046 thousand euros lower, respectively.

The detail of the consideration given, of the fair value of the net assets acquired, and the excess net assets acquired over the cost of the combination is as follows:

Definitive

	Thousands of euros	
	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Consideration given		
Cash paid	3,403	10,846
Total consideration given	3,403	10,846
Non-controlling interests	735	-
Fair value of the prior investment in the business	9,135	17,199
Fair value of net assets acquired	16,609	30,879
Surplus net assets acquired over cost of acquisition	3,336	2,833

Provisional

	Thousands of euros	
	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Consideration given		
Cash paid	3,403	10,846
Total consideration given	3,403	10,846
Non-controlling interests	735	-
Fair value of the prior investment in the business	12,910	24,169
Fair value of net assets acquired	23,473	43,392
Surplus net assets acquired over cost of acquisition	6,425	8,377

The amount of the shortfall of net assets acquired against the cost of acquisition, totalling 6,169 thousand euros, was recognised under the entry "Negative differences from business combinations" on the attached consolidated income statement for the 2019 financial year.

The fair value of 55% and 55.7% of the non-controlling stake previously held in the businesses acquired (Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively), which amounted to 46,332 thousand euros, meant the recognition of a negative result totalling 19,998 thousand euros, recognised under the entry "Result of entities consolidated within ordinary operations under the equity method" on the consolidated income statement for the 2019 financial year.

In addition, the transfer to the income statement of the adjustments for the change in value that the Group held in the net equity at the date of assumption of control associated with the stakes in these companies meant recognition of a negative result totalling 47,445 thousand euros, recognised under the entry "Result of entities consolidated within ordinary operations under the equity method" on the consolidated income statement for the 2019 financial year.

The fair value of the main assets acquired and liabilities assumed, and their provisional and definitive valuations, is shown below:

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Dioxipe Solar, S.L.

	Thousands of euros	
	Provisional 2019	Definitive 2019
Assets		
Tangible fixed assets (Note 9)	214,191	214,191
Current assets	15,901	15,901
Other assets (Note 12)	4,358	4,358
Deferred gains tax assets (Note 17)	26,928	26,928
Liabilities		
Long-term debts and derivatives	215,967	223,381
Operating liabilities	15,346	15,551
Other liabilities	2,773	2,773
Deferred gains tax liabilities (Note 17)	3,819	3,064
Total net assets	23,473	16,609
Amount paid in cash	3,403	3,403
Cash and other equivalent liquid assets of the acquired party	6,220	6,220
Effect on cash through the acquisition	(2,817)	(2,817)

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Aries Solar Termoelectrica, S.L.

	Thousands of euros	
	Provisional 2019	Definitive 2019
Assets		
Usage right assets (Note 10)	19,159	19,159
Tangible fixed assets (Note 9)	410,083	410,083
Current assets	31,958	31,958
Other assets (Note 12)	125	125
Deferred gains tax assets (Note 17)	53,823	53,820
Liabilities		
Long-term debts and derivatives	420,020	433,210
Operating liabilities	27,009	27,362
Other liabilities	8,596	8,596
Deferred gains tax liabilities (Note 17)	16,131	15,098
Total net assets	43,392	30,879
Amount paid in cash	10,846	10,846
Cash and other equivalent liquid assets of the acquired party	12,155	12,155
Effect on cash through the acquisition	(1,309)	(1,309)

The criterion for calculation of the main assets and liabilities existing at the date of assumption of control is set out below:

- Licence: they were valued by means of the Multi-Excess Earnings Method (MEEM), which calculates the value of the asset as the sum total of the excess future earnings discounted at their present value following consideration of the charges for attributive assets. The key parameters used in the evaluation of this intangible were the EBITDA and a discount rate of 6.52%. This asset was valued at 20 million euros, and is registered together with the tangible fixed assets.
- Tangible fixed assets: their valuation was determined by means of the depreciated cost of replacement method
- Deferred assets: they were valued in accordance with the best estimate of the future taxable gains and on the basis of the tax regulations in force at the date of assumption of control.
- Bank borrowings: at their fair value at the date of acquisition.

6.2 Celeo Redes Subgroup

On 17 December 2019 the Group, through the Dominant Company, acquired the 49% stake in the company Celeo Redes, S.L. At said date the Group maintained a non-controlling stake in the company (see Note 11). Celeo Redes, S.L. has its registered office in Madrid, its main business being the promotion, design, operation, management and maintenance of installations for the production or transmission of any class of energy and installations and services for the supply, verification, transformation and treatment of any class of water or waste. Celeo Redes, S.L. is the head of a subgroup of dependent companies domiciled in Chile and Brazil, essentially engaged in the promotion, operation and management of transmission lines.

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If the acquisition had occurred on 1 January 2019, the ordinary income of the Group and the consolidated result for the financial year ended at 31 December 2019 would have been 127,784 thousand euros higher and 16,591 thousand euros lower, respectively.

The purchase price comprises the handover on 17 December 2019 by the Dominant Company of its 7,582,215 newly created shares of a par value of 10 euros each, valued in total at 560,493 thousand euros. The new shares were created with a total share premium of 484,671 thousand euros, in other words a share premium of 63.92 euros per share (see Note 14.a).

The detail of the consideration given, of the fair value of the net assets acquired and the provisional consolidation goodwill is as follows:

	Thousands of euros	
	Provisional 2019	Definitive 2019
Consideration given		
Handover of shares of the Dominant Company	560,493	560,493
Total consideration given	560,493	560,493
Non-controlling interests	89,476	117,034
Fair value of the prior investment in the business	583,371	583,371
Fair value of net assets acquired	550,997	1,260,899
Goodwill	682,343	-

The fair value valuation of 51% of the prior stake held in the business acquired, amounting to 256,903 euros, entailed recognition of a positive result totalling 326,468 thousand euros, recognised under the entry "Result of entities consolidated within ordinary operations under the equity method" on the consolidated income statement for 2019.

In addition, the transfer to the income statement of the conversion differences and adjustments for the change in value that the Group held in the net equity at the date of assumption of control associated with the stake which it held in the Celeo Redes subgroup, a negative amount of 83,753 thousand euros and a positive amount of 2,111 thousand euros, respectively, meant a negative result totalling 81,642 thousand euros, recognised under the entry "Result of entities consolidated within ordinary operations under the equity method" on the consolidated income statement.

The fair value of the main assets acquired and liabilities assumed, in their provisional and definitive valuations, is shown below:

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Celeo Redes Subgroup

	Provisional 2019	Definitive 2019
Assets		
Other intangible assets (Note 8)	76,137	809,070
Usage right assets (Note 10)	4,889	4,889
Tangible fixed assets (Note 9)	568,564	591,152
Investments accounted for under the equity method (Note 11)	99,433	104,471
Non-current financial assets (Note 12)	707,908	1,002,513
Deferred gains tax assets (Note 17)	2,274	2,274
Current assets	228,128	231,365
Liabilities		
Long-term debts and other financial liabilities (Note 15)	967,176	1,051,125
Lease liabilities (Note 10)	5,010	5,010
Other non-current liabilities	6,981	6,981
Deferred gains tax liabilities (Note 17)	55,364	319,914
Operating liabilities	101,805	101,805
Total net assets	550,997	1,260,899
Cash and other equivalent liquid assets of the acquired party	144,847	144,847
Effect on cash through the acquisition	(144,847)	(144,847)

As indicated in Note 2.e, during this financial year the purchase price corresponding to the acquisition was assigned in accordance with the principles of IFRS 3 *Business combinations*. As a result, the 2019 figures were re-expressed, eliminating the provisional goodwill which emerged, in the amount of 682,342 thousand euros, and leaving the assets and liabilities acquired at their fair value.

7. Goodwill

The disclosure of the balance under the caption "Intangible assets - Goodwill" on the consolidated statements of financial position for the 2020 and 2019 financial years, in accordance with the companies giving rise to them, and the movement over the course of these financial years, is as follows:

2020 Financial Year

	Thousands of euros					
	Balance at 31.12.2019	Registration	Impairment	Deregistration	Other	Balance at 31.12.2020
Companies consolidated by full consolidation:						
Other businesses						
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	-	-	1,125
	1,125	-	-	-	-	1,125

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2019 Financial Year

	Thousands of euros					Balance at 31.12.2019
	Balance at 31.12.2018	Registration	Impairment	Deregistration	Other	
Companies consolidated by full consolidation:						
Other businesses - Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	-	-	1,125
	1,125	-	-	-	-	1,125

As indicated in Note 3.g, the Group evaluates the impairment of its goodwill each year.

The cash-generating unit considered for the purposes of the corresponding goodwill impairment test included in the above table is identified with the actual company to which it was assigned.

The recoverable amount is whichever is the greater of the market value reduced by the costs of sale, and the value in use, understood as the present value of estimated future cash flows approved by Management and considered to be reasonable. To calculate the value in use, the hypotheses which are used include discount rates, growth rates and expected changes in prices of sale and costs. The Dominant Company Directors estimate the discount rates that reflect the time value of money and the risks associated with the cash-generating unit.

Likewise, the sensitivity analyses performed by Management, which include variations in accordance with deviations occurring in the main estimations for the previous financial year, also reveal no impairment.

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8. Other intangible assets

The movement occurring under this chapter of the consolidated financial statement in the financial year 2020 and 2019 was as follows:

	Thousands of euros			
	Computer applications	Electrical easement	Permits and licences	Total
COST:				
Balance at 31 December 2019	1,094	75,103	732,933	809,130
Variation in the consolidation scope (Note 2.g)	-	(2,930)	(183,248)	(186,178)
Additions	257	1,600	-	1,857
Withdrawals	(36)	-	-	(36)
Conversion differences	(379)	(6,712)	(51,810)	(58,901)
Balance at 31 December 2020	936	67,061	497,875	565,872
CUMULATIVE AMORTISATION:				
Balance at 31 December 2019	(22)	-	-	(22)
Provisions (Note 19)	(248)	-	(11,495)	(11,743)
Conversion differences	-	-	549	549
Balance at 31 December 2020	(270)	-	(10,924)	(11,194)
Net cost at 31 December 2019	1,072	75,103	732,933	809,108
Net cost at 31 December 2020	666	67,061	486,952	554,678

	Thousands of euros			
	Computer applications	Electrical easement	Permits and licences	Total
COST:				
Balance at 31 December 2018	13	-	-	13
Variation in the consolidation scope	1,034	75,103	732,933	809,070
Additions	47	-	-	47
Balance at 31 December 2019	1,094	75,103	732,933	809,130
CUMULATIVE AMORTISATION:				
Balance at 31 December 2018	(13)	-	-	(13)
Provisions (Note 19)	(9)	-	-	(9)
Balance at 31 December 2019	(22)	-	-	(22)
Balance at 31 December 2018	-	-	-	-
Net cost at 31 December 2019	1,072	75,103	732,933	809,108

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The chapter "Electrical easement" corresponds essentially to the perpetual easement for the electrical energy transmission lines in Chile, which have an indefinite useful life, and they are therefore not subject to the process of amortisation, but do undergo an annual impairment evaluation. These evaluations serve to conclude that there is no risk of impairment, since when subjected to very extensive sensitivity analyses, no type of impairment arises.

The chapter "Computer Applications" at 31 December 2020 and 2019 corresponds to the database management system licences.

At 31 December 2020 and 2019 the Group maintains computer applications of the Dominant Company in use, amounting to 13 thousand euros, which are fully amortised.

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9. Property, plant and equipment

The movement occurring under this chapter of the consolidated financial statement in the financial year 2020 and 2019 was as follows:

	Thousands of Euros							
	Land	Buildings, Technical Installations and Machinery	Furniture and Fittings	Information Processing Equipment	Transport Elements	Other Fixed Assets	Fixed Assets in Progress	Total
COST:								
Balance at 31 December 2019	270	1,099,678	1,054	247	104	105	154,989	1,256,447
Variation in the consolidation scope (Note 2.g)	-	(77,991)	-	-	-	-	(14,976)	(92,967)
Additions	-	728	41	60	-	244	44,386	45,459
Withdrawals	(15)	-	-	-	-	-	-	(15)
Transfers	-	140,207	-	-	-	-	(140,207)	-
Conversion differences	(41)	(34,879)	(114)	(36)	(21)	(18)	(44,145)	(79,254)
Balance at 31 December 2020	214	1,127,743	981	271	83	331	47	1,129,670
CUMULATIVE AMORTISATION:								
Balance at 31 December 2019	-	(20,384)	(25)	(15)	-	(65)	-	(20,489)
Variation in the consolidation scope (Note 2.g)	-	1,930	-	-	-	-	-	1,930
Provisions (Note 19)	-	(45,089)	(56)	(80)	(23)	-	-	(45,248)
Conversion differences	-	3,407	34	17	13	-	-	3,471
Balance at 31 December 2020	-	(60,136)	(47)	(78)	(10)	(65)	-	(60,336)
IMPAIRMENT:								
Balance at 31 December 2019	-	-	-	-	-	-	-	-
Provisions	-	(14,824)	-	-	-	-	-	(14,824)
Balance at 31 December 2020	-	(14,824)	-	-	-	-	-	(14,824)
Net cost at 31 December 2019	270	1,079,294	1,029	232	104	40	154,989	1,235,958
Net cost at 31 December 2020	214	1,052,783	934	193	73	266	47	1,054,510

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	Thousands of Euros							
	Land	Buildings, Technical Installations and Machinery	Furniture and Fittings	Information Processing Equipment	Transport Elements	Other Fixed Assets	Fixed Assets in Progress	Total
COST:								
Balance at 31 December 2018	41	41,605	751	-	-	105	-	42,502
Business combinations (6)	230	1,036,979	302	234	104	-	154,989	1,192,838
Additions	-	1	1	13	-	-	-	15
Withdrawals	-	(1,504)	-	-	-	-	-	(1,504)
Conversion differences	(1)	-	-	-	-	-	-	(1)
Balance at 31 December 2019	270	1,077,081	1,054	247	104	105	154,989	1,233,850
CUMULATIVE AMORTISATION:								
Balance at 31 December 2018	-	(4,889)	-	-	-	(65)	-	(4,954)
Provisions (Note 19)	-	(15,495)	(25)	(15)	-	-	-	(15,535)
Balance at 31 December 2019	-	(20,384)	(25)	(15)	-	(65)	-	(20,489)
Net cost at 31 December 2018	41	36,716	751	-	-	40	-	37,548
Net cost at 31 December 2019	270	1,079,294	1,029	232	104	40	154,989	1,235,958

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The caption "Buildings, Technical Installations and Machinery" at 31 December 2020 and 2019 corresponds in the main to the investments in owned transmission lines (not covered by IFRIC 12) in Chile and solar thermal electricity generating facilities in Spain, amounting to 1,302 thousand euros of cost (1,374 thousand euros at 31 December 2019).

