



Auditor's Report on Celeo Concesiones e Inversiones, S.L. and Subsidiaries

(Together with the consolidated annual
accounts and consolidated directors'
report of Celeo Concesiones e
Inversiones, S.L. and subsidiaries for the
year ended 31 December 2022)

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



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

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the Shareholders of Celeo Concesiones e Inversiones, S.L.

Opinion

We have audited the consolidated annual accounts of Celeo Concesiones e Inversiones, S.L. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2022, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in net equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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



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Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Concession agreements (Euros 1,022,058 thousand) (see notes 3(k) and 13(a))

The Group has investments in assets related to service concession agreements granted by various public entities in the countries in which it operates that require analysis in order to be recognised in accordance with the appropriate financial reporting standard based on their characteristics. In this connection, the Group classifies concessions as non-current and current trade receivables under non-current and current assets in the consolidated balance sheet. Given the weight of these assets from concession agreements with respect to the Group's total assets, and because the preparation of the models that support the value of these assets requires the Directors to exercise judgement and to use assumptions and estimates, this is the area that required most of our attention and, consequently, this has been considered a relevant aspect of the audit.

Our audit procedures included an assessment of the design and implementation of controls relating to the process to prepare the models supporting the value of contract assets related to concessions, the review of concession contracts and an assessment of the reasonableness of the main assumptions and judgements used by Group management to prepare the models that serve as a basis for the recognition of operating income and the value of the assets. In addition, we assessed whether the disclosures in the accompanying consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2022 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of:

- a) Determine solely that the consolidated non-financial information statement has been provided in accordance with applicable legislation and, if this is not the case, report thereon
- b) Assessing and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2022 and the content and presentation of the report are in accordance with applicable legislation.

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Directors' Responsibility for the Consolidated Annual Accounts

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

From the significant risks communicated to the Directors of Celeo Concesiones e Inversiones, S.L., we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the most significant risks.

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

KPMG Auditores, S.L.

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

(signed on the original in Spanish)

Juan Ignacio Fernández Pérez

On the Spanish Official Register of Auditors ("ROAC") with No. 23.906

13 April 2023

Celeo Concesiones e Inversiones, S.L. and subsidiaries

Consolidated Annual Financial Statements

31 December 2022

Consolidated directors' report

Financial Year 2022

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

Consolidated Statement of Financial Position at 31 December 2022
(Thousands of euros)

Assets	31.12.2022	31.12.2021 (*)
Non-current assets		
Intangible assets		
Goodwill (Note 7)	1,125	1,125
Other intangible assets (Note 8)	628,834	591,806
Tangible fixed assets (Note 9)	1,027,050	1,034,257
Right of use assets (Note 10)	22,940	22,464
Investments accounted for under the equity method (Note 11)	320,864	254,636
Non-current financial assets (Note 12)	58,286	42,189
Trade debtors and other non-current assets (Note 13)	1,011,083	860,048
Derivative financial instruments (Note 16)	5,533	-
Deferred tax assets (Note 19)	47,561	78,859
Total Non-current assets	3,123,276	2,885,384
Current assets		
Inventory stock	650	662
Trade debtors and other current assets (Note 13)	43,358	64,212
Trade receivables, related companies (Note 22)	1,887	1,336
Public authority receivables	4,888	3,682
Current gains tax assets	7,316	4,764
Other receivables (Note 13)	4,451	10,324
Short-term investments in related companies (Note 22)	3,632	15,760
Other current assets	4	1,428
Derivative financial instruments (Note 16)	108	-
Short-term accruals	658	787
Cash and other equivalent liquid assets (Note 14)	168,366	140,767
Total current assets	235,318	243,722
Total assets	3,358,594	3,129,106

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2021. See note 2.e)

Consolidated Statement of Financial Position at 31 December 2022
(Thousands of euros)

Liabilities and Net Equity	31.12.2022	31.12.2021 (*)
Net Equity (Note 15):		
Equity attributable to holders of dominant company net equity instruments:		
Capital	166,671	166,671
Other reserves	1,116,374	1,087,127
Conversion differences	(83,820)	(180,555)
Equity adjustments through valuation	21,958	(540)
Result for year attributed to the Dominant Company	33,815	29,859
	1,254,998	1,102,562
Non-controlling holdings (Note 15)	133,185	104,193
Total net equity	1,388,183	1,206,755
Non-current liabilities:		
Provisions for risks and liabilities	737	223
Financial liabilities through issuance of bonds and other tradable securities (Note 16)	625,899	640,185
Bank borrowings (Note 16)	737,421	718,567
Derivative financial instruments (Note 16)	12,942	58,451
Lease liabilities (10)	26,912	25,789
Other non-current liabilities (Note 17)	36,269	21,613
Liabilities through deferred taxes (note 19)	299,775	265,238
Total non-current liabilities	1,739,955	1,730,066
Current liabilities:		
Provisions for risks and liabilities	24	-
Financial liabilities through issuance of bonds and other tradable securities (Note 16)	113,349	57,733
Bank borrowings (Note 16)	42,365	44,314
Derivative financial instruments (Note 16)	3,441	13,915
Trade payables, associated and related companies (Note 22)	10,879	24,108
Trade creditors and other accounts payable (Note 17)-		
Payables for purchases or services provided	15,469	21,753
Client advances	13,945	267
Lease liabilities (10)	767	863
Public authority payables	10,536	9,088
Current gains tax liabilities	5,745	6,168
Other current liabilities (Note 17)	13,936	14,076
Total current liabilities	230,456	192,285
Total net equity and liabilities	3,358,594	3,129,106

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2021. See note 2.e)

Consolidated Income Statement for the financial year
ended at 31 December 2022
(Thousands of euros)

	31.12.2022	31.12.2021 (*)
Ongoing operations:		
Net turnover (Note 20a)	306,575	278,268
Other operating income	4,878	1,414
Supplies (Note 20c)	(34,361)	(51,516)
Personnel expenses (Note 20e)	(21,026)	(15,685)
Amortisations, impairment and allocations to provisions (Note 20f)	(61,461)	(56,191)
Other operating expenses (Note 20d)	(44,061)	(34,830)
Impairment and results through disposal of fixed assets (Note 9)	(2,977)	8,623
Result of entities consolidated within ordinary operations under the equity method (Notes 6, 11 and 20b)	29,775	5,516
Operating profits	177,342	135,599
Financial revenues (Note 20g)	15,596	6,329
Financial costs (Note 20h)	(86,805)	(77,796)
Exchange rate differences	(2,045)	(4,154)
Impairment and profit /(loss) from disposal of financial instruments	-	(63)
Pre-tax result	104,088	59,915
Gains tax (Note 19)	(51,390)	(21,406)
Result for the financial year from ongoing operations	52,698	38,509
Result for the financial year	52,698	38,509
Attributable to:		
Shareholders of the Dominant Company	33,815	29,859
Minority interests (Note 15)	18,883	8,650

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2021. See note 2.e)

Consolidated Comprehensive Income Statement for the financial year
ended at 31 December 2022
(Thousands of euros)

	31.12.2022	31.12.2021
CONSOLIDATED RESULT OF THE INCOME STATEMENT	52,698	38,509
Other comprehensive result:		
Entries to be classified under income		
- Hedging of cash flows, net of taxation effect (Note 15)	22,498	15,820
- Conversion differences of financial statements of businesses abroad	87,997	32,897
- Stake in other comprehensive result of investments accounted for under the equity method (Note 11)	20,591	16,370
Other comprehensive result for the financial year, net of taxes	131,087	65,087
Comprehensive result attributable to:	183,785	103,596
a) Holders of dominant company equity instruments	153,048	93,813
b) Non-controlling holdings	30,737	9,783

Celeo Concesiones e Inversiones, S.L.
and subsidiaries

**Consolidated Statement of Changes in Net Equity corresponding to the financial year
ended at 31 December 2022**
(Thousands of euros)

Thousands of euros	Capital	Subscription premium	Cumulative reserves	Equity adjustments through valuation (Note 15b)	Conversion differences	Net result for the financial year	Non-dominant stakes (Note 15e)	Total equity
Balance at 31 December 2020	166,671	752,777	285,380	(16,360)	(228,689)	29,892	91,892	1,081,563
Balance at 1 January 2021	166,671	752,777	285,380	(16,360)	(228,689)	29,892	91,892	1,081,563
Total recognised revenue and expenditure for FY 2021	-	-	-	15,820	48,134	29,859	9,783	103,596
Shareholder contributions (Note 15.d)	-	-	19,054	-	-	-	-	19,054
Distribution of result								
To reserves	-	-	29,892	-	-	(29,892)	-	-
Capital increase	-	-	-	-	-	-	5,029	5,029
Dividends	-	-	-	-	-	-	(2,511)	(2,511)
Other movements	-	-	24	-	-	-	-	24
Balance at 31 December 2021	166,671	752,777	334,350	(540)	(180,555)	29,859	104,193	1,206,755
Balance at 1 January 2022	166,671	752,777	334,350	(540)	(180,555)	29,859	104,193	1,206,755
Total recognised revenue and expenditure for FY 2022	-	-	-	22,498	96,735	33,815	30,737	183,785
Shareholder contributions (Note 15.e)	-	-	(612)	-	-	-	-	(612)
Distribution of result								
To reserves	-	-	29,859	-	-	(29,859)	-	-
Dividends	-	-	-	-	-	-	(1,745)	(1,745)
Balance at 31 December 2022	166,671	752,777	363,597	21,958	(83,820)	33,815	133,185	1,388,183

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2022

Consolidated Statement of Cash Flows for the financial year ended on 31 December 2022
(Thousands of euros)