The caption "Fixed assets in progress" at 31 December 2019 corresponds in the main to investments in the construction of photovoltaic plants at the companies of the subgroup Celeo Redes: investments in the construction of six photovoltaic facilities owned by companies of the subgroup São João de Piauí FV (transferred to "Buildings, Technical Installations and Machinery" in the financial year 2020); and the investments in Chile for the transmission works of the companies Mataquito Transmisora de Energía S.A. and Casablanca Transmisora de Energía S.A. which were excluded from the consolidation scope in 2020 as they belong to the subgroup CRC Transmisión SpA (see Note 2.g).

The cost of tangible fixed asset elements fully amortised and still in use at 31 December 2020 amounts to 652 thousand euros (591 thousand euros in 2019).

The Group policy is to arrange insurance policies to cover the possible risks to which the various elements of its tangible fixed assets are subject, in addition to the possible claims that could arise in the pursuit of its activities, on the basis that these policies provide sufficient cover for the risks to which the assets are subject.

10. Usage right assets and lease liabilities

The details and movements by usage right asset class during the 2020 and 2019 financial years were as follows:

a) Nature of lease agreements

2020 Financial Year

	Thousands of euros			
	Land	Transport elements	Other	Total
Balance at 31 December 2019	21,881	95	4,956	26,932
Additions	-	-	782	782
Value adjustments	11	-	-	11
Conversion differences	(368)	(22)	(1,110)	(1,500)
Balance at 31 December 2020	21,524	73	4,628	29,225
Cumulative Amortisation at 31 December 2019	(779)	-	(747)	(1,526)
Provisions (Note 19)	(812)	(92)	(675)	(1,579)
Conversion differences	25	19	112	156
Cumulative Amortisation at 31 December 2020	(1,566)	(73)	(1,310)	(2,949)
NET COST:				
Net cost at 31 December 2020	19,958	-	3,318	23,276

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2019 Financial Year

	Thousands of euros			
	Land	Transport elements	Other	Total
Balance at 31 December 2018	1,501	-	1,366	2,867
Value adjustments	15	-	2	17
Business combinations (6)	20,365	95	3,588	24,048
Balance at 31 December 2019	21,881	95	4,956	26,932
Cumulative Amortisation at 31 December 2018	(434)	-	(449)	(883)
Provisions (Note 19)	(345)	-	(298)	(643)
Cumulative Amortisation at 31 December 2019	(779)	-	(747)	(1,526)
NET COST:				
Net cost at 31 December 2019	21,102	95	4,209	25,406

b) Detail of lease payments and liabilities

The movement of lease liabilities during the financial year 2020 was as follows:

	Thousands of euros
Balance at 31 December 2019	28,884
Additions	289
Deregistrations	(3,028)
Financial expenses	1,544
Payments	(618)
Balance at 31 December 2020	27,071

The analysis of the contractual maturity of lease liabilities, including future interest payable, is as follows:

	Thousands of euros	
	2020	2019
Up to 6 months	368	318
From 6 months to 1 year	729	379
From one to two years	857	1,008
From two to three years	881	715
From 3 to 4 years	907	817
More than 4 years	23,329	25,647
Total	27,071	28,884

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11. Investments accounted for under the equity method

At 31 December 2020 and 2019 the stakes in associate entities of the Group valued under the equity method (3.c) are as follows:

Company	Thousands of euros	
	2020	2019
CRC Transmisión SpA Subgroup	142,388	-
Paritins Amazonas Transmissora Energia	27,078	-
Cachoeira Paulista Transmissora de Energia S.A.	29,423	32,790
Jauru Transmissora de Energia, S.A.	16,138	33,247
Brilhante Transmissora de Energia, S.A.	17,578	32,745
Brilhante Transmissora de Energia II, S.A.	5,697	5,679
Total	238,302	104,461

Annex II hereto attached presents the main figures of companies registered under the equity method.

At 31 December 2020, as a consequence of variations in the consolidation scope described in 2.g, the Group registered under the equity method the investment of the company Paritins Amazonas Transmissora de Energia S.A. and of the subgroup CRC Transmisión SpA (including the investees Diego Almagro Transmisora de Energía S.A., Mataquito Transmisora de Energía, S.A. and Casablanca Transmisora de Energía S.A.).

At 31 December 2019, as a consequence of the business combination described in Note 6.2, the Group deregistered the investment accounted for under the equity method at the Celeo Redes subgroup and registered the assets acquired and liabilities of the subgroup assumed at their fair value (see Note 6.2), including the stakes in associate companies for the subgroup Celeo Redes: Cachoeira Paulista Transmissora de Energia S.A., Jauru Transmissora de Energia S.A., Brilhante Transmissora de Energia, S.A. and Brilhante Transmissora de Energia, S.A. II.

In addition, as a consequence of the assumption of control on 31 July 2019 of the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., the Group proceeded to deregister these investments accounted for under the equity method (see Note 6.1), the total value at said date being 46,332 thousand euros.

Jauru Transmissora de Energia S.A. and Cachoeira Paulista Transmissora de Energia S.A.

On 26 December 2018 the subgroup Celeo Redes, through its subsidiary company Celeo Redes Brasil, S.A., finalised the purchase of the shares of two companies (33% of the shares of Jauru Transmissora de Energia S.A. (JTE) and 100% of the shares of Cachoeira Paulista Transmissora de Energia S.A. (CPTe)) from Isolux Energia de Participações S.A. for a total amount of 46.7 million euros. These acquisitions formed part of an agreement with the investment fund APG Infrastructure Pool 2012 (APG), which was one of the joint shareholders of the subgroup Celeo Redes, and as a result these investments will be consolidated within a company in which Celeo Redes Brasil, S.A. and said investment group hold joint stakes, each representing 50%. As a result, the investments in these companies were presented as associate entities within the subgroup Celeo Redes for an amount of 23.7 million euros.

On 31 July 2019 the subgroup Celeo Redes performed the same operation for the purchase of the shares of the company Jauru Transmissora de Energia S.A. (JTE), from Cobra Brasil Serviços, Comunicações e

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Energía S.A. for a total amount of 6.5 million euros, adding a 33% stake to that acquired in the 2018 financial year. This acquisition, as in the two previous cases, forms part of the agreement begun in 2018 with the APG fund, as a result of which this investment will be consolidated within a company in which Celeo Redes Brasil, S.A. and the investment group in question hold joint stakes of 50% each. At 31 December 2019 the incorporation of APG had not yet been consummated, although there is an agreement between the two parties in which they agreed to reach relevant decisions regarding the aforementioned stakes jointly, for example with regard to financial policy decisions and/or operational matters, throughout the period up until the aforementioned incorporation.

On 29 April 2020 Celeo Redes Brasil, S.A. received a loan from APG Energy & Infra Investments 2012, S.L. with a value of 160 million BRL as an advance on the co-investment agreement for 50% of Celeo Redes Expansões, S.A. The company to which were transferred 100% of Parintins Amazonas Transmissora de Energia S.A. (PATE), 66.6% of Jauru Transmissora de Energia S.A. (JTE), and which will own 100% of CPTe, once the relevant approvals have been obtained. Taking into account the contents of these agreements and the ultimate objective of the investments, at 31 December 2020 the Group does not exert control over these companies. Likewise, they are presented as associates for an amount of 72 million euros (16 million euros for JTE, 29 million euros for CPTe and 27 million euros for PATE).

The remaining stakes, 33% of JTE, 50% of CPTe and 50% of PATE, which are expected over the course of 2021 to be transferred to the investment group APG for an amount equivalent to 50% of the value disbursed, are presented as non-current assets held for sale, for an amount of 27,952 thousand euros.

The activity of companies consolidated under the equity method at 31 December 2020 corresponds to the operation of public electrical energy transmission services in Brazil (under the scope of IFRIC 12, See Note 3.k), and in Chile.

The movements occurring in the financial year 2020 and 2019 under this caption of the consolidated statement of financial position were as follows:

	Thousands of euros	
	2020	2019
Initial balance	104,461	294,181
Capital increase	-	5,516
Inclusions within the consolidation scope	46,229	99,433
Exclusions from the consolidation scope	-	(303,235)
Stake in profits/(losses)	7,213	15,938
Conversion differences	(25,144)	(7,648)
Dividends collected	(19,758)	-
Stake in other comprehensive result	-	(5,862)
Other movements	125,301	6,138
Final balance	238,302	104,461

Celeo Redes Subgroup

In the 2014 financial year the Group signed an agreement with the APG Group which acquired 49% of the company Celeo Redes, S.L. As described in Note 6.2, Celeo Redes, S.L. has its registered office in Madrid, its main business being the promotion, design, operation, management and maintenance of installations for the production or transmission of any class of energy and installations and services for the supply, verification, transformation and treatment of any class of water or waste. Celeo Redes, S.L. is the head of a subgroup of dependent companies domiciled in Chile and Brazil, essentially engaged in the promotion, operation and management of transmission lines and photovoltaic generation.

Following the analysis of the shareholder agreements, governing the relationship between the shareholders, their relations, management and administration of the company, in the different aspects of the development of the projects, in particular reserved matters on which any decision to be taken requires

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unanimity, the Group felt that the company Celeo Redes, S.L. was jointly controlled by two shareholders: Elecnor, S.A. with a 51% stake, and APG Group with a 49% stake. As a consequence, in accordance with the consolidation principles described in Note 3.c, the assets and liabilities of the subgroup Celeo Redes must be consolidated under the equity method up until the assumption of control which occurred in December 2019 (see Note 6.2).

Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L.

In the 2010 financial year the Group acquired 55% and 55.70% of the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. respectively, the corporate purpose of which comprises the construction and operation of three parabolic trough solar thermal generating facilities in Extremadura and Castilla-La Mancha. Likewise, during the aforementioned financial year various agreements were signed by the shareholders thereof, governing their relationship as shareholders, their relations with the companies themselves, management and administration thereof, the various aspects of the development of the projects and subsequent phases. In particular, a series of reserved matters were established, regarding which any decision to be taken requires unanimity.

Given the nature of the reserved matters and the majority regimes established for the adoption of resolutions regarding them, the Group felt that, in accordance with the consolidation principles described in Note 3.c, the stakes in these companies should be classified as joint businesses, and said stakes were therefore consolidated under the equity method up until the assumption of control which occurred in the 2019 financial year (see Note 6.1).

12. Non-current financial assets

The detail of the various non-current financial instruments other than those of companies accounted for under the equity method is as follows:

Thousands of euros	Non-current financial assets		Total
	Public authority concessions	Other financial investments	
Balance at 31 December 2018	-	2,332	2,332
Additions	-	28	28
Deregistrations	-	(424)	(424)
Business combinations (6)	979,277	27,719	1,006,996
Balance at 31 December 2019	979,277	29,655	1,008,932
Additions	94,376	5,483	99,859
Deregistrations	(13,802)	(2,249)	(16,051)
Variation in the consolidation scope (Note 2.g.)	-	(2)	(2)
Other	17,784	2,355	20,139
Conversion differences	(310,893)	(5,820)	(316,712)
Balance at 31 December 2020	766,743	29,426	796,169

a) *Public authority concessions*

At 31 December 2019, with the inclusion within the consolidation scope of the subgroup Celeo Redes (see Note 6.2), the Group is developing and executing under a concession regime various projects for the construction and operation/maintenance of various electrical energy transmission lines in Brazil, through subsidiaries incorporated for this purpose, the parent company in the aforementioned country being Celeo Redes Brasil, S.A. Under the terms of the concession contracts, the Group will collect a set amount over the course of the concession period as remuneration both for the construction work and for operation and maintenance, which does not depend on any usage that might be made of the aforementioned transmission lines. The concession periods are around 30 years. This set amount to

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be collected will be periodically updated in accordance with certain variables such as interest rates, the general consumer price index and other market reference rates depending on the terms established in the various contracts, although the modifications are not significant.

The Group gives an undertaking under the terms of the concession agreements to implement the transmission installations in full within a set period, and to provide operation and maintenance services, employing quality materials and equipment and maintaining the installations with appropriate operational methods to guarantee sound levels of regularity, efficiency, safety, modernisation, permanent efforts to reduce costs, and achieve social integration and environmental conservation. The concession entity cannot assign the assets associated with the public transmission service or use them as collateral without the authorisation of ANEEL.

The concession will be terminated in any of the following cases: end date of the contract, expiry, cancellation, annulment because of any fault or irregularity, or cessation of the transmission company. Termination of the concession will give rise to reversion of all assets linked to the service to the granting authority, with the corresponding evaluations and analyses then being performed in order, where applicable, to determine the indemnification for the transmission company. The assets must be in appropriate operational and technical condition, maintained in accordance with the network procedures approved by ANEEL to allow continuity of the public energy transmission service.

At the end date of the contract, ANEEL is entitled to extend the contract. The maximum renewal period is the same as the duration of the concession, by request of the transmission company. A possible extension to the concession period may also be agreed in accordance with public interest and the conditions stipulated in the contract.

The transmission company may instigate cancellation of the contract in the event of a breach by the granting authority of the regulations laid down in the contract. In this case the transmission company cannot interrupt provision of the service until a court decision has been passed to decree termination of the contract.

In accordance with the criteria described in Note 3.k, the Group initially registers a financial asset for the fair value of the amounts to be received for construction of the infrastructure, valued at the amortised cost from that point onwards, using the effective interest rate method.