	31.12.2022	31.12.2021 (*)
Cash flows from operating activities:		
Consolidated profit/(loss) for the year	52,698	38,509
Adjustments for		
Depreciation	61,461	56,191
Impairment and net result through disposal of tangible fixed assets and other intangible assets	(2,977)	(8,623)
Variation in provisions for risks and expenses and other provisions (Note 20)	538	69
Stake in profits/(losses) for the financial year from investments accounted for under the equity method (Note 11)	(29,775)	(5,516)
Impairment and net result through disposal of financial instruments and other fixed assets	-	63
Financial revenue (Note 20)	(15,596)	(6,329)
Financial costs (Note 20)	86,805	77,796
Exchange rate differences	2,045	4,154
Corporation tax	51,390	21,406
Resources from transactions	206,589	177,720
Variation in operating capital:		
Trade debtors and other receivables	(15,963)	(7,740)
Inventory stock	12	82
Trade creditors and other accounts payable	(5,484)	(11,560)
Variation in other current assets and liabilities	16,505	3,380
Gains tax paid	(9,141)	(6,329)
Net cash flows from/(used in) operating activities (I)	192,518	155,553
Cash flows through investment activities:		
Cash impact through business combinations (Note 6)	-	(9,077)
Payments for the acquisition of group and associate companies and jointly controlled entities (Note 11)	(17,545)	(38,039)
Payments for the acquisition of financial assets (Note 12)	(14,105)	(21,990)
Payments for the acquisition of tangible fixed assets (Note 9)	(7,044)	(6,352)
Payments for the acquisition of intangible assets (8)	(11,687)	(3,363)
Collections through disposal of tangible, intangible and non-current fixed assets (Note 9)	-	5,179
Collection of dividends from associate companies (Note 11)	1,683	1,713
Receipt of interest	11,154	1,842
Collections through disposals of group and associate companies and jointly controlled entities	-	7,032
Net cash flows from/(used in) investment activities (II)	(37,544)	(63,055)
Cash flows through financing activities:		
Cash flows through financial debt and other long-term debt (Note 16)	44,512	348,464
Interest paid	(78,808)	(70,182)
Repayment of financial debt and other long-term debt (Note 16)	(97,432)	(373,933)
Payments from lease liabilities (Note 10)	(2,718)	(2,751)
Dividends paid (Note 15)	(1,745)	(2,511)
Collections/payments derived from contributions/refunds of funds by non-controlling shareholders	-	5,029
Changes in cash through shareholder contributions	(612)	19,054
Net cash flows from financing activities (III)	(136,803)	(76,830)
Effect of variations in exchange rates on cash and cash equivalents	9,428	4,791
Net increase in cash and cash equivalents (I+II+III)	27,599	20,460
Cash and cash equivalents at start of period	140,767	120,307
Cash and cash equivalents at end of period	168,366	140,767

(*) Balance re-expressed with regard to the Consolidated Annual Accounts for the financial year 2021. See note 2.e)

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

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 2022 and 2021 is presented in Annex II.

The Dominant Company, the shareholders of which are detailed in Note 15, is jointly controlled by Elecnor, S.A. with a stake of 51%, and Pasterze Investments Holding B.V. with a stake of 49%. The registered office and tax domicile of Elecnor, S.A. is in Madrid, at the address Calle Marqués de Mondéjar, 33. Pasterze Investments Holding B.V (hereinafter, APG Group), a company validly incorporated and extant under the laws of the Netherlands, has its registered office and tax domicile at the address Oude Lindestraat, 70, Heerlen, Netherlands.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

2. Basis of 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 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 the other provisions of the applicable regulatory financial reporting framework, in order to present a true and fair view of the consolidated equity and consolidated financial position of Celeo Concesiones e Inversiones, S.L. and subsidiaries at 31 December 2022, 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 2022 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 2022, as detailed in 3.

The Directors of the Dominant Company believe that the consolidated annual accounts for the 2022 financial year, which were formulated on 30 March 2023, 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 2021 were approved by the General Shareholders' Meeting of Celeo Concesiones e Inversiones, S.L. held on 27 June 2022.

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) *International Financial Reporting Standards (IFRS)*

Standards applied for the first time

During 2022, the following mandatory rules and interpretations came into force, having already been adopted by the European Union, which, if applicable, were used by the Group in preparing these consolidated annual accounts:

- Modifications to IAS 37 Provisions, contingent liabilities and contingent assets: provisions for onerous contracts.
- Modifications to IAS 16 Property, plant and equipment: Consideration prior to the planned use.
- Reference to the conceptual framework of the IFRS in IFRS 3.

These new standards had no impact on the Group in the financial year 2022. 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 2023 or subsequently are:

- Amendments to IAS 1 and IFRS 2 Practice Statement: Information to be disclosed about accounting policies.

CELEO CONCESIONES E INVERSIONES, S.L.

and subsidiaries

Consolidated Explanatory Notes

- Modifications to IAS 8: Definition of Accounting Estimate.

The Group is in the process of analysing the standards, although it believes that the effect of application of the new standards, modifications or interpretations will not be significant for the Group's consolidated annual accounts when applied for the first time.

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:

- Modifications to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associates or joint businesses.
- Modifications to IAS 1: Classification of liabilities as current or non-current.
- Modifications to IFRS 16: Sale and lease back.

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

c) Operating currency and currency of presentation

These consolidated annual accounts are presented in thousands of euros, being the euro 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).
- Ordinary revenues through the provision of services as a result of the electrical energy transmission lines in Brazil are recognised in accordance with the degree of completion of service provision at the closing date. (Note 13).
- 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 18).
- Recognition and valuation of deferred tax assets: estimations and hypotheses used to evaluate the recoverability of tax credits (Note 19).

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

Although the estimates performed by the Directors of the Company were calculated in accordance with the best information available at 31 December 2022, 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 (6 and 3.b)).
- Leases: classification of leases (Note 10).

e) **Comparison of information**

The information contained in these consolidated annual accounts for the financial year 2021 presents information for the financial year ended at 31 December 2022, purely and solely for comparative purposes.

With regard to the Brazilian electricity transmission line concessions, the Celeo Group has proceeded to reclassify these under the caption "Trade Debtors and Other Assets", taking into account the contract assets, and registering the consideration under the caption "Net turnover", in accordance with the interpretations published by the Brazilian regulator with regard to this type of concession.

This accounting criterion was applied retroactively, entailing the amendment of the consolidated financial statements and consolidated income statement for 2021. The amounts of the reclassification performed are shown below:

Consolidated Statement of Financial Situation	31.12.2021	Adjustment	31.12.2021 Restated
Non-current financial assets	926,165	(883,976)	42,189
Trade debtors and other non-current assets	-	860,048	860,048
Trade debtors and other current assets	40,284	23,928	64,212

Consolidated Income Statement	31.12.2021	Adjustment	31.12.2021 Restated
Net turnover	197,646	80,622	278,268
Financial revenue	86,951	(80,622)	6,329

The directors of the Celeo Group believe that the aforementioned amendment provides information consistent with market practice.

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f) Consolidation scope variations

No significant variations occurred in the consolidation scope in the financial year 2022.

The most significant variations occurring in the consolidation scope in the financial year 2021 were as follows:

- Incorporation of Celeo Redes Perú S.A.C. and Puerto Maldonado Transmisora de Energía S.A.C. In April 2021 in Lima, Celeo Redes was awarded the projects "138 kV Puerto Maldonado-Iberia Transmission Line and 220/60kV Valle del Chira Substation". The start of commercial operations of the two projects is scheduled within 43 and 28 months respectively from the date of the award, and will represent a total approximate investment of 60 million dollars. The awarding of these projects represents Celeo's initial entry into a new country, placing it in an excellent position to strengthen its expansion in another of its main strategic markets.
- In May 2021, Celeo Redes Brasil S.A. completed the purchase from the Cobra Group of the 50% stake in the companies Brilhante Transmissora de Energia S.A. and Brilhante Transmissora de Energia II S.A., for a total acquisition price of 102 million BRL. As a result of the operation, Celeo has acquired all the stock, taking control of these concessions, which have been in operation since 2010 and 2014, respectively. Note 6 describes the impacts of this business combination.
- Acquisition in September 2021 of Colbún Transmisión (now Alfa Transmisora de Energía S.A.) and in December 2021 of Transmisora Eléctrica de Quillota Limitada (Transquillota), both companies 20% owned by Celeo Redes Chile Expansión SpA and 80% by APG Energy and Infra Investments Chile Expansion SpA.

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 consolidated

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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.

The Group excludes from the consolidation scope the entities Estreito Transmissora de Energia S.A., Celeo Obras de Ampliación, SpA, Nirvilo Transmisora de Energía, S.A., Reactiva Transmisora de Energía, S.A., Ruil Transmisora de Energía, S.A., Goyo Transmisora de Energía, S.A. and Alwa II, SpA due to there have a non-significant interest for the true and fair view that must show the consolidated financial statements.

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-dominant stakes

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 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

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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.

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

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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.

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.

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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

Foreign currency transactions, balances and cash flows

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.

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

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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.

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, concessions, permits, licences 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 with a defined useful life are amortised on a linear basis throughout their useful lives: between three and five years in the case of "computer software" and fifty years in the intangible assets associated to "permits and licences" related to the transmission lines in Chile.

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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 (j).

h) Property, plant and equipment

Initial recognition

Property, plant and equipment are recognised at cost, less the cumulative depreciation 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 property, plant and equipment 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 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.

Depreciation

The depreciation of property, plant and equipment is performed on a systematic basis over their useful life.

Depreciation of property, plant and equipment is determined by applying the following criteria:

	Estimated useful life in years
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.

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The Group reviews the residual value, the useful life and the depreciation method for property, plant and equipment 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 property, plant and equipment in accordance with the criteria indicated in subsection j.

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.

i) Right of use 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 right of use 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.

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.

Lessee accounting

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 2022 the right of use 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 right of use asset and a lease liability.

The right of use 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 right of use 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

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for the cancellation of the contract, wherever the lease duration indicates the exercise of a cancellation option.

The Group values right of use 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 right of use asset includes the price of the purchase option, the depreciation 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 right of use 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 (j) to the right of use 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.

The Group registers re-estimations of the liability as an adjustment to the right of use 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 and goodwill.

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.

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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 agencies in the countries where it operates.

The Group analyses in accordance with the characteristics of the contracts whether they lie within the scope of IFRIC 12 "Service Concession Arrangements" and IFRS 15 "Ordinary revenue from contracts with customers".

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.

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.

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

In this regard, the Group has concessions in place associated with the electricity transmission assets in Brazil with the following characteristics:

- 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.

These concessions lie within the scope of IFRS 15 and are recognised as customer contract assets (Note 3p).

l) Financial instruments

Recognition and classification of financial instruments

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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 another overall 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 another overall 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 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

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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 2022 and 2021 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.

	Fair value at 31 December 2022			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current assets				
Derivative financial instruments (Note 16)	-	5,533	-	5,533
Current assets				
Derivative financial instruments (Note 16)	-	108	-	108
	-	5,641	-	5,641
Non-current liabilities				
Derivative financial instruments (Note 16)	-	12,942	-	12,942
Current liabilities				
Derivative financial instruments (Note 16)	-	3,441	-	3,441
	-	16,383	-	16,383

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	Fair value at 31 December 2021			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current liabilities				
Derivative financial instruments (Note 16)	-	58,451	-	58,451
Current liabilities				
Derivative financial instruments (Note 16)	-	13,915	-	13,915
	-	72,366	-	72,366

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 another overall 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;
- 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

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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.

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.

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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 ineffectiveness.

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.

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.

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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 this includes investments maturing within three months after acquisition date.

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 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) Recognition of revenues and expenses

The Company recognises revenues from its ordinary activities as the delivery of goods and provision of services contractually committed to its clients occurs over the course of the lifespan of the contract, and for the amount of the consideration that it expects to be entitled to in exchange for the goods or services in question.