We detail below the expected payment collection due dates corresponding to the non-current balance at 31 December 2020 and 2019:

	Thousands of euros
	2020
2022	5,905
2023	5,598
2024	7,390
2025	157
2026 and following	747,693
Total	766,743

	Thousands of euros
	2019
2021	8,534
2022	8,241
2023	7,813
2024	10,315
2025 and following	944,374
Total	979,277

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b) Other non-current assets

The composition of the chapter "Other non-current assets" in the above table is as follows:

	Thousands of euros	
	2020	2019
Debt service reserve account	17,716	21,144
Other	11,710	8,511
	29,426	29,655

The caption "Debt service reserve account" corresponds entirely at 31 December 2020 to the amount of the debt service reserve account of the Brazilian concession companies.

The caption "Other" at 31 December 2020 and 2019 corresponds in the main to cash surpluses that the Group invests in long-term deposits. These deposits accrue interest at the market rate.

Non-current financial assets at 31 December 2020 and 2019 are registered at their amortised cost.

13. Current financial assets

a) Trade receivables and other accounts receivable

The chapter "Trade receivables and other accounts receivable" under the current assets on the consolidated statement of financial position records the accounts receivable the Group has as a consequence of operations performed with third parties.

At 31 December 2020 and 2019 there were no overdue accounts receivable or impaired balances, the balances not yet due amounting to 55,103 thousand euros and 67,990 thousand euros, respectively.

Cash and other equivalent liquid assets

The composition of this chapter of the attached consolidated statement of financial position is as follows:

	Thousands of euros	
	2020	2019
Other equivalent liquid assets	88,335	90,563
Cash and banks	31,972	68,155
Total	120,307	158,718

The balance of the caption "Other equivalent liquid assets" at 31 December 2020 corresponds in the main to the temporary acquisition of deposits and placements, all in the very short term and accruing market interest. Upon maturity they are reinvested in assets of a similar nature and term in accordance with cash management needs at the time in question.

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14. Net equity

a) *Capital stock*

At 31 December 2020 and 2019 the shareholders of the Dominant Company were as follows:

	% stake
Elecnor, S.A.	51%
Pasterze Investments Holding B.V.	49 %
	100%

On 22 October 2019 the Company increased its capital stock by an amount of 501 thousand euros, by virtue of a resolution passed by the Sole Shareholder, by creating 50,106 shares of a par value of 10 euros each, of the same class series as those already in existence. The new shares were created with a total share premium of 9,519 thousand euros, in other words a share premium of 189.99 euros per share. The new shares were released and fully subscribed and paid up together with the corresponding share premium by the Sole Shareholder, Elecnor, S.A. through the offsetting of credits.

By virtue of the terms agreed by the Sole Shareholder on 22 October 2019, the Company increased its capital stock by an amount of 3.6 thousand euros, through the creation of 361 shares of a par value of 10 euros each, by means of the non-monetary contribution of the 3,150 shares in the capital of the Spanish company Celeo Termosolar, S.L., corresponding to 0.069% of the capital stock. The new shares were created with a total share premium of 69 thousand euros, in other words a share premium of 190.08 euros per share. The new shares were fully subscribed and paid up together with the corresponding share premium by the Sole Shareholder, Elecnor, S.A.

By virtue of the terms agreed by the Sole Shareholder on 17 December 2019, the Company increased its capital stock by an amount of 75,822 thousand euros, through the creation of 7,582,215 shares of a par value of 10 euros each, with a total share premium of 484,671 thousand euros, in other words a share premium of 63.92 euros per share, giving a total of 560,493 thousand euros. The new shares were subscribed and paid up in full together with the corresponding share premium by Pasterze Investments Holding B.V., through the non-monetary contribution of 20,404,444 shares (corresponding to 49% of the capital stock) of the Spanish company Celeo Redes, S.L., at which the Dominant Company previously maintained joint control with Pasterze Investments Holding B.V. As a result, the Group became subject to joint control on the basis of a shareholder agreement by Elecnor, S.A. and Pasterze Investments Holding B.V. acquiring stakes of 51% and 49%, respectively, in the Dominant Company of the Group.

On 17 December 2019 the Universal General Shareholders' Meeting of the Dominant Company passed a resolution to change the par value of the shares in the Dominant Company from 10 euros to 1 euro, and the capital stock was consequently divided into 166,670,560 shares of a par value of 1 Euro each. A resolution was likewise passed to subdivide the shares in the Dominant Company into two different classes: Class A, entirely owned by Elecnor, S.A., and Class B, entirely owned by Pasterze Investments Holding B.V. The classes of share have the rights and obligations attributed to them in the recast corporate bylaws. As a result, at 31 December 2019 the capital stock of the Dominant Company amounted to 166,670,560 euros.

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b) Net equity adjustments through valuation

The movement occurring under this caption during 2020 and 2019 was as follows:

	31.12.2019	Variation in the market value	Settlement	Changes in consolidation scope	31.12.2020
Through full consolidation					
Cash flow hedges:					
Interest rate swaps (IRS)	3,228	(11,879)	1,534	-	(7,118)
Other accounting hedges	-	(9,242)	-	-	(9,242)
Total adjustments to net equity through valuation under full consolidation method	3,228	(21,121)	1,534	-	(16,360)
Companies accounted for under the equity method	-	-	-	-	-
Total adjustments to net equity through valuation	3,228	(21,121)	1,534	-	(16,360)

	31.12.2018	Variation in the market value	Settlement	Changes in consolidation scope	31.12.2019
Through full consolidation					
Cash flow hedges:					
Interest rate swaps (IRS)	(748)	(3,770)	7,746	-	3,228
Other accounting hedges	-	-	-	-	-
Total adjustments to net equity through valuation under full consolidation method	(748)	(3,770)	7,746	-	3,228
Companies accounted for under the equity method	(39,471)	(5,862)	-	45,333	-
Total adjustments to net equity through valuation	(40,219)	(9,632)	7,746	45,333	3,228

c) Share premium

This reserve is freely available.

The share premium at 31 December 2020 and 2019, of 752,777 thousand euros, is derived from the capital increases performed during recent financial years.

The capital increases performed during the 2019 financial year generated a share premium of 494,259 thousand euros, corresponding to 7,632,682 new shares.

According to the notice of shareholder resolutions, the Dominant Company decided on 20 December 2019 to distribute dividends in favour of the holder of the Class A shares, Elecnor, S.A., against freely available reserves in the amount of 8,587 thousand euros.

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d) *Other Reserves*

Statutory reserve

The statutory reserve has been endowed in accordance with section 274 of the Spanish Corporations Act, which provides that, in any event, an amount equal to 10 per cent of the profits of the year shall be allotted to the statutory reserve until this reaches at least 20 per cent of the capital stock.

This reserve cannot be distributed to the shareholders and may only be used to offset losses in the profit and loss account, provided that sufficient other reserves are not available for this purpose. The balance registered under this reserve may be used to increase the capital stock.

In the 2019 financial year the Dominant Company allocated an amount of 4,329 thousand euros to the statutory reserve, which as a result of the increase amounted to 4,720 thousand euros at 31 December 2019.

At 31 December 2020 and 2019, the Dominant Company had not allocated to this reserve the minimum limit established by the Capital Companies Act.

e) *Shareholder contributions*

On 3 December 2019, Elecnor, S.A. as Sole Shareholder, made a non-refundable contribution to the capital stock, in other words the reserves of the Dominant Company, amounting to 6,967 thousand euros. Likewise, on 23 June 2020 the Shareholders decided to make an additional non-refundable contribution to the capital stock in the amount of 2,869 thousand euros, and following partial collection for the year as a result of the sale of Tramperase, S.L.U. as described in Note 2.g, on 22 December 1,437 thousand euros were refunded.

f) *Non-controlling interests*

The composition of the caption "Net Equity - Non-controlling stakes" under the liabilities on the attached consolidated statement of financial position was as follows during the financial year 2020 and 2019:

	Thousands of euros	
	2020	2019
Integração Maranhense Transmissora De Energia, S.A.	23,974	31,686
Caiua Transmissora De Energia, S.A.	18,695	18,936
Cantareira Transmissora De Energia, S.A.	48,871	66,412
Dioxipe Solar, S.L.	352	422
	91,892	117,455

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The movement occurring during the financial years 2020 and 2019 under this caption of the consolidated statement of financial position is detailed below:

	Thousands of euros
Balance at 31 December 2018	-
Variation in the consolidation scope	117,758
Stake in profits (losses)	(303)
Balance at 31 December 2019	117,455
Stakes in profits/losses	8,377
Conversion differences	(32,841)
Capital increases	4,311
Dividends distributed	(5,964)
2020 PPA Amortisation	378
Other	176
Balance at 31 December 2020	91,892

g) Conversion differences

The cumulative conversion differences under net equity at 31 December 2020 and 2019 to each of the significant currencies are as follows:

	Thousands of euros	
	2020	2019
Brazil	(181,843)	67
Chile	(46,835)	2
Mexico	(11)	22
	(228,689)	91

15. Financial debt

The composition of the captions "Financial liabilities through issuance of bonds and other tradable securities", "Bank borrowings" and "Derivative financial instruments" under the non-current liabilities and current liabilities on the attached consolidated statements of financial position at 31 December 2020 and 2019, and their classification, are as follows:

	Thousands of euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Financial liabilities through the issuance of debentures and other tradable securities	624,158	24,118	789,133	25,876
Bank borrowings	743,963	27,487	810,564	30,552
Financial derivatives	82,494	17,167	82,593	16,508
Total	1,450,615	68,772	1,577,763	72,936

At 31 December 2020 all the financial liabilities of the Group correspond to financial liabilities at amortised cost, except for hedging derivatives, which are valued at their fair value.

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The main characteristics of the most significant financial liabilities under the captions "Bonds and other tradable securities", "Bank borrowings" and "Derivative financial instruments" at 31 December 2020 and 2019 are as follows:

2020 Financial Year

Type	Company	2020					
		Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current
Bonds and other tradable securities							
	Celeo Redes Operación Chile, S.A.	USD/UF	5.20% (USD) and 2.99% (UF)	2047	476,574	12,571	518,637
	Cantareira Transmissora De Energia, S.A.	BRL	HICP + 6.91%	2032	15,690	2,331	13,317
	Celeo Redes Transmissora De Energia, S.A.	BRL	CDI + 0.75%	2023	88,648	7,719	59,804
	Serra de Ibiapaba Transmissora De Energia,S.A.	BRL	HICP + 5.90%	2040	18,200	96	-
	Celeo Fotovoltaico, S.A.	EUR	3.948%	2038	36,144	1,401	32,400
						24,118	624,158
Debts with credit institutions							
	São João de Piauí FV I S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,523
	São João de Piauí FV II S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,449
	São João de Piauí FV III S.A.	BRL	HICP + 2.1851%	2039	10,588	-	10,548
	São João de Piauí FV IV S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,562
	São João de Piauí FV V S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,582
	São João de Piauí FV VI S.A.	BRL	HICP + 2.1851%	2039	10,588	-	9,883
	Integração Maranhense Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2029	22,303	2,068	10,297
	Cantareira Transmissora de Energia S.A.	BRL	TJLP + 2.12%	2029	66,970	4,151	63,530
	Encruzo Novo Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2026	8,328	632	3,282
	Pedras Transmissora de Energia S.A.	BRL	TJLP + 2.21%	2023	7,061	1,181	2,173
	Caiuá Transmissora de Energia S.A.	BRL	TJLP + 1.97%	2028	13,274	1,160	6,725
	Coqueiros Transmissora de Energia S.A	BRL	TJLP + 2.58%	2024	4,527	279	722
	Linha de Transmissão Corumbá S.A.	BRL	TJLP + 2.28%	2028	15,155	1,404	6,595
	Serra de Ibiapaba Transmissora De Energia,S.A.	BRL	HICP + 1.57%	2043	101,357	1,603	97,221
	Dioxipe Solar S.L.	EUR	2.53% + Euribor	2037	189,345	5,776	176,418
	Aries Solar Termoeléctrica, S.L.	EUR	3.275% + Euribor	2037	339,748	9,233	318,453
						27,487	743,963
Financial derivatives							
	Aries Solar Termoeléctrica, S.L.	EUR	4.10%	2025	262,768	11,427	54,501
	Dioxipe Solar S.L.	EUR	4.04%	2025	133,105	5,740	27,993
						17,167	82,494
						68,772	1,450,615

(*) At exchange rate at close.

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2019 Financial Year

Type Company	2020					
	Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current
Bonds and other tradable securities						
Celeo Redes Chile Transmisión SPA	USD/UF	5.15%	2049	326,251	2,888	62,570
Celeo Redes Operación Chile, S.A.	USD/UF	5.20% (USD) and 2.99% (UF)	2047	531,040	12,343	486,840
Cantareira Transmissora De Energia, S.A.	BRL	HICP + 6.91%	2032	21,890	2,248	20,389
Celeo Redes Transmissora De Energia, S.A.	BRL	CDI + 0.75%	2023	123,730	7,012	101,585
Celeo Fotovoltaico, S.A.	EUR	3.948%	2038	36,144	1,383	33,800
					25,874	705,184
Bank borrowings						
São João de Piauí FV I S.A.	BRL	HICP + 2.1851%	2039	14,778	-	12,155
São João de Piauí FV II S.A.	BRL	HICP + 2.1851%	2039	14,778	-	11,616
São João de Piauí FV III S.A.	BRL	HICP + 2.1851%	2039	14,778	-	10,790
São João de Piauí FV IV S.A.	BRL	HICP + 2.1851%	2039	14,778	-	12,159
São João de Piauí FV V S.A.	BRL	HICP + 2.1851%	2039	14,778	-	11,657
São João de Piauí FV VI S.A.	BRL	HICP + 2.1851%	2039	14,778	-	10,378
Integração Maranhense Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2029	31,130	2,949	17,158
Cantareira Transmissora de Energia S.A.	BRL	TJLP + 2.12%	2029	93,008	8,399	90,808
Encruzo Novo Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2026	11,624	866	5,464
Pedras Transmissora de Energia S.A.	BRL	TJLP + 2.21%	2023	9,856	340	4,821
Caiuá Transmissora de Energia S.A.	BRL	TJLP + 1.97%	2028	18,527	1,661	10,940
Coqueiros Transmissora de Energia S.A.	BRL	TJLP + 2.58%	2024	4,991	374	1,412
Linha de Transmissão Corumbá S.A.	BRL	TJLP + 2.28%	2028	21,152	1,593	11,210
Serra de Ibiapaba Transmissora De Energia, S.A.	BRL	108.5% CDI	2021	83,217	-	85,224
Serra de Ibiapaba Transmissora De Energia, S.A.	BRL	HICP + 1.57%	2044	141,468	-	-
Dioxipe Solar S.L.	EUR	2.53% + Euribor	2037	189,345	5,511	176,432
Aries Solar Termoeléctrica, S.L.	EUR	3.275% + Euribor	2037	339,748	8,840	317,762
					30,533	789,986
Financial derivatives						
Aries Solar Termoeléctrica, S.L.	EUR	4.10%	2025	262,768	10,947	55,180
Dioxipe Solar S.L.	EUR	4.04%	2025	133,105	5,562	27,413
					16,509	82,593
					72,936	1,577,763

(*) At exchange rate at close.