In particular, the Company follows the stages set out below for the recognition of ordinary revenues from contracts with customers:

- Identification of the contract with the customer: to identify a contract, the Company evaluates that the parties have approved the contract and undertaken to comply with the respective obligations, identifying the rights of each of the parties, the payment conditions in connection with the goods or services to be transferred, and evaluating that the contract is of a commercial nature and it is likely to collect the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.
- Identification of contractual performance obligations: at the start of the contract, the Company evaluates the goods or services promised under a contract with a customer and identifies as a performance obligation each promise to transfer to the customer:

- a) A good, service or group of separate goods or services; or

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- b) A series of separate goods or services that are practically the same and correspond to the same pattern of transfer to the customer.

A good or service promised to a customer is considered separate if the following 2 criteria are fulfilled:

- 1) The customer can make use of the good or service individually or together with other easily available resources; and
 - 2) The commitment of the Company to transfer the good or service to the customer can be identified separately from other commitments contained in the contract.
- Determination of the transaction price: this is determined as the amount of the consideration to which it expects to be entitled in exchange for transferring the goods or services committed to with the customer, excluding the amounts collected on behalf of third parties, and which may include fixed or variable amounts, such as discounts, reimbursements, credits, incentives, rebates and other similar concepts.
 - Where the transaction price includes a variable consideration, the Company initially estimates the amount of the consideration to which it will be entitled, using the expected value method, or otherwise the most probable amount, furthermore including all or part of the amount of the variable consideration only to the extent that it is highly likely that there will be no significant reversal of the recognised amount of ordinary cumulative revenue, if the uncertainty as to the variable consideration is subsequently resolved.
 - The estimation of the transaction price also takes into account the time value of money, if it is deemed that there is a significant financing component, as well as non-cash considerations and other considerations payable to the customer.
 - Allocation of the price of the transaction to the different contractual performance obligations: the Company distributes the price of the transaction such that upon each performance obligation identified in the contract it is assigned an amount representing the consideration that it will obtain in exchange for transferring to the customer the good or service committed to in said performance obligation. This assignment is performed proportionally and on the basis of the corresponding independent sale prices of the goods and services covered by each performance obligation. The best evidence of independent sale prices is the observable price, if the goods or services are sold separately in similar circumstances. If this price is not available, the Company estimates the amount by means of a focus which maximises the use of the observable data, such as an adjusted valuation based on a market price, an expected cost plus a margin, or using a residual focus.
 - If the contract includes more than one separate good or service and a discount is granted on the overall price, absent any better observable evidence that the discount is applicable in its entirety to one performance obligation, the discount is distributed proportionally across all the performance obligations.
 - Recognition of revenue as performance obligations are fulfilled: the Company recognises as revenue the amount of the price of the transaction assigned to a performance obligation as this obligation is fulfilled by transferring the committed goods or services to the customer. To this end, the Company determines whether the performance obligation is fulfilled over time or at a particular moment:
 - a) An obligation is fulfilled over time if the following criteria are fulfilled:
 - The customer receives and simultaneously consumes the benefits provided by the Company activity as it is performed.
 - The Company produces or improves an asset that the customer controls as the asset is produced or improved.
 - The Company produces a specific asset for the customer which has no alternative use, and has an enforceable right to collect payment for the activity performed to date.

If the performance obligation is fulfilled over time, the Company recognises the corresponding revenues as the obligation is fulfilled, for which purpose it measures the degree of progress in performance of each identified obligation.

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- b) If an obligation does not meet the conditions to be fulfilled over time, the following indicators are evaluated to determine that control over the asset has been transferred to the customer:
- The Company has transferred physical possession of the asset;
 - The Company is entitled to demand payment for the asset;
 - The customer has accepted the asset;
 - The customer has the significant risks and benefits inherent in ownership of the asset; and
 - The customer has legal ownership of the asset.

If the performance obligation is fulfilled on a specific date, the Company recognises the corresponding revenues.

If the parties agree an amendment to the contract, the Company books this amendment as a separate contract if the following 2 conditions are met:

- The scope of the contract is increased as a result of the inclusion of different committed goods or services; and
- The price of the contract is increased by an amount of the consideration which reflects sale prices independent of the additionally promised goods or services.

Otherwise, the contractual amendment is treated as an adjustment to the original contract, such that if the amendment comprises new different goods or services not at their regular price of sale, the previous contract is cancelled and a new contract is created, while if the amendment comprises new goods or services that are not different, the existing contract is re-evaluated.

The Company presents contracts with clients on the Balance Sheet as an asset or a liability, depending on the relationship between the efforts deployed and the payment made by the client:

- The contract with the customer is presented as a contract liability when the customer has paid a consideration, before the goods or services have been transferred to the customer, giving rise to an obligation on the part of the Company to transfer the goods or services to the customer for which it has already received consideration.
- The contract with the customer is presented as a contract asset when the Company has performed the transfer of goods or services to the customer before the customer has handed over the consideration, such that the Company has the right to the consideration in exchange for the goods or services that it has transferred to the customer. The Company excludes the amounts presented as accounts receivable from this amount.

The Company excludes from the turnover those gross incomings of profits received where it acts on behalf of third parties, registering as revenue only the amounts corresponding to its own activity.

The Company registers sales of electricity and gas as revenue on the date when they are delivered to the customer, in accordance with the amounts supplied during the period, even if they have not been invoiced, and in accordance with the unit price established in the contract. The revenues therefore include the estimation of the energy supplied, although the customer's meters have not yet been read.

Interest revenues and expenses are booked in accordance with the effective interest rate applicable to the principal pending amortisation during the corresponding accrual period.

Expenses are imputed in accordance with the accrual criterion.

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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.

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 the 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

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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.

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.

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The net cash flows from investment activity are essentially the result of new investments in dependent companies, other intangible assets, tangible fixed assets, rights of use 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 15 and 16).

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 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 Note 26.

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 2022 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 16).

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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, to mitigate its exposure to the variation in interest rates derived from debt taken on at variable interest rates, using hedging instruments where appropriate to minimise the financial interest risk, or by referencing borrowing to the same adjustment indices as applied to the income from the project financed. 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.

In addition, it should be pointed out that, as may be seen in Note 16, the Group has bonds issued on the capital market at a fixed interest rate in the financial years 2022 and 2021, 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 16 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 its 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.

In Chile we are also involved in dedicated transmission lines where commitments are in place with counterparties of proven solvency, that in the main hold an Investment Grade rating. In such cases the remuneration we receive is governed by each of the long-term contracts we have signed with the companies using our infrastructure, either for the output of the energy generated, or otherwise to guarantee their supply of electricity.

As for our substations and transmission lines in Peru, the expectation is that they will begin operations from late 2023 onwards. These concessions correspond to the SCT (Supplementary Transmission System) which handles demand from certain tariff zones governed by the OSINERGMIN (Energy and Mining Investment Supervision Body). The billing process is coordinated by the COES (National Interconnected System Economic Operations Committee), which determines the tariffs that each generator or reseller in the zone must pay us.

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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 2022 and 2021 there were no overdue accounts receivable nor impaired balances (see Note 13).

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 2022 to be presented before the General Shareholders' Meeting is as follows:

	Euros
Basis of distribution	
Loss for the financial year	(1,205,419.07)
Distribution	
Losses from previous years	(1,205,419.07)
	(1,205,419.07)

Application of the results of the Dominant Company for the financial year ended at 31 December 2021, approved by the General Shareholders' Meeting on 27 June 2022, comprised:

	Euros
Basis of distribution	
Results for the year	(294,748.23)
Distribution	
Compensation for losses from previous financial years	(294,748.23)
	(294,748.23)

At 31 December 2022 the non-distributable reserves amounted to a figure of 4,798,775 euros (4,798,775 euros in 2021), corresponding in their entirety to the legal reserve. In addition, the voluntary reserves are not freely available up to the limit of the cumulative losses.

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6. Business combinations

The Group did not perform any business combinations during the 2022 financial year.

In May 2021, Celeo Redes Brasil completed the purchase from the Cobra Group of the 50% stake in the concessions Brilhante Transmissora de Energia (BTE) and Brilhante Transmissora de Energia II (BTE II), for a total acquisition price of 102 million BRL. Through this operation Celeo acquired the entirety of these concessions, which have been in operation since 2010 and 2014, respectively.

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 financial year amounting to 1,524 thousand euros and 2,356 thousand euros of losses, respectively.

If the acquisition had occurred on 1 January 2021, the ordinary income of the Group and the consolidated result for the financial year ended at 31 December 2021 would have been 1,080 thousand euros and 1,004 thousand euros higher, 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 was as follows:

	Thousands of euros	
	BTE	BTE II.
Consideration given		
Cash paid	11,853	4,170
Total consideration given	11,853	4,170
Fair value of the prior investment in the business	17,237	4,545
Fair value of net assets acquired	34,473	9,090
Surplus net assets acquired over cost of acquisition	5,384	375

The surplus amount of net assets acquired beyond the cost of acquisition, totalling 5,759 thousand euros, was recognised under the entry "Result of integrated entities from ordinary operations under the equity method" on the consolidated income statement for the 2021 financial year hereto attached.

The valuation at fair value of the 50% non-dominant stake previously held in the businesses acquired (BTE and BTE II, respectively), amounting to 21,782 thousand euros, led to recognition of an additional result for a total amount of 2,484 thousand euros, recognised under the entry "Result of integrated entities from ordinary operations under the equity method" on the consolidated income statement for the 2021 financial year.

In addition, the transfer to the income statement of the conversion differences 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 5,839 thousand euros, recognised under the entry "Result of entities consolidated within ordinary operations under the equity method" on the consolidated income statement for the 2021 financial year.

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The fair value of the main assets acquired and liabilities assumed is shown below:

	Thousands of euros	
	BTE	BTE II.
Assets		
Non-current financial assets	61,045	8,673
Current assets	1,425	91
Cash and other equivalent liquid assets	6,043	903
Liabilities		
Financial liability through issuance of bonds and other securities	28,506	-
Deferred income tax liabilities	3,243	528
Other liabilities	2,291	49
Total net assets	34,473	9,090
Amount paid in cash	11,853	4,170
Cash and other equivalent liquid assets of the acquired party	6,043	903
Effect on cash through the acquisition	(5,810)	(3,267)

In 2021 there was a provisional assignment of the purchase price corresponding to the acquisition in accordance with the principles of IFRS 3 Business combinations, leaving the acquired assets and liabilities at fair value, and not generating any change in 2022 with their definitive assignment.

7. Goodwill

The disclosure of the balance under the caption "Intangible assets - Goodwill" on the consolidated statements of financial position for the 2022 and 2021 financial years, in accordance with the companies giving rise to them, and the movement over the course of these financial years, is as follows:

Financial Year 2022

	Thousands of euros					
	Balance at 31.12.2021	Registration	Impairment	Deregistration	Miscellaneous	Balance at 31.12.2022
Companies consolidated by full consolidation:						
Other businesses						
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	-	-	1,125
	1,125	-	-	-	-	1,125

Financial Year 2021

	Thousands of euros					
	Balance at 31.12.2020	Registration	Impairment	Deregistration	Miscellaneous	Balance at 31.12.2021
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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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.

8. Other intangible assets

The movement occurring under this chapter of the consolidated statement of financial position in the financial year 2022 and 2021 was as follows:

	Thousands of euros			
	Computer applications	Electrical easement	Concessions. permits and licences	Total
COST:				
Balance at 31 December 2021	1,023	72,679	541,306	615,008
Additions	2,042	5,503	4,142	11,687
Transfers	174	(174)	-	-
Conversion differences	140	4,478	34,497	39,115
Balance at 31 December 2022	3,379	82,486	579,945	665,810
CUMULATIVE AMORTISATION:				
Balance at 31 December 2021	(522)	-	(22,680)	(23,202)
Provisions (Note 20f)	(1,048)	-	(11,354)	(12,402)
Transfers	(663)	-	663	-
Conversion differences	(134)	-	(1,238)	(1,372)
Balance at 31 December 2022	(2,367)	-	(34,609)	(36,976)
Net cost at 31 December 2021	501	72,679	518,626	591,806
Net cost at 31 December 2022	1,012	82,486	545,336	628,834

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	Thousands of euros			
	Computer applications	Electrical easement	Concessions. permits and licences	Total
COST:				
Balance at 31 December 2020	936	67,061	497,875	565,872
Additions	54	229	2,946	3,229
Withdrawals	-	(132)	-	(132)
Conversion differences	33	5,521	40,485	46,039
Balance at 31 December 2021	1,023	72,679	541,306	615,008
CUMULATIVE AMORTISATION:				
Balance at 31 December 2020	(270)	-	(10,924)	(11,194)
Provisions (Note 20f)	(232)	-	(10,418)	(10,650)
Conversion differences	(20)	-	(1,338)	(1,358)
Balance at 31 December 2021	(522)	-	(22,680)	(23,202)
Net cost at 31 December 2020	666	67,061	486,952	554,678
Net cost at 31 December 2021	501	72,679	518,626	591,806

The chapter "Computer Applications" at 31 December 2022 and 2021, corresponds to the database management systems licences used by the Group. The additions in the 2022 financial year correspond essentially to the implementation of a new ERP at the Celeo Redes Chile subgroup.

The chapter "Electricity 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. Inclusions in the 2022 financial year essentially correspond to the easements booked at Celeo Redes Chile Limitada on behalf of project Nirivilo Transmisora de Energía, S.A (5,487 thousand euros).

The chapter "Concessions, permits and licences" essentially corresponds to the usage and operation licences of the projects of Alto Jahuel Transmisora de Energía, S.A. and Charrúa Transmisora de Energía, S.A. and the Puerto Maldonado Transmisora de Energía, S.A.C concession contract, awarded in April 2021 (Note 2f).

At 31 December 2022 the Group maintains computer applications of the Dominant Company in use, amounting to 18 thousand euros (13 thousands euros in 2021), which are fully amortised.

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9. Property, plant and equipment

The movement occurring under this chapter of the consolidated statement of financial position in the financial year 2022 and 2021 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 2021	228	1,135,185	1,024	413	97	333	432	1,137,712
Variation in the consolidation scope (Note 2f)	-	-	-	-	-	-	-	-
Additions	-	4,606	6	92	-	-	2,340	7,044
Withdrawals	-	(3,433)	(20)	-	-	-	-	(3,453)
Transfers	-	(789)	-	-	1	(254)	1,042	-
Conversion differences	17	38,742	45	23	13	27	25	38,892
Balance at 31 December 2022	245	1,174,311	1,055	528	111	106	3,839	1,180,195
CUMULATIVE AMORTISATION:								
Balance at 31 December 2021	-	(103,088)	(90)	(172)	(40)	(65)	-	(103,455)
Provisions (Note 20f)	-	(46,894)	(62)	(88)	(24)	-	-	(47,068)
Withdrawals	-	32	-	-	-	-	-	32
Transfers	-	(190)	20	111	59	-	-	-
Conversion differences	-	(2,617)	(16)	(12)	(9)	-	-	(2,654)
Balance at 31 December 2022	-	(152,757)	(148)	(161)	(14)	(65)	-	(153,145)
Net cost at 31 December 2021	228	1,032,097	934	241	57	268	432	1,034,257
Net cost at 31 December 2022	245	1,021,554	907	367	97	41	3,839	1,027,050

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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 2020	214	1,112,919	981	271	83	331	47	1,114,846
Variation in the consolidation scope (Note 2f)	-	102	-	-	-	-	-	102
Additions	-	6,035	55	107	-	-	383	6,250
Withdrawals	-	(7,700)	(17)	-	-	-	-	(7,717)
Transfers	-	(4,603)	-	-	-	-	-	(4,603)
Conversion differences	14	28,759	8	35	14	2	2	28,834
Balance at 31 December 2021	228	1,135,185	1,024	413	97	333	432	1,137,712
CUMULATIVE AMORTISATION:								
Balance at 31 December 2020	-	(60,136)	(47)	(78)	(10)	(65)	-	(60,336)
Provisions (Note 20f)	-	(43,733)	(56)	(76)	(21)	-	-	(43,886)
Withdrawals	-	3,515	17	-	-	-	-	3,532
Transfers	-	(122)	-	-	-	-	-	(122)
Conversion differences	-	(2,612)	(4)	(18)	(9)	-	-	(2,643)
Balance at 31 December 2021	-	(103,088)	(90)	(172)	(40)	(65)	-	(103,455)
Net cost at 31 December 2020	214	1,052,783	934	193	73	266	47	1,054,510
Net cost at 31 December 2021	228	1,032,097	934	241	57	268	432	1,034,257

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The caption "Buildings, Technical Installations and Machinery" at 31 December 2022 and 2021 corresponds in the main to the investments in owned transmission lines (not covered by IFRS 12) in Chile, the photovoltaic plant in Brazil and the photovoltaic and solar thermal plants in Spain. The value of the additions during the 2022 financial year correspond essentially to the investments made at the Sao Joao Do Piaui plants, with a value of 3,140 thousand euros (3,981 thousand euros in 2021) and the Control Centre at Celeo Redes Chile, Ltda. (1,178 thousands of euros). The value of the withdrawals during the 2022 financial year corresponds essentially to the deregistration of certain electrical transformers at the Sao Joao Do Piaui plants (3,387 thousand euros), generating a negative impact of 2,977 thousand euros under the caption "Impairment and result through disposal of fixed assets". The withdrawals for the financial year 2021 corresponded in the main to the value of the infrastructure that Aries Solar Termoeléctrica transferred to the economic interest grouping AIE Nudo Manzanares (7,700 thousand euros), generating a positive result (registered under the caption "Impairment and result through disposal of fixed assets") of 2,362 thousand euros.

The Fixed Assets in progress correspond in the main to the investment plan required for the operation of the Aries Solar Termoeléctrica S.L. and Dioxipe Solar, S.L. plants. (856 thousand euros and 1,310 thousand euros, respectively), and the improvements to the equipment of Celeo Redes Brasil.

The cost of tangible fixed asset elements fully depreciated and still in use at 31 December 2022 amounts to 698 thousand euros (660 thousand euros in 2021).

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. Right of use assets and lease liabilities

The details and movements by right of use asset class during the 2022 and 2021 financial years were as follows:

a) *Nature of the lease agreements*

Financial Year 2022

	Thousands of euros			
	Land	Transport elements	Miscellaneous	Total
Balance at 31 December 2021	21,678	564	4,901	27,143
Additions	-	-	1,885	1,885
Value adjustments	170	-	-	170
Transfers	1,218		(1,218)	-
Conversion differences	(3)	46	487	530
Balance at 31 December 2022	23,063	610	6,055	29,728
Cumulative Amortisation at 31 December 2021	(2,383)	(326)	(1,970)	(4,679)
Provisions (Note 20f)	(809)	(164)	(1,018)	(1,991)
Conversion differences	-	(29)	(89)	(118)
Cumulative amortisation at 31 December 2022	(3,192)	(519)	(3,077)	(6,788)
NET COST:				
Net cost at 31 December 2022	18,571	91	2,978	22,940

The balance for "Land" essentially records the value of the lease agreements for the land housing the infrastructure of the solar thermal plants of Aries Solar Termoeléctrica S.L., and the land housing the

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photovoltaic plants of Sao Joao do Piaui. Meanwhile, the balance for "Other" essentially comprises the contractual value of the offices located in Spain, Chile and Brazil

"Additions" for the 2020 financial year essentially correspond to the leasing of real estate and printers at Celeo Redes Chile (1,209 thousand euros) and the leasing of offices in Brazil (695 thousand euros).

Financial Year 2021

	Thousands of euros			
	Land	Transport elements	Miscellaneous	Total
Balance at 31 December 2020	21,524	73	4,628	26,225
Additions	149	468	27	644
Value adjustments	(7)	(16)	138	115
Conversion differences	12	39	108	159
Balance at 31 December 2021	21,678	564	4,901	27,143
Cumulative Amortisation at 31 December 2020	(1,566)	(73)	(1,310)	(2,949)
Provisions (Note 20f)	(817)	(226)	(612)	(1,655)
Conversion differences	-	(27)	(48)	(75)
Cumulative amortisation at 31 December 2021	(2,383)	(326)	(1,970)	(4,679)
NET COST:				
Net cost at 31 December 2021	19,295	238	2,931	22,464

b) Detail of lease payments and liabilities

The movement of lease liabilities during the financial year 2022 was as follows:

	Thousands of euros
Balance at 31 December 2021	26,652
Additions	2,055
Withdrawals	-
Financial expenses	1,690
Payments	(2,718)
Balance at 31 December 2022	27,679

The movement of lease liabilities during the financial year 2021 was as follows:

	Thousands of euros
Balance at 31 December 2020	27,071
Additions	760
Withdrawals	-
Financial expenses	1,572
Payments	(2,751)
Balance at 31 December 2021	26,652

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

	Thousands of euros	
	2022	2021
Up to 6 months	295	399
From 6 months to 1 year	472	464
From one to two years	1,554	1,115
From two to three years	2,166	1,055
From 3 to 4 years	1,310	998
More than 4 years	21,882	22,621
Total	27,679	26,652

11. Investments accounted for under the equity method

At 31 December 2022 and 2021 the stakes in associate entities of the Group valued under the equity method (3.c) are as follows:

Company	Thousands of euros	
	2022	2021
Alfa Transmisora de Energía, S.A.	20,698	16,966
Transmisora Eléctrica de Quillota Limitada	6,139	5,465
CRC Transmisión Subgroup	178,148	152,494
Subgroup of Celeo Redes Expansões	95,083	67,660
Jauru Transmissora De Energia, S.A.	20,796	12,051
Total	320,864	254,636

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

In May 2021, as a result of changes in the consolidation scope described in Note 2.f, the Group deregistered the equity method investment in the companies Brilhante Transmissora de Energia and Brilhante Transmissora de Energia II, since following completion of 100% of the acquisition, both companies are now consolidated under the full integration method.