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The detail by maturity date of the non-current part of the above financial liabilities is as follows for the financial years 2020 and 2019:

Debts maturing in	Thousands of euros
	2020
2022	72,152
2023	123,182
2024	66,604
2025 and following	1,188,677
Total	1,450,615

Debts maturing in	Thousands of euros
	2019
2021	127,282
2022	103,235
2023	148,370
2024 and following	1,198,876
Total	1,577,763

Financial liabilities through the issuance of bonds and other tradable securities

The balance of the caption "Financial liabilities through issuance of bonds and other tradable securities" under the non-current liabilities in the current liabilities at 31 December 2020 and 2019 corresponds in the main to:

- The issuance of project bonds intended to finance the transmission lines in Chile, formalised by the company Celeo Redes Operación Chile, S.A. of the subgroup Celeo Redes on 11 May 2017.
This bond issue, totalling 593.9 million dollars and maturing in 2047 (30-year issue) comprises two tranches: one international tranche in USD amounting to 379 million USD at a fixed annual coupon of 5.2%, and a local Chilean tranche in UF amounting to 5,410,500 UF (approximately 214 million USD), at a fixed annual coupon of 2.99%.
The funds derived from this bond issue are guaranteed by the projects and were used to refinance (prepayment of the existing finance) the transmission line projects in Chile, with the remainder being used for the corporate purposes of the issuing company or its shareholders.
- At the end of the 2018 financial year a bond issue was formalised at Celeo Redes Transmissora De Energía, S.A. for an amount of 565 million BRL to finance the projects Vila Do Conde Transmissora De Energía and LT Triangulo, maturing in 2023 and with a coupon of the CDI rate +0.75%.
- The bond issue performed by the company Celeo Fotovoltaico, S.A. on 29 December 2016 for a nominal value of 41,600 thousand euros. This finance covers the obligation to establish a maintenance reserve account and the debt service reserve account and to ensure compliance with the DSCR.
- At 31 December 2019 the figure also included the bond issue to finance the projects Diego de Almagro Transmisora de Energía (project already in operation) and the construction of Casablanca Transmisora de Energía and Mataquito Transmisora de Energía. These bonds were negotiated under the Private Placement format under New York legislation, and were subscribed in full by Allianz Global Investors. The bonds will be amortised in full over the course of the next 30 years. On 6 December the first drawdown of the debt was performed, for an amount of 78.7 million dollars. At 31 December 2020 this debt no longer forms part of the consolidation scope (see Note 2.g).

In addition, there are certain obligations assumed by the borrower entities with regard to compliance with the Debt Service Cover Ratio (DSCR) and the obligation to establish a debt service reserve account (DSRA), a breach of which could give rise to foreclosure of the aforementioned loans. In the opinion of the Dominant Company Directors, these obligations were fulfilled in the financial year 2020, and no possible breaches thereof are expected in the future.

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Financial liabilities through bank borrowings

Bank borrowings corresponding the main to the dependent companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. recording the finance structured by means of the Project Finance system.

On 5 March 2010 and 15 April 2011 Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, proceeded to arrange loans for amounts of 238,745 thousand euros and 443,790 thousand euros, respectively. The loans have a structure divided into two tranches: "Tranche A" for the partial financing of project costs, and "Tranche B" for the issuance of guarantees. These loans were granted by the BBVA (Agent Bank) and a syndicate of banks. The interest rate is set as the EURIBOR plus a spread.

The obligations stipulated in the contracts establish a commitment to maintain the DSCR calculation above certain limits. The distribution of dividends during the term of the Financing Agreement will be dependent on the aforementioned fulfilment of the DSCR. In addition, a pledge agreement has been established over credit rights and shares representing 100% of the capital stock of the company.

Financial derivatives

In accordance with its risk management policy, the Group uses derivative financial instruments to cover those risks to which its future cash flows are exposed as a result of variations in interest rates, which affect the Group's results.

The purpose of these operations is to mitigate the effect that a variation in interest rates could entail for future cash flows from certain credits and loans financed with reference to a variable interest rate, associated with the finance for the projects of the dependent companies Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L., that entered the Group in 2019 with the business combination (see Note 6). At 31 December 2020 and 2019, the total nominal value of the liabilities covered by interest rate swaps was 378,041 thousand euros.

The interest rate swaps are limited to a maximum of the same nominal value or a lower value than the outstanding principals under the loans hedged.

In the 2020 financial year there was no circumstance requiring a modification of the hedge accounting policy to account for the derivatives compared with that initially adopted.

16. Contingencies

At 31 December 2020 the Group has bank guarantees and other guarantees related with the normal course of the business amounting to 240,190 thousand euros (181,202 thousand euros in 2019), of which 204,653 thousand euros are associated with bank finance, 35,537 thousand euros the execution and development of projects (4,444 thousand euros for execution and development of projects at 31 December 2019).

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17. **Assets and liabilities from deferred taxes**

The movement and composition of the captions "Deferred tax assets" and "Deferred tax liabilities" on the attached consolidated statement of financial position during the financial years 2020 and 2019 are as follows:

	31.12.19	Credit (charge) to results account	Credit (charge) to valuation reserve	Changes in scope	Conversion differences and Other	31.12.20
Deferred tax assets						
Valuation of derivative financial instruments (Note 15)	25,650	(74)	140	-	-	25,716
Tangible/intangible fixed assets	5,780	(1,140)	-	-	(2)	4,638
Tax credits	19,389	7,009	7,733	(461)	(295)	33,375
Deductions and rebates pending application	1,469	2,181	22	-	(332)	3,340
Other deferred tax assets	28,159	(4,503)	(3,781)	-	(185)	19,690
	80,447	3,473	4,114	(461)	(814)	86,759
Deferred tax liabilities						
Tangible/intangible fixed assets	200,742	1,099	-	-	(34,683)	167,158
Financial assets	123,202	6,527	-	-	(71,678)	58,051
Other deferred tax liabilities	15,903	2,986	(819)	-	(3,264)	14,806
	339,847	10,613	(819)	-	(109,625)	240,016

	31.12.18	Credit (charge) to results account	Credit (charge) to valuation reserve	Business combination (Note 6)	Other	31.12.19
Deferred tax assets						
Valuation of derivative financial instruments (Note 15)	249	(4,123)	(85)	29,609	-	25,650
Tangible/intangible fixed assets	291	-	(39)	5,528	-	5,780
Tax credits	123	(418)	-	19,684	-	19,389
Deductions and rebates pending application	184	(646)	(12)	1,943	-	1,469
Other deferred tax assets	2,500	108	(662)	26,261	(48)	28,159
	3,347	(5,079)	(798)	83,025	(48)	80,447
Deferred tax liabilities						
Tangible/intangible fixed assets	870	136	-	199,736	-	200,742
Financial assets	-	-	-	123,202	-	123,202
Other deferred tax liabilities	528	-	223	16,926	(1,774)	15,903
	1,398	136	223	339,864	(1,774)	339,847

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The deferred tax assets and liabilities with a realisation or reversion term of less than twelve months are relatively insignificant.

The chapters "Deferred tax assets - Tangible/intangible fixed assets" and "Deferred tax liabilities - Tangible/intangible fixed assets" in the above table include in the main temporary differences arising as a consequence of the differences between the book and taxable value of the various elements of tangible fixed assets and intangible assets, in addition to temporary differences derived from differences between the book and taxable amortisation of these elements of non-current assets. Mention should be made in the re-expression of the financial year 2019 of the chapter "Deferred tax liabilities" as to the assignment of the fair value (known as the Purchase Price Allocation, or "PPA") of certain assets acquired and liabilities assumed that had a tax impact and will be progressively amortised over future periods as the PPA of those assets and liabilities that gave rise to the emergence thereof reverts.

The chapters "Deferred tax assets - Tax credits" and "Deferred tax assets - Deductions and rebates pending application" in the above table include, respectively, tax credits for negative taxable bases and deductions pending offsetting by various companies of the Group which have been capitalised, as the Dominant Company Directors believe that they will be recoverable through the income expected to be obtained by them over the coming financial years.

The deferred taxes regarding financial assets correspond to the tax impact resulting from registration of income in accordance with administrative concession regulations (Note 3.k) and paying tax in accordance with the turnover generated each financial year.

18. Gains Tax

The Dominant Company pays tax within the context of Spanish regulations as set out in Corporation Tax Act 27/2014, of 27 November 2014, approved on 28 November 2014.

At the close of the financial year 2020, the Dominant Company had pending inspection by the tax authorities the financial years 2017 to 2020 for all taxes except for Corporation Tax, for which it has the financial years 2016 to 2019 pending inspection, as the deadline for the filing of corporation tax returns is 25 calendar days after six months after the conclusion of the taxation period, and the corporation tax corresponding to the financial year 2020 will therefore not be open to inspection until 25 July 2021.

Nonetheless, the right of the Public Authority to examine or investigate negative taxable bases that have been compensated or are pending compensation, double taxation deductions and deductions to incentivise the execution of certain activities that have been applied for or are pending application are subject to a statute of limitation of 10 years from the day following the conclusion of the period established for presentation of the tax return or self-assessed settlement corresponding to the taxation period during which the right to compensation or application arose. Following expiry of said period, the Group will be required to accredit negative taxable bases or deductions by presenting the settlement or self-assessed settlement and accounting records, with accreditation of the filing thereof during said period at the Companies Register.

As a consequence of the different interpretations that could be given to the tax regulations in force, there could be certain contingent liabilities that are not open to objective quantification. Nonetheless, in the opinion of the Dominant Company Directors, the possibility that future inspections could give rise to such contingent liabilities at Group companies is remote, and in any event any tax debt that could arise from them would have no significant impact on the consolidated annual accounts of the Group.

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The table set out below establishes the determination of the expense accruing through Corporation Tax in the financial years 2020 and 2019, with the following result:

	2020	2019
Book result before tax	62,424	211,599
Non-deductible costs	16,794	17,672
Non-computable income	(14,000)	-
Equity method result (Note 11)	(7,213)	(193,618)
Other	(5,914)	(12,546)
Negative taxable bases not capitalised	14,848	(737)
Adjusted book result	66,938	11,922
Gross tax calculated at the local rate	(20,808)	(6,961)
Other	(3,347)	4,059
Corporation Tax charge accruing	(24,155)	(2,902)

(*) The various subsidiaries and dependent companies abroad consolidated under the full consolidation method calculate the Corporation Tax charge and the payments resulting from the different taxes applicable to them in accordance with their corresponding legislations, and on the basis of the tax rates in force in each country.

Details are given below of the main components of the gains tax charge accruing in the financial years 2020 and 2019:

	2020	2019
Current tax		
For the financial year	(12,082)	(12,176)
Other adjustments	(3,347)	4,059
Deferred tax		
Amount of the deferred tax charge (income) connected with the emergence and reversion of temporary differences.	(8,726)	5,215
Charge accruing from gains tax	(24,155)	(2,902)

Likewise, details are given below of the amount and date of generation of deductible temporary differences, losses or tax credits for which deferred tax assets were not recognised on the consolidated balance sheet at 31 December 2020 and 2019 (in thousands of euros):

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Negative taxable bases pending offsetting	31.12.2020	31.12.2019
Year of generation:		
2012 and earlier	20,010	20,228
2013	136,658	137,631
2014	7,355	9,304
2015	6,921	7,338
2016	29,421	32,781
2017	37,107	42,108
2018	32,398	36,568
2019	38,669	45,296
2020	55,825	-
Total	364,364	331,255

The Negative Taxable Bases pending offsetting at 31 December 2020 described above are generated by the Dominant Company and the dependent companies, and their future recoverability is dependent on the company that generated them obtaining sufficient positive taxable bases, with no time limit for offsetting. The Group has not capitalised these negative taxable bases at the holding companies where the income corresponds mainly to dividends that are not taxable, as the Directors do not consider their recovery to be likely.

19. Income and expenses

Net turnover

The disclosure of this balance of the consolidated income statements for the financial years 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Service provision	20,379	46,432
Sales of goods and energy	238,077	-
Total	258,456	46,432

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Result of entities consolidated within ordinary activity under the equity method

The disclosure of this balance of the consolidated income statements for the financial years 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Share in profits/(losses) of entities consolidated within ordinary operations under the equity method (Note 11)	7,013	15,938
Result of the loss of control of the Subgroup CRCT (Note 2.g)	200	-
Negative results from the acquisition in stages of Dioxipe Solar, S.L. and Aries Solar, Termoeléctrica, S.L. (Note 6.1)	-	(67,146)
Positive result from the acquisition in stages of the Subgroup Celeo Redes (Note 6.2)	-	244,826
Total	7,213	193,618

Supplies

The disclosure of this balance of the consolidated income statements for the financial years 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Subcontracts	(114,063)	(7,302)
Total	(114,063)	(7,302)

In 2020 there was a fire in the energy output transformers of the Sao Joao do Piaui photovoltaic generating facilities, leading to a temporary suspension of operations at these facilities. The Group therefore registered an amount of 6,387 thousand euros under this caption in connection with the insurance compensation for the period up to 31 December 2020. At the date of formulation of these consolidated annual accounts, this compensation was still pending collection, and was at the stage of review by the insurance company.

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Other operating expenses

The disclosure of this balance of the consolidated profit and loss accounts for the financial years 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Leases	2,062	384
Repair and maintenance	252	79
Independent professional services	9,895	1,098
Insurance premiums	1,866	615
Supplies	2007	1,012
Bank services	399	238
Taxes	14,279	3,355
Other expenses	1,338	1,069
Total	32,098	7,850

Taxes at 31 December 2020 and 2019 correspond mainly to various levies applicable to dependent companies in Brazil under the tax regulations.