Likewise, September 2021 saw the completion of the acquisition of Colbún Transmisión (currently Alfa Transmisora de Energía S.A.). This company is 20% owned by Celeo Redes Chile Expansión SpA and 80% by APG Energy and Infra Investments Chile Expansion SpA. In December 2021, both companies acquired the same percentage stakes in the company Transmisora Eléctrica de Quillota Limitada.

The activity of companies consolidated under the equity method at 31 December 2022 corresponds to the operation of public electrical energy transmission services in Brazil and in Chile.

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The movements occurring in the financial year 2022 and 2021 under this caption of the consolidated statement of financial position were as follows:

	Thousands of euros	
	2022	2021
Initial Balance	254,636	238,302
Capital increase	17,545	-
Reduction in capital stock	-	(1,428)
Inclusions within the consolidation scope (Note 2.f)	-	22,843
Exclusions from the consolidation scope (Note 2.f)	-	(24,278)
Stake in profits/(losses)	29,775	3,112
Conversion differences	20,591	16,370
Dividends collected	(1,683)	(285)
Closing balance	320,864	254,636

12. Non-current financial assets

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

	Thousands of euros	
	2022	2021
Debt service reserve account	20,987	15,144
Associate company loan (Note 22).	16,765	15,774
Miscellaneous	20,534	11,271
	58,286	42,189

The item "Debt service reserve account" at 31 December 2022 and 2021 corresponds in the main to the amount of the debt service reserve account of the Brazilian concession companies and the solar generation project in Spain.

The item "Other" at 31 December 2022 and 2021 corresponds in the main to sureties and cash surpluses that the Group invests in a long-term deposits. These deposits accrue interest at the market rate.

Non-current financial assets at 31 December 2022 and 2021 are registered at their amortised cost.

13. Trade debtors and other assets

The composition of the caption "Trade receivables and other non-current assets" and "Trade receivables and other current assets" on the consolidated statement of financial situation is as follows:

	Thousands of euros	
	2022	2021
Non-current		
Contract assets:		
Transmission line concessions in Brazil	1,011,083	860,048
	1,011,083	860,048
Current		
Contract assets:		
Transmission line concessions in Brazil	10,975	29,582
Trade receivables	32,383	34,630
	43,358	64,212

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a) *Transmission line public authority concessions in Brazil*

At 31 December 2022 the Group was developing and operating on a concession basis various projects for the construction and operation & maintenance of several electrical energy transmission lines in Brazil, through its subsidiaries incorporated for this purpose, the parent company in the aforementioned company 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 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 of the concession, the granting authority (ANEEL) is entitled to extend the contract. The maximum renewal term is for the same period as the concession (30 years) at the request of the concession-holder and the discretion of the granting authority. 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 (concession operator) 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 contract asset for the present 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 2022 and 2021:

	Thousands of euros
	2022
2024	31,187
2025	31,283
2026	33,245
2027	35,330
2028 and following	880,038
Total	1,011,083

	Thousands of euros
	2021
2023	26,537
2024	27,868
2025	27,954
2026	29,707
2027 and following	747,982
Total	860,048

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b) Trade Receivables

The chapter "Trade receivables" 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 2022 and 2021 there were no overdue accounts receivable or impaired balances, the balances not yet due amounting to 32,383 thousand euros and 34,630 thousand euros, respectively.

14. 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	
	2022	2021
Other equivalent liquid assets	67,025	75,887
Cash and banks	101,341	64,880
Total	168,366	140,767

At 31 December 2022 and 2021 the balance of the caption "Other equivalent liquid assets" 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.

15. Equity

a) *Capital stock*

At 31 December 2022 and 2021 the shareholders of the Dominant Company were as follows:

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

The capital stock of the Dominant Company is divided into 166,670,560 corporate stock units of a par value of 1 euro each. These stock units are also divided into two different classes: Class A, owned by Elecnor, S.A., and Class B, 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 2022 and 2021 the capital stock of the Dominant Company amounted to 166,670,560 euros.

b) *Equity adjustments through valuation*

The movement occurring under this caption, as a result of the valuation correction is of financial derivatives designated as cash flow hedging during the financial years 2022 and 2021, is as follows (thousands of euros):

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	31.12.2021	Variation in the market value	Settlement	31.12.2022
Through full consolidation				
Cash flow hedges:				
Interest rate swaps (IRS)	(4,141)	35,346	(139)	31,066
Other accounting hedges	3,601	(12,709)	-	(9,108)
Total adjustments to net equity through valuation	(540)	22,637	(139)	21,958

	31.12.2020	Variation in the market value	Settlement	31.12.2021
Through full consolidation				
Cash flow hedges:				
Interest rate swaps (IRS)	(7,118)	2,390	587	(4,141)
Other accounting hedges	(9,242)	12,843	-	3,601
Total adjustments to net equity through valuation	(16,360)	15,233	587	(540)

c) Subscription premium

This reserve is freely available.

The share premium at 31 December 2022 and 2021 amounted to 752,777 thousand euros.

d) Other Reserves

Statutory reserve

The legal reserve has been provided for in accordance with Article 274 of the Public Limited Companies Act, which lays down that, in all cases, a figure equal to 10% of profit for the financial year shall be used for this purpose until it reaches the level of at least 20% of the share capital.

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.

At 31 December 2022 and 2021, the Dominant Company had not allocated to this reserve the minimum limit established by the Capital Companies Act.

Shareholder contributions

On 9 March 2022, following the collection pending from the sale of Tramperase, S.L.U., a repayment of 121,878 euros was made to Elecnor, S.A. Likewise, following the partial collection from the sale of Celeo Energía Chile, an additional return was made to Elecnor, S.A. on 4 August, for 490,034 euros.

On 3 March 2021 and 19 May 2021, the Shareholders decided to make an additional non-reimbursable contribution to the share capital in the amount of 5,000,000 euros and 11,000,000 euros, respectively. In addition, on 26 August 2021, Elecnor, S.A., decided to make a non-reimbursable contribution to the share capital of 5,244,858 euros. Meanwhile, following the partial collection this year through the sale

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of Tramperase, S.L.U., on 16 July a repayment of 1,766,005 euros was made to Elecnor, S.A. Lastly, following the partial collection through the sale of Celeo Energía Chile, on 29 November an additional return was made to Elecnor, S.A. of 424,594 euros.

e) *Non-dominant stakes*

The composition of the caption "Net Equity - Non-controlling interests" under the liabilities on the attached consolidated statement of financial position was as follows during the financial year 2022 and 2021:

	Thousands of euros	
	2022	2021
Integração Maranhense Transmissora De Energia, S.A.	31,130	25,789
Caiua Transmissora De Energia, S.A.	21,181	19,829
Cantareira Transmissora De Energia, S.A.	80,152	58,129
Dioxipe Solar, S.L.	722	446
	133,185	104,193

The movement occurring during the financial years 2022 and 2021 under this caption of the consolidated statement of financial position is detailed below:

	Thousands of euros
Balance at 31 December 2020	91,892
Stakes in profits/losses	8,650
Conversion differences	1,039
Capital increases	5,029
Dividends distributed	(2,511)
Miscellaneous	94
Balance at 31 December 2021	104,193
Stakes in profits/losses	18,883
Conversion differences	11,454
Dividends distributed	(1,745)
Miscellaneous	400
Balance at 31 December 2022	133,185

f) *Conversion differences*

The cumulative translation differences under net equity at 31 December 2022 and 2021 for each of the significant currencies are as follows:

	Thousands of euros	
	2022	2021
Brazil	(107,394)	(172,722)
Chile	23,164	(8,002)
Peru	410	169
	(83,820)	(180,555)

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16. Financial debt and other financial instruments

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 2022 and 2021, and their classification, are as follows:

	Thousands of euros			
	2022		2021	
	Non-current	Current	Non-current	Current
Assets				
Financial derivatives	5,533	108	-	-
Total Assets	5,533	108	-	-
Liabilities				
Debentures and other negotiable securities	625,899	113,349	640,185	57,733
Bank borrowings	737,421	42,365	718,567	44,314
Financial derivatives	12,942	3,441	58,451	13,915
Total Liabilities	1,376,262	159,155	1,417,203	115,962

At 31 December 2022 and 2021 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.

The main characteristics of the financial liabilities under the captions "Bonds and other tradable securities", "Bank borrowings" and "Derivative financial instruments" at 31 December 2022 and 2021 are as follows:

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Financial Year 2022

		Thousands of Euros											
Type	Company	Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current						
Debentures and other negotiable securities		USD/UF	5.20% (USD) and 2.99% (UF)	2047	556,875	16,370	562,494						
Celeo Redes Operación Chile, S.A.													
Cantareira Transmissora De Energia, S.A.													
Celeo Redes Transmissora De Energia, S.A.													
Serra de Ibiapaba Transmissora De Energia, S.A.													
Brilhante Transmissora de Energia, S.A.													
Celeo Fotovoltaico, S.A.													
Bank borrowings		BRL	HICP + 2.1851%	2039	11,968	711	10,892						
São João de Piauí FV I S.A.													
São João de Piauí FV II S.A.													
São João de Piauí FV III S.A.													
São João de Piauí FV IV S.A.													
São João de Piauí FV V S.A.													
São João de Piauí FV VI S.A.													
Integração Maranhense Transmissora de Energia S.A.													
Cantareira Transmissora de Energia S.A.													
Encruzo Novo Transmissora de Energia S.A.													
Pedras Transmissora de Energia S.A.													
Caiuá Transmissora de Energia S.A.													
Coqueiros Transmissora de Energia S.A													
Linha de Transmissão Corumbá S.A.													
Serra de Ibiapaba Transmissora De Energia,S.A.													
Puerto Maldonado Transmisora de Energía, S.A.C.													
Celeo Redes, S.LU.													
Dioxipe Solar S.L.													
Aries Solar Termoeléctrica, S.L.													
Financial derivatives								EUR	1.875%	2032	-	108	5,533
ASSETS													
Dioxipe Solar, S.L. (Tranches 2)													
LIABILITIES		EUR	5.18%	2031	183,801	2,675	11,952						
Aries Solar Termoeléctrica, S.L.													
Dioxipe Solar S.L. (Tranche 1)													
						3,441	12,942						