Personnel expenses

The disclosure of this balance of the consolidated income statements for the financial years 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Wages and salaries	11,893	2,185
Compensation payments	-	72
Social Security paid by the company	1,663	350
Other social benefit expenses	53	18
Total	13,609	2,625

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Amortisations and provisions

The disclosure of this balance of the consolidated income statements for the financial years 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Provisions for amortisations of tangible fixed assets	45,248	15,297
Provisions for amortisations of intangible assets	11,743	9
Provisions for amortisation of usage right assets	1,579	643
Total	58,570	15,949

Financial income

Financial income corresponds to the application of the effective interest rate method to financial assets in the category of financial assets at amortised cost.

Financial expenses

At 31 December 2020 the financial expenses correspond to the application of the effective interest rate method to financial liabilities at amortised cost, except for 19,588 thousand euros net of tax effect of income corresponding to the transfer of accounting hedges to the income statement; (expense of 3,976 thousand euros in 2019) (see Note 14.b).

20. Information on employees

The average number of persons employed in the course of the financial year 2020 and 2019 distributed by category is as follows:

	Average number of employees	
	2020	2019
Management	5	5
Technical Area	268	17
Administration Area	155	10
Total	428	32

Of the average workforce of the Group during 2020 and 2019, none was on a casual contract.

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Likewise, the gender distribution at 31 December 2020 and 2019 of the personnel and Directors of the Group was as follows:

Categories	31.12.2020		31.12.2019	
	Men	Women	Men	Women
Board Members	6	-	6	-
Management	5	-	5	-
Technical Area	257	26	209	24
Administration Area	66	65	83	49
Labourers	25	1	29	-
Total	359	92	332	73

During the 2020 and 2019 financial years the Group had no employees with disability greater than or equal to 33% (or the equivalent local classification).

21. Balances and transactions with related parties

21.1. Balances and transactions of the Group with related parties

The conditions of transactions with related parties are equivalent to those applicable to transactions performed on market terms. The transactions performed by the Group with investee companies not consolidated by full consolidation and with other related companies during the financial year 2020 and 2019 were as follows:

2020 Financial Year

	Thousands of euros		
	External services and other expenses	Sales and other operating income	Financial expenses
Under the equity method:			
Celeo Redes Transmisora SPA	-	60	-
Mataquito Transmisora de Energía, S.A.	-	208	-
Casablanca Transmisora de Energía, S.A.	-	39	-
Diego de Almagro Transmisora de Energía, S.A.	-	360	-
Brilhante Transmissora de Energía, S.A.	-	268	-
Jaurú Transmissora de Energía, S.A.	-	443	-
Other companies:			
Elecnor Chile Til Till	-	20	-
Elecnor. S.A.	16,510	358	-
Aplicaciones Técnicas de la Energía, S.A.	10	-	-
Hidroambiente, S.A.	-	140	-
Sociedad Aguas Residuales Pirineos, S.A.	-	7	-
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	-	7	-
Total	16,520	1,929	-

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2019 Financial Year

	Thousands of euros		
	External services and other expenses	Sales and other operating income	Financial expenses
Under the equity method:			
Celeo Redes Subgroup	-	2,271	-
Dioxipe Solar, S.L.	54	-	-
Aries Solar Termoeléctrica, S.L.	107	-	-
Other companies:			
Elecnor Chile, S.A.	65	-	85
Elecnor, S.A.	17,188	-	-
Aplicaciones Técnicas de la Energía, S.L.	22	-	-
Sociedad Aguas Residuales Pirineos, S.A.	-	13	-
Sociedad Aragonesa De Aguas Residuales, S.A.U.	-	13	-
Deimos Space, S.L.U.	9	-	-
Total	17,445	2,297	85

At 31 December 2020 and 2019 the composition of the balances receivable and payable with these investee companies not consolidated through full consolidation and with other related companies as a result of prior operations was as follows:

	Thousands of euros					
	2020			2019		
	Accounts Receivable		Accounts payable	Accounts Receivable		Accounts payable
	Trade receivables, related companies	Short-term investments in related companies	Trade payables, associated and related companies	Trade receivables, related companies	Short-term investments in related companies	Trade payables, associated and related companies
Celeo Redes Transmisora SPA	8	8,431	-	-	-	-
Brilhante Transmissora de Energía, S.A.	19	-	-	-	-	-
Jaurú Transmissora de Energía, S.A.	20	-	-	-	-	-
Paritins Amazonas Transmissora de Energía, S.A.	287	-	-	-	-	-
Cachoeria Paulista Transmissora de Energía, S.A.	1	-	-	-	-	-
Mataquito Transmisora de Energía, S.A.	1	155	-	-	-	-
Casablanca Transmisora de Energía, S.A.	1	34	-	-	-	-
Diego de Almagro Transmisora de Energía, S.A.	-	2043	-	-	-	-
Elecnor Chile, S.A.	65	-	167	25	-	-
Elecnor, S.A.	-	-	4,476	-	-	4,827
Elecnor Brasil, S.A.	1	10	12,947	15	-	7,359
Celeo Apolo FV, S.L.	-	7	-	-	6	-
Sistema de Evacuación Albuera SET, A.I.E.	-	-	42	-	-	43
Sociedad Aguas Residuales Pirineos, S.A.	-	-	-	5	1	-
Sociedad Aragonesa De Estaciones Depuradoras, S.A.	-	-	-	6	1	-
Total	403	10,680	17,632	51	8	12,229

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21.2 Remuneration of the Board of Directors

a) Remuneration and other benefits of the Board of Directors

Since the acquisition of a stake by the APG Group on 17 December 2019, the members of the Board of Directors of the Dominant Company have accrued no remuneration and received no credits, guarantees or advances in the performance of their directorial functions, with no agreements having been signed with the Dominant Company in terms of retirement supplements, life insurance or other consideration for the financial years 2020 and 2019. Prior to the acquisition of the stake by the APG Group, the members of the Board of Directors received remuneration of 202 thousand euros in 2019.

b) Situations of conflict of interest of the Dominant Company Directors

The Directors of the Dominant Company and persons related to them have not incurred any situation of conflict of interest requiring notification pursuant to the terms of Article 229 of the Consolidated Text of the Capital Companies Act.

c) Transactions outside ordinary dealings or on non-market terms performed by Dominant Company Directors

During the 2020 and 2019 financial years, the Dominant Company Directors did not perform with it or with Group companies any operations outside ordinary dealings or on non-market terms.

21.3 Remuneration of Senior Management

Up to 17 December 2019, Senior Management functions were performed directly by the members of the Board of Directors of the Dominant Company, who received the remuneration disclosed in Note 21.2(a)

From 17 December 2019 onwards, following the business combination described in Note 6.2 Senior Management functions are performed jointly by the two shareholders: Elecnor, S.A. and the APG Group.

22. Auditors' fees

The audit firm (KPMG Auditores, S.L.) for the annual accounts of the Group during the financial years ended at 31 December 2020 and 2019 invoiced the net professional service fees detailed below:

KPMG Auditores, S.L.:	Thousands of euros	
	2020	2019
For auditing services	135	120
For other accounting verification services	5	5
Total	140	125

The amounts included in the above table include all fees regarding services performed during the financial years 2020 and 2019, irrespective of when they were invoiced.

Furthermore, other entities affiliated to KPMG International invoiced the Group during the financial years ended at 31 December 2020 and 2019 the net professional service fees detailed below:

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Other entities affiliated with KPMG International:	Thousands of Euros	
	2020	2019
For auditing services	237	392
For other accounting verification services	-	31
For tax consultancy services	15	47
Total	252	470

23. Information on the average supplier payment period. Third Additional Provision. "Duty of Disclosure": Act 15/2010, of 5 July 2010

The information as to deferrals of payments made to suppliers by the Spanish consolidated companies in the financial years 2020 and 2019 is as follows:

	Days	
	2020	2019
Average supplier payment period	35	27
Ratio of operations paid	33	23
Ratio of operations pending payment	29	37
	Amount in Thousands of Euros	
Total payments made	24,529	32,963
Total payments pending	4,786	5,349

The figures set out in the above table regarding payments to suppliers refer to trade payables owed to suppliers of goods and services, and so include figures regarding the entries "Trade payables and other accounts payable - Payables for purchases or services provided".

24. Environmental information

A commitment to protecting the environment, respecting the natural world and achieving efficiency in energy resource consumption are the common denominators of Group activities, and form part of the organisation's culture and values.

Aware of the environmental impact that its activities could cause, the Group applies the most effective corrective mechanisms to minimise their extent.

In comprehensive terms, the Environmental Management strategy is governed by the following operational principles:

- The constant pursuit of the balance between economic profitability and protection of the Environment, facilitating focuses that allow both concepts to support one another.
- Consideration of the environmental component in decisions to invest in new projects and activities that the Group considers undertaking.
- Involvement of employees through the relevant training and awareness-raising initiatives.
- Likewise, involvement of other stakeholders (clients, suppliers and society at large) in the constant pursuit of useful solutions to the challenge of preserving the environment and energy resources.

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The Group maintained research and development activities during the financial year 2020 through its subsidiary Celeo Redes Brasil amounting to 89 thousand BRL in the project to improve the grounding system of the 230 kV Vilhena – Jaurú transmission line (403 thousand PRL in 2019).

25. Segment Reporting

IFRS 8 requires that operating segments be identified on the basis of the information used by company management to reach decisions regarding operational matters. In this regard, the Dominant Company Directors believe that the segments required for information, as they constitute the basis for the Group's decision-making in assigning resources, and for which operating results are regularly reviewed by the most senior management to assess performance, are: *management and operation of transmission lines*, and *electrical energy generation*. Likewise, income is earned in each of these markets corresponding to the different activities undertaken by the Group.

a) *Information on operating segments*

Assets and liabilities for general use, and the results generated by them, have not been subject to assignment to the remaining segments. Likewise, reconciliation items that arise from comparison of the result of integrating the financial statements of the different operating segments (produced through management criteria) with the consolidated financial statements of the Celeo Concesiones e Inversiones Group have not been assigned. In the information indicated below, these elements will appear under the caption "Corporate".

The information regarding operating segments as detailed below:

- a) The detail of the consolidated results account captions by segment at 31 December 2020 and 2019 is as follows:

2020 Financial Year

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2020
Net turnover	156,582	99,785	5,688	(3,598)	258,456
Supplies	(95,198)	(18,865)	-	-	(114,063)
Results from investments under equity method	7,213	-	-	-	-
Financial result	30,456	(17,493)	(10)	(93)	13
Minority interest result	(8,361)	(16)	-	-	(8,377)
Consolidated result of parent company	29,748	(348)	492	-	29,892

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2019 Financial Year

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2019
Net turnover	-	38,807	7,787	(162)	46,432
Supplies	18	(7,320)	-	-	(7,302)
Results from investments under equity method	262,105	(68,487)	-	-	193,618
Financial result	248	(9,068)	(50)	(2)	(8,872)
Minority interest result	16,584	311	0	(16,593)	302
Consolidated result of parent company	279,177	(64,474)	10,890	(16,593)	209,000

b) The detail of the assets and liabilities by segment at 31 December 2020 and 2019 is as follows:

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2020
Assets					
Intangible assets	554,652	--	27	-	554,679
Goodwill	-	1,125	-	-	1,125
Tangible assets	320,473	733,783	254	-	1,054,510
Usage right assets	2,979	20,104	193	-	23,276
Investments accounted under equity method	238,302	-	-	-	238,302
Non-current financial assets	835,170	12,147	1,047,917	(1,099,065)	796,169
Assets through deferred taxes	7,201	80,263	(705)	-	86,759
Receivables	38,847	27,986	4,911	(3,269)	68,475
Remaining assets	143,737	29,091	1769	(14,156)	160,441
Total assets	2,141,361	904,499	1,054,366	(1,116,490)	2,983,736
Liabilities					
Non-current financial liabilities	781,028	669,587	-	-	1,450,615
Lease liabilities	3,049	23,789	233	-	27,071
Other non-current liabilities	14,399	2,561	-	-	16,960
Deferred income tax liabilities	219,822	20,194	-	-	240,016
Current financial liabilities	35,195	33,577	-	-	68,772
Other current liabilities	59,893	55,535	736	(17,425)	98,739
Total liabilities	1,113,386	805,243	969	(17,425)	1,902,173

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Consolidated Explanatory Notes

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2019
Assets					
Intangible assets	809,070	-	38	-	809,108
Goodwill	-	1,125	-	-	1,125
Tangible assets	452,502	783,157	299	-	1,235,958
Usage right assets	3,673	21,248	485	-	25,406
Investments accounted under equity method	104,471	(10)	-	-	104,461
Non-current financial assets	1,073,743	8,243	362,541	(435,595)	1,008,932
Assets through deferred taxes	2,274	78,869	19	(715)	80,447
Receivables	49,612	30,316	4,340	(1,210)	83,058
Remaining assets	164,837	25,098	4,048	(1,393)	192,590
Total assets	2,660,182	948,056	371,770	(438,912)	3,541,085
Liabilities					
Non-current financial liabilities	982,370	699,920	-	-	1,682,290
Lease liabilities	3,701	24,624	559	-	28,884
Other non-current liabilities	6,980	6,013	-	-	12,993
Deferred income tax liabilities	319,915	19,932	-	-	339,847
Current financial liabilities	40,693	32,243	-	-	72,936
Other current liabilities	45,089	34,011	1,458	(2,602)	77,956
Total liabilities	1,398,748	816,743	2,017	(2,602)	2,214,906

b) Information on the activity undertaken by the company

The main activities in which the Celeo Concesiones e Inversiones Group operates are:

- Generation of energy
- Management and operation of Transmission Lines.