(*) At exchange rate at close, in euros

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Financial Year 2021

		Thousands of Euros					
Type	Company	Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current
Debentures and other negotiable securities		USD/UF BRL BRL BRL BRL EUR	5.20% (USD) and 2.99% (UF) HICP + 6.95% CDI + 0.75% HICP + 5.90% CDI + 2.55% 3.948%	2047 2032 2023 2036 2022 2038	515,882 15,848 89,539 18,383 31,695 32,400	13,511 4,007 8,313 3,280 27,164 1,458	528,248 12,039 53,036 15,920 - 30,942
Celeo Redes Operación Chile, S.A.							
Cantareira Transmissora De Energia, S.A.							
Celeo Redes Transmissora De Energia, S.A.							
Serra de Ibiapaba Transmissora De Energia,S.A.							
Brilhante Transmissora de Energia, S.A.							
Celeo Fotovoltaico, S.A.							
Bank borrowings		BRL BRL BRL BRL BRL BRL BRL BRL BRL BRL BRL BRL BRL BRL USD USD EUR EUR	HICP + 2.1851% HICP + 2.1851% HICP + 2.1851% HICP + 2.1851% HICP + 2.1851% HICP + 2.1851% TJLP + 2.42% TJLP + 2.12% TJLP + 2.42% TJLP + 2.21% TJLP + 1.97% TJLP + 2.58% TJLP + 2.28% HICP + 1.57% Libor + 1.35% Euribor + 1.35% Euribor + 2.53% Euribor + 1.35% and 2.46%	2039 2039 2039 2039 2039 2039 2029 2029 2027 2024 2029 2024 2028 2043 2024 2024 2037 2031	10,694 10,694 10,694 10,694 10,694 10,694 22,527 67,643 8,412 6,815 13,407 4,573 15,307 102,376 26,464 4,411 224,708 331,637	57,733 - - 36 - - 2,087 4,297 637 1,245 1,171 283 1,424 13,015 - 10 6,642 13,467	640,185 9,396 9,322 10,371 9,429 9,451 9,762 8,344 60,253 2,676 1,015 5,643 446 5,237 94,847 860 4,263 166,347 310,905
São João de Piaui FV I S.A.							
São João de Piaui FV II S.A.							
São João de Piaui FV III S.A.							
São João de Piaui FV IV S.A.							
São João de Piaui FV V S.A.							
São João de Piaui FV VI S.A.							
Integração Maranhense Transmissora de Energia S.A.							
Cantareira Transmissora de Energia S.A.							
Encruzo Novo Transmissora de Energia S.A.							
Pedras Transmissora de Energia S.A.							
Caiuá Transmissora de Energia S.A.							
Coqueiros Transmissora de Energia S.A							
Linha de Transmissão Corumbá S.A.							
Serra de Ibiapaba Transmissora De Energia,S.A.							
Puerto Maldonado Transmisora de Energía, S.A.C.							
Celeo Redes, S.LU.							
Dioxipe Solar S.L.							
Aries Solar Termoeléctrica, S.L.							
Financial derivatives							
Aries Solar Termoeléctrica, S.L.		EUR	5.18%	2031	183,801	9,002	40,229
Dioxipe Solar S.L.		EUR	4.04%	2032	168,531	4,913	18,222
						13,915	58,451

(*) At exchange rate at close, in euros

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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 2022 and 2021:

Debts maturing in	Thousands of euros	Debts maturing in	Thousands of euros
	2022		2021
2024	74,131	2023	125,233
2025	63,937	2024	78,768
2026	65,877	2025	76,666
2027 and following	1,172,317	2026 and following	1,136,536
Total	1,376,262	Total	1,417,203

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 and the current liabilities at 31 December 2022 and 2021 corresponds in the main to:

- During the 2021 financial year the bonds formalised at the end of the 2020 financial year at Serra de Ibiapaba Transmissora de Energia were disbursed, for a value of 116 million BRL, with an interest rate of HICP + 5.90%.
- Meanwhile, within the context of the business combination described in Note 6, since 2021 the debt of the company Brilhante Transmissora de Energia, S.A. has been subject to consolidation under the full integration method. During the 2022 financial year the maturity of this finance was renegotiated, being extended from June 2022 to December 2023, on improved terms, including a reduction in the spread, along with a modification to the repayment calendar, in order to pay 100% of the nominal value of the bond at maturity.

- 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 Energia, S.A. for an amount of 565 million BRL to finance the projects Vila Do Conde Transmissora De Energia 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.

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 2022, and no possible breaches thereof are expected in the future.

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Financial liabilities through bank borrowings

Bank borrowings correspond in the main to the dependent companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., and the photovoltaic plants and transmission lines in Brazil, recording finance structured under the Project Finance method.

On 5 March 2010, Dioxipe Solar, S.L., and on 15 April 2011, Aries Solar Termoeléctrica, S.L., 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.

In June 2021, Aries Solar Termoeléctrica, S.L. (ASTE) finalised a hybrid financing agreement, combining a bank tranche and an institutional tranche, for an amount of 331 million euros. The previous credit agreement dated 15 April 2011 was also simultaneously cancelled. The operation meant a considerable improvement in the financing terms, including a substantial reduction in the cost of the debt and the elimination of certain cash sweeps and guarantees granted to the financing institutions. As a consequence, this refinancing allowed distributions to be made to the project shareholders, with the operation thus generating a considerable increase in shareholder value. S&P also conducted a Green Evaluation of the financing, awarding it a rating of E1, thereby underpinning the Celeo Group's dedication and commitment to ESG criteria.

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. The notional value of the liabilities subject to interest rate hedging at 31 December 2022 is 279,106 thousand euros (298,831 thousand euros in 2021).

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.

Following the rise in rates in 2022, the Dioxipe Solar, S.L. Tranche 2 derivative is now classified as a receivable balance.

In the 2022 financial year there was no circumstance requiring a modification of the hedge accounting policy to account for the derivatives compared with that initially adopted.

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17. Other liabilities

The subsection "Other non-current financial liabilities" essentially records the adjustments for deviations in the market price of the amounts pending with the CNMC on the part of the solar thermal power plants located in Spain.

The section "Payables for purchases and services provided" essentially records payables to service providers used in the performance of Group activities.

The section "Client advances" corresponds in the main to advance collections from the transmission line clients in the regulated markets in Brazil and Chile.

18. Contingencies

At 31 December 2022, the Group has bank guarantees and other guarantees related to the normal course of business for an amount of 443,611 thousand euros (361,175 thousand euros in 2021), of which 365,467 thousand euros are associated with bank finance (303,082 thousand euros at 31 December 2021), and 78,144 thousand euros for the execution and development of projects (58,093 thousand euros at 31 December 2021).

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19. Deferred taxes and corporation tax

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 2022 and 2021 are as follows:

	31.12.21	Transfers	Credit (charge) to results account	Credit (charge) to valuation reserve	Conversion differences and Other	Business combinations (Note 6)	Changes in scope	31.12.22
Deferred tax assets								
Valuation of derivative financial instruments (Note 15)	18,119	-	(27)	(15,406)	-	-	-	2,686
Contract assets	5,283	(1,567)	(485)	-	646	-	-	3,877
Tangible/intangible fixed assets	2,587	-	(624)	-	(1)	-	-	1,962
Tax credits	51,355	-	(14,009)	-	128	-	-	37,474
Deductions and rebates pending application	61	-	(61)	-	-	-	-	-
Other deferred tax assets	1,454	-	67	-	41	-	-	1,562
	78,859	(1,567)	(15,139)	(15,406)	814	-	-	47,561
Deferred tax liabilities								
Contract assets	82,791	25,627	23,095	-	5,128	-	-	136,642
Tangible/intangible fixed assets	174,895	(24,852)	7,748	-	4,465	-	-	162,256
Other deferred tax liabilities	7,552	(2,342)	(4,581)	-	248	-	-	877
	265,238	(1,567)	26,263	-	9,841	-	-	299,775

	31.12.20	Transfers	Credit (charge) to results account	Credit (charge) to valuation reserve	Conversion differences and Other	Business combinations (6)	Changes in scope	31.12.21
Deferred tax assets								
Valuation of derivative financial instruments (Note 15)	25,716	(711)	(63)	(6,823)	-	-	-	18,119
Contract Assets	-	1,267	3,961	-	55	-	-	5,283
Tangible/intangible fixed assets	4,638	(1,898)	366	-	(519)	-	-	2,587
Tax credits	33,375	22,453	(4,603)	-	44	-	85	51,355
Deductions and rebates pending application	3,340	(3,406)	(78)	-	205	-	-	61
Other deferred tax assets	19,690	(17,705)	1,030	-	(1,560)	-	-	1,454
	86,759	-	613	(6,823)	(1,775)	-	85	78,859
Deferred tax liabilities								
Tangible/intangible fixed assets	167,158	-	(2,665)	-	10,402	-	-	174,895
Contract assets	58,052	7,984	12,880	-	104	3,771	-	82,791
Other deferred tax liabilities	14,806	(7,984)	592	-	138	-	-	7,552
	240,016	-	10,807	-	10,644	3,771	-	265,238

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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.

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 Brazil in accordance with administrative concession regulations (Note 3.k) and paying tax in accordance with the turnover generated each financial year.

Corporation 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 2022, the Dominant Company had pending inspection by the tax authorities the financial years 2019 to 2022 for all taxes except for Corporation Tax, for which it has the financial years 2018 to 2021 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 2022 will therefore not be open to inspection until 25 July 2023.

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 2022 and 2021, with the following result:

	2022	2021
Accounting results before tax	104,088	59,915
Non-deductible costs	11,023	13,510
Non-computable income	(7,499)	(18,317)
Equity method result (Note 11)	(29,775)	(5,516)
Miscellaneous	120	9,685
Tax credits not capitalised and applied	-	(45)
Negative taxable bases not capitalised	13,488	7,402
Adjusted book result	91,445	66,634
Gross tax calculated at the local rate (*)	(29,928)	(20,825)
Deductions	136	45
Adjustments	(3,954)	(2,880)
Miscellaneous	(17,644)	2,254
Corporation Tax charge accruing	(51,390)	(21,406)

(*) The various subsidiaries 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 2022 and 2021:

	2022	2021
Current tax		
For the financial year	(9,988)	(11,212)
Deferred tax		
Amount of the deferred tax charge (income) connected with the emergence and reversion of temporary differences.	(41,402)	(10,194)
Charge accruing from gains tax	(51,390)	(21,406)

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 statement of financial situation at 31 December 2022 and 2021 (in thousands of euros):

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Negative taxable bases pending offsetting	31.12.2022	31.12.2021
Year of generation:		
2018 and earlier	287,010	278,182
2019	39,323	36,773
2020	45,337	43,005
2021	64,876	34,137
2022	66,750	-
Total	503,296	392,097

The Negative Taxable Bases pending offsetting at 31 December 2022 described above are generated by various companies belonging to the Group, their future recoverability being dependent on sufficient taxable profits being earned by the actual companies that generated them, 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.

20. Income and expenses

a) *Net turnover*

The disclosure of this balance of the consolidated income statements for the financial years 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Services provided	11,229	4,536
Sales of goods and energy	295,346	273,732
Total	306,575	278,268

The amounts for Services Provided correspond to financing, administration, operation & maintenance services that the holding companies provide for their subsidiaries integrated under the equity method, and for third parties. Sales of goods and energy correspond to energy generation activities. Note 26 describes in greater detail the activity undertaken, and presents information segmented by geographical area and service type.

b) *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 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Share in profits/(losses) of entities consolidated within ordinary operations under the equity method (Note 11)	29,775	3,112
Positive result through the staged acquisition of BTE and BTE II (Note 6)	-	8,243
Negative result through the staged acquisition of BTE and BTE II (Note 6)	-	(5,839)
Total	29,775	5,516

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c) Inventory supplies

The disclosure of this balance of the consolidated income statements for the financial years 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Subcontracts	(34,361)	(51,516)
Total	(34,361)	(51,516)

This caption essentially records the operation and maintenance expense of the solar thermal plants of Aries Solar Termoeléctrica, S.L., Dioxipe Solar, S.L, and the photovoltaic plants of Sao Joao do Piaui.

d) Other operating expenses

The disclosure of this balance of the consolidated profit and loss accounts for the financial years 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Leases	(1,645)	(1,072)
Repair and maintenance	(241)	(797)
Independent professional services	(10,032)	(6,251)
Insurance premiums	(2,629)	(2,921)
Supplies	(7,359)	(3,371)
Bank services	(1,271)	(2,007)
Taxes	(16,751)	(16,570)
Other expenditure	(4,133)	(1,841)
Total	(44,061)	(34,830)

The item "Supplies" at 31 December 2022 and 2021 corresponds in the main to the gas and electricity consumption of the solar thermal plants of Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L.

"Taxes" at 31 December 2022 and 2021 correspond mainly to various levies applicable to dependent companies in Brazil under the tax regulations.

The caption "Other expenses" essentially includes travel and office expenses not included under other accounts.

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e) Personnel expenses

The disclosure of this balance of the consolidated income statements for the financial years 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Wages and salaries	(16,876)	(13,455)
Compensation	(64)	(50)
Social Security paid by the company	(2,724)	(2,110)
Other social benefit expenses	(1,362)	(70)
Total	(21,026)	(15,685)

f) Amortisations, impairment and provisions

The disclosure of this balance of the consolidated income statements for the financial years 2022 and 2021 is as follows:

	Thousands of euros	
	2022	2021
Provisions for amortisation of tangible fixed assets (Note 9)	(47,068)	(43,886)
Provisions for amortisation of intangible assets (Note 8)	(12,402)	(10,650)
Provisions for amortisation of right of use assets (Note 10)	(1,991)	(1,655)
Total	(61,461)	(56,191)

Financial revenue

Financial income corresponds to the application of the effective interest rate method to financial assets in the category of financial assets at amortised cost (Note 12).

Financial expenses

At 31 December 2022 the financial expenses correspond to the application of the effective interest rate method to financial liabilities at amortised cost, except for 22,498 thousand euros net of tax effect of income corresponding to the transfer of accounting hedges to the income statement; (expense of 15,820 thousand euros in 2021) (see Note 15.b).

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21. Information on employees

The average number of persons employed in the course of the financial year 2022 and 2021 distributed by category is as follows:

	Average number of employees	
	2022	2021
Top Management	7	7
Management	13	14
Middle Management	78	64
Staff	460	384
Total	558	469

Of the Group's average workforce during 2022, seven employees had a temporary contract (ten employees in 2021).

Likewise, the gender distribution at 31 December 2022 and 2021 of the personnel and Directors of the Group was as follows:

Categories	31.12.2022		31.12.2021	
	Men	Women	Men	Women
Board Members	5	-	6	-
Top Management	7	-	7	-
Management	10	3	12	2
Middle Management	73	11	49	12
Staff	396	110	321	104
Total	491	124	395	118

During the 2022 financial year the Group had 4 employees with disability greater than or equal to 33% (none in the 2021 financial year).

22. Balances and transactions with related parties

22.1. 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 2022 and 2021 were as follows:

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	Thousands of euros		
	External services and other expenses	Sales and other operating income	Financial expenses
Under the equity method:			
Celeo Redes Chile Transmisora SPA	-	91	-
Mataquito Transmisora de Energía, S.A.	-	1,798	-
Casablanca Transmisora de Energía, S.A.	-	663	-
Diego de Almagro Transmisora de Energía, S.A.	-	974	-
Jaurú Transmissora de Energía, S.A.	-	479	-
Alfa Transmisora de Energía, S.A.	-	5,044	-
Cachoeira Paulista Transmissora de Energía, S.A.	-	113	-
Celeo Redes Expansoes, S.A.	-	629	-
Celeo Redes Chile Transmisión, Spa	-	91	-
Transmisora Eléctrica de Quillota, S.A.	-	110	-
Other companies:			
Elecnor. S.A.	-	-	5
Elecnor Servicios y Proyectos, S.A.U.	20,123	9	-
Aplicaciones Técnicas de la Energía, S.A.	54	-	-
Total	20,177	10,001	5

Financial Year 2021

	Thousands of euros		
	External services and other expenses	Sales and other operating income	Financial expenses
Under the equity method:			
Celeo Redes Chile Transmisora SPA	-	83	-
Mataquito Transmisora de Energía, S.A.	-	525	-
Casablanca Transmisora de Energía, S.A.	-	1,020	-
Diego de Almagro Transmisora de Energía, S.A.	-	735	-
Brilhante Transmissora de Energía, S.A.	-	103	-
Jaurú Transmissora de Energía, S.A.	-	409	-
Alfa Transmisora de Energía, S.A.	-	1,354	-
Cachoeira Paulista Transmissora de Energía, S.A.	-	19	-
Other companies:			
Elecnor. S.A.	8,425	-	4
Elecnor Servicios y Proyectos, S.A.U.	8,677	-	-
Aplicaciones Técnicas de la Energía, S.A.	29	-	-
Total	17,131	4,248	4

23 June 2021 saw the approval of the demerger by segregation of the Services and Projects Business on the part of the controlling company Elecnor, S.A. in favour of Elecnor Servicios y Proyectos, S.A.U., the latter company having since then performed operation and maintenance services at the Group's solar thermal power plants.

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At 31 December 2022 and 2021 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:

Financial Year 2022

	Thousands of euros			
	Accounts Receivable			Accounts payable
	Trade receivables, related companies	Long-term investments in related companies	Short-term investments in related companies	Trade payables, associated and related companies
Celeo Redes Chile Transmisora SPA	-	-	936	-
Jaurú Transmissora de Energía, S.A.	38	-	-	-
Cachoeira Paulista Transmissora de Energía, S.A.	9	-	-	-
Alfa Transmisora de Energía, S.A.	1,211	16,765	2,693	-
Transmisora Eléctrica de Quillota, S.A.	9	-	3	-
Celeo Redes Expansões, S.A.	607	-	-	-
Elecnor, S.A.	1	-	-	343
Elecnor Servicios y Proyectos, S.A.U.	-	-	-	5,181
Elecnor do Brasil, S.A.	12	-	-	5,355
Total	1,887	16,765	3,632	10,879

Financial Year 2021

	Thousands of euros			
	Accounts Receivable			Accounts payable
	Trade receivables, related companies	Long-term investments in related companies	Short-term investments in related companies	Trade payables, associated and related companies
Celeo Redes Chile Transmisora SPA	-	-	10,679	-
Jaurú Transmissora de Energía, S.A.	21	-	-	-
Cachoeira Paulista Transmissora de Energía, S.A.	7	-	-	-
Mataquito Transmisora de Energía, S.A.	66	-	168	-
Casablanca Transmisora de Energía, S.A.	13	-	36	-
Diego de Almagro Transmisora de Energía, S.A.	6	-	4,528	-
Alfa Transmisora de Energía, S.A.	1,152	15,774	349	-
Elecnor Chile, S.A.	60	-	-	2
Elecnor, S.A.	1	-	-	1,099
Elecnor Servicios y Proyectos, S.A.U.	-	-	-	3,858
Elecnor do Brasil, S.A.	10	-	-	19,142
PCH Faveiro Serviços de Projetos	-	-	-	7
Total	1,336	15,774	15,760	24,108

At 31 December 2022 and 2021, the item "Long-term investments in related companies" corresponds to the loan granted by Celeo Redes Chile Expansión, SpA to Alfa Transmisora de Energía, S.A.

The entry "Short-term investments in related companies" at 31 December 2021 corresponded in the main to the interest on the loan between Celeo Redes Chile, Ltda. and Celeo Redes Transmisora, SpA, which was capitalised over the course of the 2022 financial year.

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The entry "Trade receivables, associated and related companies" in 2022 corresponds in the main to the balance that Integração Maranhense Transmissora De Energia, S.A. has in place with Elecnor do Brasil for the completion of construction of the energy transmission line and the balance that the Spanish solar thermal power plants have in place with Elecnor Servicios y Proyectos, S.A.U. for operation and maintenance services. In 2021 this item corresponded mainly to the debt owed by the photovoltaic plants of Sao Joao do Piaui and Serra de Ibiapaba Transmissora de Energia, S.A. to Elecnor do Brasil for the construction of these projects.

22.2 Remuneration of the Board of Directors

a) *Remuneration and other benefits of the Board of Directors*

The members of the Board of Directors of the Company did not accrue any remuneration, nor receive credits, guarantees or advances in performing their directorial functions. The Dominant Company has signed no agreements with regard to retirement bonuses, life insurance or other consideration for the financial years 2022 and 2021. Provision is made for compensation for reasonable travel expenses and for performing their duties, in no case representing significant amounts.

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 2022 and 2021 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.

22.3 Remuneration of Senior Management

During the 2022 financial year, the Executive Team of the Celeo Group accrued remuneration totalling 1,575 thousand euros (1,534 thousand euros in the 2021 financial year).

The total remuneration indicators include the fixed remuneration and annual variable remuneration.

Likewise, at 31 December 2022 and 2021 the Dominant Company had not entered into any significant obligations regarding pensions or guarantees with the executive team, and not granted any advances or credits.