These activities are currently undertaken in Brazil, Chile and Spain. The most significant aspects of the sectoral regulations would be:

Transmission market in Brazil

Celeo Concesiones participates in this market in projects regulated by por ANEEL (Agencia Nacional de Energía Eléctrica), the body which regulates the Brazilian electrical system. For newly constructed projects, ANEEL defines the maximum permitted annual income ("Receita Anual Permitida", or "RAP") for each transmission line tendered. The bidder offering the lowest RAP is awarded the concession, subject to the following:

- The concession period is 30 years from the date of the award, with the possibility of renewing the concession upon expiry for a further 30 years with an adjusted RAP. During this period, the concession operator must guarantee availability of the assets and maintain a high-quality O&M and insurance programme.
- The concession operator is responsible for development and construction of the infrastructure by the Commercial Operation Date agreed in the tender conditions. In general, this period is from 2 to 4 years.
- The RAP is adjusted yearly on the basis of the inflation observed, with additional adjustments established in the tender conditions of each project, so as to guarantee profitability for the concession operator.

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Transmission market in Chile

The CNE (National Energy Commission) is the Chilean regulatory body, and defines in its transmission tenders the maximum VATT (annual transmission value per section) for each project. This value covers both the yearly reimbursement of the investment value, and the annual operation and maintenance costs. The bidder with the lowest VATT is awarded the project, subject to the following:

- The winner will be the owner of the project for an unlimited duration. During this period, the concession operator must maintain a high-quality O&M and insurance programme.
- The concession operator is responsible for development, construction and operations by the agreed Commercial Operation Date. In general, this period is from 3 to 5 years.
- The VATT is adjusted yearly in accordance with inflation, switching to the general regime in the 21st year of operations, with income likely being subject to an adjustment every 4 years for the value of the replacement of system assets as new and the regulated profitability approved for this period.

Regulation of renewable energies in Spain

Electricity Sector Act 24/2013, of 26 December 2013, repealing and replacing Act 54/1997, of 27 November 1997, setting out the basic regulations of the Electricity Sector, established the new general operational framework of the sector and the regime of activities and agents.

As a consequence, in June 2014 Royal Decree 413/2014 was passed, adjusting the return on the investment, limiting the profitability of renewables projects during the useful life, in order to achieve a reduction or elimination of the tariff deficit which existed within the electricity system.

The change in remuneration mechanism involved a shift from the premium system to specific remuneration linked both to the investment (remuneration on investment or Rinv) and to operation (remuneration for operation, or Rop).

As a result, each type of facility was classified (IT) in accordance with its technology, location and year of construction, with a series of specific characteristics being assigned to each project according to which both the Rinv and Rop were granted to each facility based on the principle of ensuring that they will achieve a reasonable return, which at that point was set at 7.398% before tax. The Rinv and Rop supposedly covered both the cost of the investment and the cost of operation not covered by income generated through the sale to the pool.

For each regulatory semi-period (3 years), the specific remuneration is calculated for each type of installation (IT). As a result, depending on the technology, the installed power and the year of commissioning, the project has specific values and a theoretical return throughout its useful life equal to the reasonable return established for each regulatory period (6 years).

In February 2019 the Climate Change and Energy Transition Bill was passed. The ambitious proposals set targets for 2030 to reduce greenhouse gas emissions by 21% below the level in 1990. It is uncertain whether the proposals will in fact become future governmental policy, the expectation being that the new Government will support an increase in renewable energies.

On 23 November 2019 Royal Decree-Act 17/2019 was published, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system. It establishes for renewables, co-generation and waste generation facilities a reasonable return of 7.09%, applicable during the second regulatory period (2020-2025). Nonetheless, renewables, co-generation and waste generation facilities that had remuneration upon the entry into effect of Royal Decree-Act 9/2013 are permitted, under certain circumstances, to maintain the reasonable return set for the first regulatory period, of 7.398%, during the second and third regulatory period (2020-2031). The photovoltaic facilities of the subgroup Helios maintain this last reasonable rate of return during this period.

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Lastly, on 28 February 2020, Order TED/171/2020 was published, updating the remuneration parameters of electrical energy production facilities using renewable energy sources, applicable from 1 January 2020 onwards.

c) *Geographical information*

We detail below for the most significant countries the ordinary income derived from external clients, and non-current assets that are not financial instruments, corresponding to 31 December 2020 and 2019:

Ordinary income

Country	Thousands of euros	
	2020	2019
Spain	89,457	46,432
Brazil	123,070	-
Chile	45,929	-
Other	-	-
	258,456	46,432

Non-current assets

Country	2020			
	Thousands of euros			
	Intangible assets	Property, plant and equipment	Usage right assets	Assets through deferred taxes
Spain	27	610,119	19,452	79,535
Brazil	10,175	125,875	3,258	1,356
Chile	544,476	318,516	566	5,868
Other	-	-	-	-
	544,678	1,054,510	23,276	86,759

Country	2019			
	Thousands of euros			
	Intangible assets	Property, plant and equipment	Usage right assets	Assets through deferred taxes
Spain	38	644,766	20,517	78,173
Brazil	14,651	140,958	4,569	331
Chile	794,419	450,234	320	1,943
Other	-	-	-	-
	809,108	1,235,958	25,406	80,447

26. Other events occurring in 2020

The emergence of Coronavirus Covid-19 in China in January 2020 and its recent global spread to more than 150 countries has led to a viral outbreak classified by the World Health Organisation as a pandemic on 11 March 2020. Most governments are adopting restrictive measures to contain the spread, including: isolation, lockdown, quarantine and restrictions on the free movement of people, closure of public and private installations, except for health and essential goods, closure of borders and substantial reduction in air, sea and land traffic. In Spain, the Government issued Royal Decree 463/2020, on 14 March 2020,

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declaring a state of emergency to manage the health crisis caused by Covid-19, initially for a period of 15 days, extended three times for a further 15 days on 26 March, 9 and 22 April 2020.

This situation is having a significant effect on the global economy because of the interruption or slowdown of supply chains and a significant increase in economic uncertainty, as demonstrated by an increase in volatility in the price of assets, exchange rates, and a reduction in long-term interest rates. In order to mitigate the economic impacts of this crisis, on Wednesday, 13 March, Spain published Royal Decree-Act 7/2020, of 12 March 2020, adopting urgent measures in response to the economic and social impact of Covid-19, followed on 18 March by publication of Royal Decree-Act 8/2020, of 17 March 2020, on extraordinary urgent measures to address the economic and social impact of Covid-19.

Taking into account the complexity of the markets as a result of their globalisation, and the absence for the moment of effective medical treatment against the virus, the consequences for Group operations are uncertain, and will to a great extent depend on the evolution and spread of the pandemic over the coming months, and the capacity of all economic agents affected to react and adapt.

Given all the above, at the date of formulation of these Consolidated Annual Accounts it is premature to give a detailed evaluation or quantification of the possible impact the Covid-19 will have on Celeo Concesiones e Inversiones, S.L. and its corporate group, given the uncertainty as to the short-, medium- and long-term consequences. In any event, the consequences derived from Covid-19 are considered to be an event after the close which does not require an adjustment to the consolidated annual accounts for the 2019 financial year, but which must nonetheless be recognised in the consolidated annual accounts for 2020.

In this regard, there has not yet been the downturn in activity foreseen by the Group corresponding to the initial months of 2020 as a consequence of Covid-19, but it is not possible to assess whether this situation will remain, or to what extent in the future.

Nonetheless, the Directors and Senior Management of the Company have, in accordance with the measures adopted by the various governments of the countries where the Group operates so as to manage the health crisis situation caused by Covid-19, conducted a preliminary evaluation of the current situation according to the best information available. Given the considerations indicated above, this information may be incomplete. The following aspects are highlighted from the results of this evaluation.

- Liquidity risk: it is to be expected that the general market situation could lead to a general increase in liquidity tensions in the economy, and a contraction of the credit market. In this regard, liquidity risk is mitigated by means of the policy of holding cash and highly liquid and non-speculative short-term instruments, through first-tier credit institutions, in order to fulfil future commitments, along with the arrangement of credit facilities of a sufficient limit and term to address expected needs.
- Operations risk: the changing and unpredictable situation of events could give rise to the emergence of a risk of temporary interruption of certain activities undertaken at the Group. Working parties and specific procedures have therefore been set up in order to monitor and manage the evolution of operations at all times, so as to minimise the impact on operations.
- Risk of variation in certain financial magnitudes: the factors referred to above could lead to a reduction in the forthcoming financial statements in the amounts corresponding to significant captions for the Group such as "Net turnover" or "Profit after tax", or the key indicators (EBITDA/Net Financial Debt Ratio), although for the moment it is not possible reliably to quantify the impact, taking into account the conditioning factors and restrictions indicated above.

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27. Subsequent events

On 1 February 2021 an agreement was signed for the sale and purchase of the stake in Brilhante Transmissora de Energía, S.A. and Brilhante II Transmissora de Energía, S.A. under which Celeo Redes Brasil, S.A. would become the owner of 100% of these companies. Closure of the operation will take place once the relevant permits have been obtained.

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2020 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Consolidated investee companies				
By full integration				
Dependent on:				
CELEO CONCESIONES E INVERSIONES, S.L.				
Celeo Energía, S.L.	SPAIN	***	Holding	100.00%
Celeo Redes, S.L.U.	SPAIN	KPMG	Holding	100.00%
Celeo Termosolar, S.L.U.	SPAIN	***	Holding	100.00%
Helios Inversión y Promoción Solar, S.L.U.	SPAIN	***	Holding	100.00%
CELEO ENERGIA, S.L.U.				
Celeo Energía Brasil, LTDA	BRAZIL	***	Promotion, construction and operation of any class of energy and services, utilities, waste processing, etc.	100.00%
Celeo Energía Chile, SPA	CHILE	***	Promotion, construction and operation of any class of energy and services, utilities, waste processing, etc.	100.00%
Celeo Luz de Mexicali I, S.A. de C.V.	MEXICO	***	Promotion, production of energy	100.00%
Celeo Luz de Mexicali II, S.A. de C.V.	MEXICO	***	Promotion, production of energy	100.00%
CELEO REDES, S.L.U.				
Celeo Redes Chile, Ltda.	CHILE	KPMG	Holding	100.00%
Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Holding	100.00%
CELEO REDES CHILE Ltda				
Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Holding	100.00%
CELEO REDES OPERACIÓN CHILE, S.A.				
Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
Charrua Transmisora De Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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2020 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
CELEO REDES BRASIL, S.A.				
Encruzo Novo Transmissora De Energia, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Integração Maranhense Transmissora De Energia, S.A	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Linha De Transmissao Corumba, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Caiua Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Cantareira Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Coqueiros Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Pedras Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Serra De Ibiapa Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Celeo Redes Expansoes, S.A.	BRAZIL	***	Holding	100.00%
Celeo Redes Transmissao de Energia, S.A.	BRAZIL	KPMG	Holding	100.00%
Celeo Redes Transmissao e Renovaveis, S.A.	BRAZIL	KPMG	Holding	100.00%
CELEO REDES TRANSMISSAO DE ENERGIA, S.A.				
Vila Do Conde Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
LT Triangulo, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
CELEO REDES TRANSMISSAO E RENOVAVEIS, S.A.				
Celeo Sao Joao Do Piaui FV I, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV II, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV III, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV IV, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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Annex I: Detail of the Dependent Companies

2020 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Celeo Sao Joao Do Piaui FV V, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV VI, S.A.	BRAZIL	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
CELEO TERMOSOLAR, S.L.				
Solar Renewables Spain S.A.R.L. (**)	LUXEMBURG	***	Holding	100.00%
Dioxipe Solar, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	97.57%
Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	100.00%
HELIOS INVERSION Y PROMOCIÓN SOLAR, S.L.U.				
Celeo Fotovoltaico,S.L.U.	SPAIN	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Consolidated investee companies Under the equity method (Note 11)				
Dependent on:				
CELEO REDES CHILE, S.A.				
CRC Transmisión, S.p.A.	CHILE	KPMG	Holding	50.00%
CRC TRANSMISIÓN, S.p.A.				
Diego de Almagro Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Casablanca Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Mataquito Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	50.00%
Dependent on:				
CELEO REDES BRASIL, S.A.				
Paratins Amazonas Transm. de Energía, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Brilhante Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Brilhante II Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Jauru Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	66.67%
Cachoeira Paulista Transmissora de Energía, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%

(**) Company acquired in the financial year 2019.

(****) Companies not legally obliged to have their annual accounts audited.

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2019 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Consolidated investee companies				
By full integration				
Dependent on:				
CELEO CONCESIONES E INVERSIONES, S.L.				
Celeo Energía, S.L.	SPAIN	***	Holding	100.00%
Celeo Redes, S.L.U.	SPAIN	KPMG	Holding	100.00%
Celeo Termosolar, S.L.U.	SPAIN	***	Holding	100.00%
Helios Inversión y Promoción Solar, S.L.U.	SPAIN	***	Holding	100.00%
CELEO ENERGIA, S.L.U.				
Celeo Energía Brasil, LTDA	BRAZIL	***	Promotion, construction and operation of any class of energy and services, utilities, waste processing, etc.	100.00%
Celeo Energía Chile, SPA	CHILE	***	Promotion, construction and operation of any class of energy and services, utilities, waste processing, etc.	100.00%
Celeo Luz de Mexicali I, S.A. de C.V.	MEXICO	***	Promotion, production of energy	100.00%
Celeo Luz de Mexicali II, S.A. de C.V.	MEXICO	***	Promotion, production of energy	100.00%
CELEO REDES, S.L.U.				
Celeo Redes Chile, Ltda.	CHILE	KPMG	Holding	100.00%
Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Holding	100.00%
CELEO REDES CHILE Ltda				
Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Holding	100.00%
CRC Transmisión, S.p.A.	CHILE	KPMG	Holding	100.00%
CELEO REDES OPERACIÓN CHILE, S.A.				
Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
Charrua Transmisora De Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
CRC TRANSMISIÓN, S.p.A.				
Diego de Almagro Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
Casablanca Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%
Mataquito Transmisora de Energía, S.A.	CHILE	KPMG	Promotion, construction and operation of electrical energy installations	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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2019 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
CELEO REDES BRASIL, S.A.				
Encruzo Novo Transmissora De Energia, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Integração Maranhense Transmissora De Energia, S.A	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Linha De Transmissao Corumba, Ltda	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Caiua Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Cantareira Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Coqueiros Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Pedras Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Serra De Ibiapa Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Paratins Amazonas Transm. de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Celeo Redes Expansoes, S.A.	BRAZIL	***	Holding	100.00%
Celeo Redes Transmissao de Energia, S.A.	BRAZIL	KPMG	Holding	100.00%
Celeo Redes Transmissao e Renovaveis, S.A.	BRAZIL	KPMG	Holding	100.00%
CELEO REDES TRANSMISSAO DE ENERGIA, S.A.				
Vila Do Conde Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
LT Triangulo, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
CELEO REDES TRANSMISSAO E RENOVAVEIS, S.A.				
Celeo Sao Joao Do Piaui FV I, S.A.	BRAZIL	KPMG	Promotion, construction and operation of fotovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV II, S.A.	BRAZIL	KPMG	Promotion, construction and operation of fotovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV III, S.A.	BRAZIL	KPMG	Promotion, construction and operation of fotovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV IV, S.A.	BRAZIL	KPMG	Promotion, construction and operation of fotovoltaic facilities	100.00%

(***) Companies not legally obliged to have their annual accounts audited.

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2019 FINANCIAL YEAR	Registered Office	Auditor	Activity	% Direct or Indirect Stake
Celeo Sao Joao Do Piaui FV V, S.A.	BRAZIL	KPMG	Promotion, construction and operation of fotovoltaic facilities	100.00%
Celeo Sao Joao Do Piaui FV VI, S.A.	BRAZIL	KPMG	Promotion, construction and operation	100.00%

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Consolidated Explanatory Notes

CELEO TERMOSOLAR, S.L.				
Solar Renewables Spain S.A.R.L. (**)	LUXEMBURG	***	Holding	100.00%
Dioxipe Solar, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	97.57%
Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	100.00%
HELIOS INVERSION Y PROMOCIÓN SOLAR, S.L.U.				
Celeo Fotovoltaico, S.L.U.	SPAIN	KPMG	Promotion, construction and operation of photovoltaic facilities	100.00%
Consolidated investee companies Under the equity method (Note 11)				
Dependent on:				
CELEO REDES BRASIL, S.A.				
Brilhante Transmissora De Energia, S.A.	BRAZIL	PWC	Operation of public service concessions for transmission of electrical energy	50.00%
Brilhante II Transmissora De Energia, S.A.	BRAZIL	PWC	Operation of public service concessions for transmission of electrical energy	50.00%
Jauru Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	66.66%
Cachoeira Paulista Transmissora de Energia, S.A.	BRAZIL	Chronus Auditores	Operation of public service concessions for transmission of electrical energy	50.00%

(**) Company acquired in the financial year 2019.

(***) Companies not legally obliged to have their annual accounts audited.

CELEO CONCESIONES E INVERSIONES, S.L. AND DEPENDENT COMPANIES

Summarised Financial Information of companies consolidated under the equity method

31 December 2020.

(Expressed in thousands of euros)

	Brilhante Transmissora de Energía, S.A.	Jauru Transmissora de Energía, S.A.	Brilhante II Transmissora de Energía, S.A.	Cachoeira Paulista Transmissora de Energía, S.A.	Parintins Amazonas Transmissora de Energía, S.A.	CRC Subgroup Trasnsmisión SPA
Information on the statement of financial position						
Non-current assets	43,453	68,641	3,165	22,287	20,903	134,317
Non-current liabilities	30,146	27,356	238	9,447	-	87,195
Non-current financial liabilities (*)	26,908	23,208	-	8,786	-	86,884
Total net non-current assets	13,307	41,285	2,927	12,840	20,903	47,122
Current assets	6,926	6,099	737	8,559	492	43,977
Cash and cash equivalents	5,443	2019	643	6,195	246	33,791
Current liabilities	4,010	4,196	45	4,766	7,181	31,475
Current financial liabilities (*)	2,746	2,960	-	3,514	-	3,200
Total net current assets	2,916	1,903	692	3,793	(6,689)	12,502
Net assets	16,223	43,188	5,545	16,633	14,214	59,624
Percentage stake	0.50	0.66	0.50	0.50	0.50	0.50
Stake in net assets	8,112	28,792	2,773	8,317	7,107	29,812
Book value of the stake (**)	17,578	16,138	5,697	29,423	27,078	142,388
Information on the income statement						
Ordinary revenue	8,261	12,969	702	10,122	14,022	8,137
Depreciation and amortisation	(1,938)	(2,796)	(129)	(968)	-	(1,806)
Interest income	119	95	17	221	2	1
Borrowing costs	(1,223)	(3,124)	(1)	(1,898)	(48)	(3,690)
Charge (income) from gains tax	(295)	(953)	(27)	(387)	16	101
Result for the financial year from ongoing activities	2,396	2,256	476	5,632	(31)	(273)
Result for the financial year	2,396	2,256	476	5,632	(31)	(273)
Comprehensive other result	(2,738)	(15,554)	(1,130)	(6,108)	-	-
Total comprehensive result	(342)	(13,298)	(654)	(476)	(31)	(273)
Dividends received	16,610	1,548	510	1,090	-	-

(*) Excluding trade payables and other accounts payable, provisions and liabilities through deferred tax.

(**) The difference with the stake in net assets/reconciliation corresponds to the homogenisation of criteria with the international standards and policies of the group.

CELEO CONCESIONES E INVERSIONES, S.L. AND DEPENDENT COMPANIES

Summarised Financial Information of companies consolidated under the equity method

31 December 2019.

(Expressed in thousands of euros)

	Brilhante Transmissora de Energía, S.A.	Jauru Transmissora de Energía, S.A.	Brilhante II Transmissora de Energía, S.A.	Cachoeira Paulista Transmissora de Energía, S.A.
Information on the statement of financial position				
Non-current assets	63,892	99,370	4,583	32,183
Non-current liabilities	13,786	40,391	329	15,419
Non-current financial liabilities (*)	9,205	20,839	-	15,244
Total net non-current assets	50,106	58,979	4,254	16,764
Current assets	5,372	6,494	1,229	7,715
Cash and cash equivalents	3,470	1,171	1,054	4,882
Current liabilities	3,854	5,862	62	6,430
Current financial liabilities (*)	2,206	3,912	-	3,932
Total net current assets	1,518	632	1,229	1,285
Net assets	51,624	59,611	5,421	18,049
Percentage stake	0.60	0.66	0.50	0.50
Stake in net assets	30,974	19,671	2,711	9,025
Book value of the stake (**)	32,745	33,247	5,688	32,790
Information on the income statement				
Ordinary revenue	11,443	16,363	1,083	16,754
Depreciation and amortisation	(2,512)	(3,722)	(172)	(1,299)
Interest income	143	318	42	524
Borrowing costs	(1,243)	(4,709)	-	(2,939)
Charge (income) from gains tax	(1,111)	(1,112)	(116)	(1,779)
Result for the financial year from ongoing activities	3,569	2,160	707	9,141
Result for the financial year	3,569	2,160	707	9,141
Comprehensive other result	(1,724)	(1,820)	(89)	318
Total comprehensive result	1,845	340	618	9,459
Dividends received	988	1,328	238	927

(*) Excluding trade payables and other accounts payable, provisions and liabilities through deferred tax.

(**) The difference with the stake in net assets/reconciliation corresponds to the homogenisation of criteria with the international standards and policies of the group.....



2020 Directors' Report - Celeo Group

For the year ended 31 December 2020

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1. Introduction

In 2020, the Celeo Group had a consolidated net profit of Euros 30 million attributed to the Parent, compared to Euros 209 million in the restated figures for 2019. The main cause of this change is the result of business combinations that occurred last year:

- On 17 December 2019 the Group, through the Parent, acquired a 49% holding in the company Celeo Redes, S.L., in which it held an interest of 51%. The acquisition took place by way of a capital increase through a non-monetary contribution made by Pasterze Investments Holding B.V. (APG Group) of 49% of the interest that it held until that date in Celeo Redes, receiving shares in the Parent in exchange. The arrangement means the Group is now jointly controlled under a shareholders' agreement by Elecnor, S.A. and APG, who now hold 51% and 49% of the Company respectively. The transfer of the holding in the Celeo Redes subgroup gave rise to a profit of Euros 245 million.
- On 31 July 2019 the Group, through the company Celeo Termosolar, S.L., acquired 42.57% and 44.30% of the holding in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, taking over control of those businesses, which own three parabolic trough solar thermal power plants in Extremadura and Castilla-La Mancha. As a result of this business combination, the Celeo Group recorded a loss of Euros 61 million due to the business acquisition and combination.

Sales rose to Euros 258 million, up from Euros 46 million in 2019, mainly corresponding to the switch from the equity-accounting consolidation method to full consolidation, following the abovementioned business combinations.

EBITDA amounted to Euros 108 million, compared to the Euros 236 million in 2019 (restated). This change is due to the abovementioned business combinations and changes to the consolidation scope.

Furthermore, a series of material operations took place in 2020, which must be taken into account to provide a complete overview of the Group, and which include:

- On 16 April 2020, APG Energy & Infra Investments Chile SpA acquired 50% of CRC Transmisión SpA through a capital increase of USD 44 million.
- Similarly, on 29 April 2020, Celeo Redes Brasil, S.A. received a loan of BRL 160 million from APG Energy & Infra Investments 2012, S.L. as an advance of the 50% co-investment agreement in Celeo Redes Expansões, S.A., a company that wholly owns Parintins Amazonas Transmissora de Energia S.A., 66.6% of Jauru Transmissora de Energia S.A. and will wholly own Cachoeira Paulista Transmissora de Energia S.A., once the necessary approvals are obtained.

2. Business model and economic backdrop

2.1. Business model

The Celeo Group implements a business model that consists of managing infrastructure projects through investments in electric power transmission and generation assets. It currently has projects in Brazil, Chile and Spain.

2.1.1 The transmission market in Brazil

Celeo Concesiones is involved in this market in projects regulated by the Brazilian Electricity Regulatory Agency - ANEEL (Agência Nacional de Energia Elétrica). For newly constructed projects, ANEEL defines the maximum annual revenue allowed ("Receita Anual Permitida", RAP) for each transmission line to be tendered. The bidder with the lowest RAP will be awarded the concession, subject to the following:

- The concession period is 30 years from the date of award, with the possibility of being extended upon expiry for a further 30 years, with a revised RAP. During this period, the concession holder has to guarantee the availability of the assets and have an O&M programme and top-level insurance in place.
- The concession holder is responsible for the development and construction of the infrastructure before the Commercial Start-up Date established in the tender documents. This period is generally from 2 to 4 years.
- The RAP is revised each year on the basis of the inflation observed, and there are additional adjustments established in the terms of the tendering procedure for each project, to guarantee the return for the concession holder.

2.1.2 Transmission market in Chile

The National Energy Commission (CNE), the regulating organisation in Chile, in its tenders for energy transmission, defines the maximum Annual Transmission Value per Tranche (VATT) for each project; this value comprises both the yearly repayment for the investment value and the annual operating and maintenance costs. The bidder with the lowest RAP will be awarded the project, subject to the following:

- The successful bidder will be the owner of the project for an unlimited time. During this period, the concession holder has to have an O&M programme and top-level insurance in place.
- The concession holder is responsible for the development, construction and operations before the Commercial Start-up Date established. In general, this period is 3 to 5 years.
- The VATT is revised annually taking into account the inflation rate, and then, in the 21st year of operations, based on the general system in which the revenue is also revised every 4 years for the new replacement value of the assets of the system and regulated returns approved for that period.

2.1.3 Regulation of renewable energy in Spain

In June 2014, an amendment was passed which revises the return on investment, limiting the returns from renewable energy projects during their useful life, with the aim of obtaining a reduction or elimination of the electrical market's tariff deficit.

The change in the remuneration mechanism involved changing from the premium system to a specific remuneration system which is based on both the investment (remuneration for the investment, or Rinv) and on the operation (remuneration for the operation, or Rop).

This way, each type of plant was classified (Installation Type) according to its technology, location and year of construction, and is assigned a series of features specific to each project according to which each plant was granted the Rinv and the Rop, under the premise that they will receive a reasonable return which at that time was fixed at 7.398% before taxes. The Rinv and the Rop supposedly covered both the investment cost and the operating cost not covered by the revenue generated by selling to the pool.

In each regulatory half period (3 years), the specific remuneration is calculated for each Installation Type (IT). Therefore, depending on the technology, the installed power and the year when it was commissioned have specific values and the theoretical return on the project during its useful life is equivalent to the reasonable return established for each regulatory period (6 years).

In February 2019, a bill was passed on Climate Change and Energy Transition. The ambitious proposals establish targets for 2030 for reducing greenhouse gas emissions by 21 %, below the 1990 level. It is uncertain whether the proposals will actually become into government policy and it is expected that the new Government will support an increase in renewable energy.

Royal Decree-Law 17/2019 was published on 23 November 2019, under which urgent measures were adopted in response to the need to adapt the remuneration parameters affecting the electricity system. This establishes a reasonable return of 7.09% for facilities producing energy from renewable sources, cogeneration and waste, applicable during the second regulatory period (2020-2025). However, any renewable, cogeneration and waste facilities receiving remuneration when RD-Law 9/2013 came into force, and under certain circumstances, are permitted to maintain the reasonable return of 7.398% fixed for the first regulatory period, during the second and third regulatory periods (2020-2031). The photovoltaic plants of the Helios subgroup continue with this latter reasonable return during this period.

Lastly, on 28 February 2020, Order TED/171/2020 was published, updating the remuneration parameters of installations for the production of electricity from renewable energy sources, applicable from 1 January 2020.

2.2. Economic backdrop

2.2.1. Brazil

In 2020, Brazil's annual GDP growth accumulated a negative change of 4.5%, compared to 1.2% growth in 2019. The key indicators show that the economy recovered in the third quarter of 2020 after reaching lows in April (the peak of COVID-19), but the pace of recovery slowed in the fourth quarter as a result of reduced revenue due to fiscal constraints. Brazil's growth is expected to recover partially in 2021, with GDP forecast to grow by 3.7%. The expected recovery will be limited by the elimination of tax incentives, as well as lasting damage to the manufacturing sector and employment, and the financial situation of businesses and households. Subsequently, GDP growth will reach 2% in 2022-2025, driven by stronger investment (due to lower interest rates coupled with

privatisations and new infrastructure concessions) and private consumption, as the labour market gradually improves and credit increases. It is expected that pre-coronavirus levels will be reached again in 2023.

Commodity exports are expected to step up in 2021-2025, in line with recovered global demand. The manufacturing and service sectors were severely affected in 2020 and are likely to take longer to fully recover. Agriculture and exports of goods and services have the highest growth rates. Private consumption, government consumption, imports of goods and services, domestic demand, industry and services have shown negative growth for the year ended 31 December 2020.

The Brazilian economy had a gradual pace of recovery in the first two months of 2020 until the crisis arising from COVID-19 cut industrial production to negative levels. This resulted in a sharp rise in the unemployment rate, which continues to rise.

Economic growth forecasts for 2021-2025 imply the adoption of tax simplification reforms and progress in other points of the agenda of microeconomic reform.

The Harmonised Index of Consumer Prices (HICP) rose to 4.5% in December, related to rising food and raw materials prices, as well as a weakened currency and increased demand generated by emergency cash transfers, which are expected to be temporary. A gradual recovery is expected during 2021-2025, as well as varying inflation in the intermediate target of the coming three years of 3.75%, 3.5% and 3.25%, respectively, leaving room for further monetary adjustments by the central bank without generating pressure on prices. A more solid political framework is helping to anchor inflation expectations more effectively than in the past.

Furthermore, the Brazilian Real is expected to vary in terms of trade and overall risk of Brazil. Although the international risk aversion trend is expected to drop once the virus disappears, a slight recovery in the real is expected from the recent BRL/EUR 6.37 at the end of December and it is expected to trade at around BRL/EUR 6.29 by 2025. Lower interest rates and smoother terms of exchange can prevent the previously experienced currency overvaluation, allowing for a more competitive exchange rate.

Brazil is one of the world's biggest producers of hydroelectric power and has huge reserves of oil and gas. This places the country among the ten major oil exporters in the world. A major increase in oil production is expected for the projected period of 2021-2029. Electricity consumption has been recovering over the last three years after the worst recession in modern Brazilian history (2015-2016), growing at a rate of 1%, 1.5% and 4.5% in the years 2017, 2018 and 2019, respectively. Consumption of oil, gas, coal and electricity began to plummet in March 2020. Consumption growth is expected to drop by 3.2% year-on-year to 282 million tonnes of oil equivalent (toe) in 2020, subsequently increasing to 322 million toe in 2030.

The privatisation programme for the country is on the political agenda. The Bolsonaro government apparently would seek to privatise the main energy companies such as Petróleo Brasileiro (Petrobras) and Centrais Elétricas Brasileiras (Eletrobras).

State authorities launched a 10-year energy expansion plan in Brazil (2020-2029) in February 2020. This system, which is revised each year, forecasts investments of up to BRL 2.3 trillion in infrastructure; upwards of 77% of the expenditure is expected to go to

the oil and gas sector, almost 20% to power generation, transmission and distribution, and 3% to the increased supply of biofuels.

The main changes in Brazil's energy combination during the foreseen period will be the decreased share of petroleum products on the total consumption (from 34% in 2019 to 32% in 2029) and an increased share of other renewable energies. The plan seeks to boost the national installed capacity from 172 GW in 2019 to close to 251 GW by 2029; the share of hydroelectric and biomass capacity will decrease, but the share of solar and wind energy and of natural gas will increase.

Since January 2018, Standard & Poor's (S&P) has assigned Brazil a long-term foreign currency credit rating of BB-.

2.2.2. Chile

The president, Sebastián Piñera, who took office in March 2018, does not have a majority in Congress, which undermines the progress in his agenda for reforms and weakens confidence in the government. Sebastián Piñera has been facing serious governance challenges since mid-October 2019, when a wave of protest against inequality broke out and shook the country. On 22 November 2020, the president filed an appeal with the Constitutional Court to halt an opposition-led measure that would allow citizens to draw down a second partial instalment from their private pension funds, which led to further countrywide protests and demonstrations.

Coronavirus has slowed GDP growth at an estimated pace of -6% since 2019. However, Chile is expected to be one of the fastest countries in Latin America to recover from the recession, with 5.3% expected economic growth in 2021. This is driven by a solid economic recovery package, seeking to boost public and private investment and return to pre-pandemic real GDP levels by 2022.

After closing 2020 at CLP/USD 711.24, the rate is expected to appreciate to CLP/USD 750 by the end of 2021. The trend of nominal appreciation will be moderate in 2022, during the planned constitutional reform, and its pace will rise during 2023-2025. The steady appreciation expected in the foreseen period is mainly due to a solid position of external reserves and inflows of direct foreign investment, which would more than offset the increase in the current account deficit.

Under the ongoing pressure of large-scale protests, in the short term, Piñera's government is focused on economic recovery following the crisis arising from the pandemic. However, it is expected to return to the social agenda by implementing policies geared towards reducing inequality and improving pensions and wages.

As regards electricity consumption, following an estimated 4.9% drop in 2020 due to COVID-19, beginning from 2021, it is expected to gradually recover at 2.1% per year on average from 2020 to 2029, in line with general economic performance during the period. The growth is expected to be boosted by a sustained demand from the industrial sector which accounts for almost 60% of total consumption, and by higher commercial use in the central, more populated regions.

S&P changed the long-term foreign currency rating of Chile from AA- to A+ since July 2017.

2.2.3. Spain

The outbreak of COVID-19 in Spain led the government to impose one of Europe's strictest shutdowns, which led to a historic recession in the first half of 2020. Real GDP has contracted by 12.9% throughout 2020, after expanding by 2.1% in 2019.

Spain's economic rebound will be more moderate than in other European countries, primarily because of its dependence on sectors such as tourism and hospitality, and also due to the new wave of the virus in recent months severely impairing consumer and business confidence. Expected growth for 2021 has been set at 5.7%, followed by a gradual deceleration as the recovery progresses, reaching 2% in 2025. Real GDP is expected to return to the 2019 level by 2024.

Power consumption in Spain has fallen by an estimated 8% in 2020, due to the contraction of GDP arising from the impact of the pandemic. Oil, gas and coal consumption fell in 2020, as has been the case with electricity consumption. However, renewable energy consumption is expected to undergo year-on-year growth as a result of increased solar and wind power generation. Power consumption will begin to recover during 2021.

The daily average market price on the Spanish electricity market for 2020 rose to Euros 33.96/MWh, thus, registering a drop of 28.8% on the previous year (Euros 47.68/MWh in 2019).

S&P has changed Spain's rating to A, as a result of changes in the macroeconomic scenario in Spain.

3. Analysis of the key performance indicators for the year

3.1. Consolidated data

Celeo Group

At 31 December for each year and in thousands of Euros

Results	2020	2019 Restated	Variation
Operating profit	49,564	220,471	-78%
EBITDA	108,134	236,420	-54%
Profit before tax	62,424	211,599	-70%
Net profit	29,892	209,000	-86%
Equity			
Equity	1,081,563	1,326,179	-18%
Revenue			
Sales	258,456	46,432	>100%

The main figures for the year were affected by changes in the consolidation scope described in section 1 of this report.

3.2. Sales by activity

Celeo Group

At 31 December for each year and in thousands of Euros

Geographical region	2020	2019 Restated	Variation
Chile	45,929	-	>100%
Brazil	123,070	-	>100%
Spain	89,457	46,432	+93%
	258,456	46,432	>100%
Activities			
Electricity	156,582	-	>100%
Generation	101,874	46,432	>100%
	258,456	46,432	>100%

Sales in Brazil and Chile commenced after the consolidation of Celeo Redes, at the end of 2019, described in section 1 of this report.

4. Capital Management Policy

A fundamental part of the Celeo Group's strategy is to observe a policy of financial prudence. The capital structure is defined by the commitment to solvency and the objective of maximising shareholders returns.

5. Financial Risk Management Policy

The Celeo Group is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring, supervising and limiting the concentration of risks. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

The first risk to be mitigated arises from the transactions that the Group performs in international markets in the course of its business, namely market risk due primarily to foreign currency risk. Part of the contracts are denominated in currencies other than the local accounting currency in each country. For this reason, the risk of fluctuating exchange rates of these currencies could have an impact on the Group's profits. In order to manage and minimise this risk, the Celeo Group uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating on exchange rate fluctuations. The instruments used to achieve this hedging are essentially borrowings tied to the contract's collection currency.

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities pegged to floating interest rates. The Celeo Group actively manages its exposure to interest rate risk in order to mitigate its exposure to the changes in interest rates resulting from the debts taken on with a floating interest rate, and, where appropriate, using hedging instruments to minimise the interest rate for the funding.

On the other hand, liquidity risk is mitigated by the policy of holding cash and highly liquid and non-speculative short-term instruments, such as deposits at first-rate financial institutions in order to be able to meet its future commitments.

The main credit risk arises from trade receivables, when the counterparty or customer fails to meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, the Celeo Group has customers with very high credit ratings.

With regard to transmission lines operated as concessions and providing services in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, large consumers and distributors connected to the system. Prior to connecting to the system, these companies deposit a guarantee. In the event of default, the guarantee is executed and they are immediately disconnected from the system, with the payment obligation distributed among the remaining system users. The concession holder's collections are therefore guaranteed by the national electricity system, and none of the users have failed to make payment.

As regards the transmission lines in Chile, the assets currently in operation belong to that country's National Transmission Grid, in which the National Electrical Coordinator (CEN) coordinates the flow of payments to transmission companies. The system in which those responsible for paying the transmission companies were the generating companies was applied up to December 2018. From 2019 onwards, distributors are also liable for payments, so the portfolio of payers is more robust from that date on. The payment

guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the party in breach is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

Furthermore, in Chile we are building certain assets of the Zonal Transmission Grid, a segment characterised by power lines and substations provided to supply regulated customers in a specific geographical area. In this case, and in the same way as the assets of the National Transmission Grid, their remuneration is protected under the CEN collection procedure.

6. Environment

The commitment to protecting the environment, respecting environment and efficiency in the consumption of energy resources are common denominators in Celeo Group's activities and form part of the organisation's culture and values.

Celeo Group has defined and set in place measures to limit the potential environmental impact of its activities.

The Group's environmental management strategy is governed by the following principles of action:

- Constantly seeking to balance financial profitability and environmental protection, resulting in approaches whereby the two concepts mutually reinforce each other.
- Considering environmental factors when making investment decisions regarding new projects and when studying activities to undertake.
- Involving employees through appropriate training and awareness campaigns.
- Involving other stakeholders (customers, suppliers, funders and society in general) in the ongoing search for useful solutions to the challenge of protecting the environment and resources.

Through ANEEL's R&D programme, Celeo Redes Brasil contributes to developing the country's electricity system by investing in innovative initiatives. These initiatives seek to create new equipment and services that improve the safety of the electrical system, the quality of service and contribute to reducing environmental impacts and electricity rates.

At the end of the year, Celeo Redes Brasil had invested BRL 13.8 million, 89 thousand of which correspond to 2020. The total figure will reach BRL 15.5 million after the completion of the project to improve the earthing system of LT 230 kV Vilhena – Jaurú in 2021.

This project's goal is to develop and implement an innovative methodology to improve the performance of crucial transmission lines in the event of atmospheric discharges and a new procedure for measuring the towers' grounding response to the discharge currents. It is being conducted in partnership with the Lightning Research Center (Federal University of Minas Gerais). The total amount invested will be BRL 3,259 million.

7. Human resources

Workforce

Celeo Group

At 31 December each year	2020	2019	Variation
Brazil	327	285	+15%
Chile	82	81	+1%
Spain	36	33	+9%
	445	399	+12%

The people at Celeo have been the architects of our growth and success since its founding. At Celeo, we promote ethical and long-lasting relationships with employees, we offer stable and secure jobs that boast a strong commitment to gender equality, diversity and inclusion, professional development and the hiring of local labour under the safest possible conditions. Occupational health and safety is therefore a common denominator of all the activities carried out by the Group. Part of our culture is the commitment to health and safety. This commitment goes beyond legal requirements and customer requests, with clear and demanding objectives: no accidents and no tolerance of failure to comply with the health and safety measures established by the company.

At the end of 2020, the Group's workforce had increased by 46 employees (12%) from the number at year-end 2019, bringing the total to 445 employees.

8. Significant events after the reporting period

On 1 February 2021, an agreement was signed for the sale of the 50% stake in Brilhante Transmissora de Energía, S.A. and Brilhante II Transmissora de Energía, S.A., through which Celeo Redes Brasil, S.A. would acquire 100% ownership of these companies. The sale will be closed once the corresponding permits are obtained.

9. Outlook for 2021

The Celeo Group maintains its commitment to growth in the national and international markets, based both on the projects that it has in its portfolio and the possibility of participating in tenders and developments in other Latin American countries which offer opportunities for expansion and growth.

For 2021, Brazil presents opportunities in the renewable electricity generation sector, with the possibility of contracting on the free market or on the regulated market, through LEN A-3, A-4 and A-6 type auctions by ANEEL (the Brazilian Electricity Regulatory Agency). As regards the transmission sector, ANEEL has plans to hold two auctions this year (June and December). Opportunities for growth will also be explored through acquisitions.

With regard to Chile, the National Electrical Coordinator (CEN) plans a new tender for main line and regional projects that include transmission lines and several substations with a total investment value of around USD 146.6m. Similarly, the tender for the Kimal – Lo Aguirre direct current project (national project) is set to be held, with a benchmark

investment of USD 1,480m. This project comprises a direct current line and two converter substations at each end of the line. Opportunities for organic growth will also be studied through acquisitions of projects already under way.

Given this scenario, the Group plans to continue with the ongoing improvement of equipment to adapt it to the volume of activity of the different businesses in which it engages.

With all of this in mind, the Celeo Group begins the year 2021 with good prospects for the growth of its turnover and for creating value.

10. Share capital and acquisition of own shares

At 31 December 2020 the share capital of Celeo Concesiones e Inversiones, S.L. was represented by 166,670,560 subscribed and fully paid shares, each with a par value of Euro 1.

The shares of Celeo Concesiones e Inversiones, S.L. are not listed on any secondary market.

Celeo Concesiones e Inversiones, S.L. did not acquire any own shares in 2020.

11. Related-party transactions

For information on related-party transactions pursuant to article 15 of Royal Decree 1362/2007, we refer to the disclosures in the notes to the consolidated financial statements for the year ended 31 December 2020.