23. Auditors' fees

The audit firm (KPMG Auditores, S.L.) for the annual accounts of the Group during the financial years ended at 31 December 2022 and 2021 invoiced the net professional service fees detailed below:

KPMG Auditores, S.L:	Thousands of euros	
	2022	2021
For auditing services	170	157
For other accounting verification services	55	30
Total	225	187

The amounts included in the above table include all fees regarding services performed during the financial years 2022 and 2021, irrespective of when they were invoiced.

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Furthermore, other entities affiliated to KPMG International invoiced the Group during the financial years ended at 31 December 2022 and 2021 the net professional service fees detailed below:

Other entities affiliated with KPMG International:	Thousands of Euros	
	2022	2021
For auditing services	407	306
For other accounting verification services	140	98
For tax consultancy services	28	16
Total	575	420

24. Information on the average supplier payment period. Third Additional Provision. "Duty of Disclosure": Act 18/2022, of 28 September 2010

The information as to deferrals of payments made to suppliers by the Spanish consolidated companies in the financial years 2022 and 2021 is as follows:

	Days	
	2022	2021
Average supplier payment period	22	22
Ratio of operations paid	17	21
Ratio of operations pending payment	19	10
	Amount in Thousands of Euros	
Total payments made	36,353	35,013
Total payments pending	6,039	5,484

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".

The information of invoices paid in a period less than the maximum established in the late payment regulations is as follows:

	2022	2021
Monetary paid volume (Thousands of Euros)	29.871	26.216
% of the total monetary payments to suppliers	77%	82%
Number of paid invoices	1.998	1.817
% of the total number of paid invoices to suppliers	78%	69%

25. Environmental information

Celeo places on record its commitment to respect and protect the environment in its Code of Conduct, developed by means of its Environmental Policy, focused on raising awareness and facilitating sustainable business development.

The Environmental Policy is based on the application of the following six principles: prevention of pollution, efficiency in the use of resources and waste, protection of biodiversity and habitat, resilience to disasters and adaptation to climate change, fulfilment of requirements and continuous improvement.

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Celeo has an Integrated Management System (referred to as the SIG in Brazil and Chile, and IMS in Spain), which includes the Environmental Management System (EMS). This working framework respects the autonomy and individual features of each country.

Celeo constantly works to achieve continuous improvement in all environmental management processes and at every level of the organisation.

Celeo subscribes to the principle of precaution, through the EMS, identifying the most significant environmental impacts from its activities, and establishing the required mechanisms to identify, evaluate and control them.

The Celeo Group collaborates with various associations promoting research and development in the sector. Celeo is also engaged in a number of innovative initiatives, such as the ANEEL R&D programme, contributing to the development of Brazil's electricity system, improving system security and reducing environmental impacts, and its collaboration with the ABRATE (Brazilian Association of Electrical Energy Transmission Companies), aiming to optimise the efficiency of the electricity service, resulting in lower environmental impacts.

The Non-Financial Reporting Statement attached to the Management Report describes in depth the objectives, strategies and initiatives undertaken in 2022 in accordance with the Group's Environmental Management.

26. 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.

• **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 2022 and 2021 is as follows:

Financial Year 2022

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2022
Net turnover	204,793	101,702	7,050	(6,970)	306,575
Inventory supplies	(8,762)	(25,599)	-	-	(34,361)
Results from investments under equity method	29,775	-	-	-	29,775
Financial result	(53,794)	(19,530)	-	-	(73,254)
Minority interest result	(19,007)	124	-	-	(18,883)
Consolidated result of dominant company	59,210	(21,627)	(1,147)	(2,621)	33,815

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Financial Year 2021

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2021
Net turnover	176,514	101,674	6,590	(6,510)	278,268
Inventory supplies	(31,314)	(20,202)	-	-	(51,516)
Results from investments under equity method	5,516	-	-	-	5,516
Financial result	(52,667)	(23,109)	(38)	130	(75,684)
Minority interest result	(8,649)	(1)	-	-	(8,650)
Consolidated result of dominant company	26,283	4,844	982	(2,250)	29,859

b) The detail of the assets and liabilities by segment at 31 December 2022 and 2021 is as follows:

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2022
Assets					
Intangible assets	628,625	195	14	-	628,834
Goodwill	-	1,125	-	-	1,125
Property, plant and equipment	357,529	669,186	335	-	1,027,050
Right of use assets	4,060	18,880	-	-	22,940
Investments accounted under equity method	320,864	-	-	-	320,864
Non-current financial assets	108,998	12,148	1,047,777	(1,110,637)	58,286
Trade debtors and other non-current assets	1,011,083	-	-	-	1,011,083
Derivatives	-	5,533	-	-	5,533
Other tax credits	5,377	42,899	(715)	-	47,561
Receivables	47,384	15,159	1,445	(2,088)	61,900
Remaining assets	116,090	47,901	23,269	(13,842)	173,418
Total assets	2,600,010	813,026	1,072,125	(1,126,567)	3,358,594
Liabilities					
Non-current financial liabilities	815,984	560,278	-	-	1,376,262
Lease liabilities	3,872	23,040	-	-	26,912
Other non-current liabilities	3,363	33,643	-	-	37,006
Deferred income tax liabilities	280,218	19,557	-	-	299,775
Current financial liabilities	127,577	31,578	-	-	159,155
Other current liabilities	43,745	42,097	1,389	(15,930)	71,301
Total liabilities	1,274,759	710,193	1,389	(15,930)	1,970,411

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	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2021
Assets					
Intangible assets	591,617	174	15	-	591,806
Goodwill	-	1,125	-	-	1,125
Property, plant and equipment	341,724	692,208	325	-	1,034,257
Right of use assets	3,024	19,440	-	-	22,464
Investments accounted under equity method	254,636	-	-	-	254,636
Non-current financial assets	85,941	11,672	1,060,143	(1,115,568)	42,189
Trade debtors and other non-current assets	860,048	-	-	-	860,048
Other tax credits	6,277	73,297	(715)	-	78,859
Receivables	58,484	26,553	4,108	(4,826)	84,319
Remaining assets	115,968	50,205	10,388	(17,157)	159,404
Total assets	2,317,719	874,674	1,074,264	(1,137,551)	3,129,106
Liabilities					
Non-current financial liabilities	792,829	624,375	-	-	1,417,204
Lease liabilities	2,482	23,307	-	-	25,789
Other non-current liabilities	3,731	18,105	-	-	21,836
Deferred income tax liabilities	248,279	16,959	-	-	265,238
Current financial liabilities	80,445	35,518	-	-	115,963
Other current liabilities	37,935	59,118	1,253	(21,985)	76,321
Total liabilities	1,165,701	777,382	1,253	(21,985)	1,922,351

• **Information on the activity undertaken by the company**

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

- Generation of electrical energy from renewable energy sources
- Management and operation of energy Transmission Lines.

The Group currently undertake these activities in Brazil, Chile and Spain, and is beginning operations in Peru. The most significant aspects of the sectoral regulations would be:

Transmission market in Brazil

Celeo Concesiones participates in this market in projects regulated by ANEEL (Agência Nacional de Energia Elétrica), 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, which will be 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 5 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.

The updating of revenues is based on the last real RAP cycle (from 1 July of the current year to 30 June the following year), adjusted each year in accordance with the IPCA inflation index, except for the VCTE and CPTE projects, for which the revenues are adjusted according to the IGP-M. The latter inflation index has a 12-month moving base from June the previous year to May in the year in question.

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In addition to the annual inflation adjustment, the RAP for the Group's projects is subject to tariff revisions in years 5, 10 and 15 from signature of the concession contract, intended to guarantee the concession-holder's returns. Instead of these tariff revisions, the VCTE, LTT and CPTE projects benefit from a remuneration structure in which the RAP is reduced by 50% in the 16th year of operation.

Generation market in Brazil

On the renewable generation market, the Group Celeo sells the energy produced by its plants in proportions of approximately 80% on the regulated market ('ACR') and 20% on the open market ('ACL').

- On the regulated market, the energy is sold by means of long-term PPAs (20 years) with energy resellers as the counterpart, at a fixed price discounted for inflation. For the plants in San Joao de Piaui, these contracts were finalised in the generation auctions organised by ANEEL in the year 2018.
- As for all other generation, it is settled at the spot market price on the open market, or otherwise, depending on market conditions, under PPAs with a duration of up to 1 year on the open market. Specifically for 2022, a contract was finalised with an energy reseller for the residuary energy produced.
- The energy produced by the Celeo plant is classified as "Incentivised Energy", with a 50% discount on the TUST (Grid Usage Charge).

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-holder is responsible for development, construction and operational start-up by the agreed Commercial Operation Date. This period is in general between 3 and 5 years.
- The VATT is adjusted annually to take inflation into account, switching in year 21 of operation to the general regime where the revenue is also adjusted every 4 years according to the new replacement value of the assets within the system.

During the first 20 years, revenue is governed by a fixed tariff and adjusted for inflation. From year 20 onwards, the replacement value of the assets is remunerated at an after-tax interest rate which will be defined between 7% and 10%, and an amortisation period of 40 years for the substations and 50 years for the powerlines, with readjustments every 4 years.

Some of the revenues of Alfa Transmisora de Energía, S.A. are generated through long-term bilateral contracts established with third parties (independent buyers), such as mining companies and electricity generators, which do not entail any regulatory intervention. These contracts have indexing mechanisms to reflect changes in inflation rates in the United States and Chile.

Regulation of renewable energies in Spain

In June 2014 a reform 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 Ro).

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 Ro 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 Ro would cover both the

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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 adjusted throughout its useful life equal to the reasonable return established for each regulatory period (6 years).

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.

28 February 2020 saw the publication of Order TED/171/2020, updating the remuneration parameters for electricity generating facilities using renewable energy sources, applicable from 1 January 2020 onwards (adjusted in Royal Decree 6/2022, published on 30 March 2022), while Order TED/1232/2022 was published on 14 December 2022, with the parameters applicable from 1 January 2023 onwards.

Lastly, Royal Decree 12/2021, approved in June 2021, temporarily suspended the 7% IVPPE duty (Tax on Value of Production of Electrical Energy) for the second half of 2021, this suspension having been extended up until 2023 under Royal Decree 20/2022, of 27 December 2022.

Transmission market in Peru

Celeo Concesiones is involved in this market as an energy transmission project concession-holder for the Ministry of Energy and Mines, with Osinergmin (the Energy and Mining Investment Supervisory Body) being the agency responsible for the regulations affecting such assets.

- The bidder offering the lowest Mean Annual Cost (MAC) in USD will be awarded the contract. This MAC includes one component remunerating investment, and another covering the annual operation and maintenance costs. The MAC is adjusted yearly to take US inflation into account.
- The concession period runs for up to 30 years from the Commercial Operational Start-up of the infrastructure. During this period the concession-holder must guarantee availability of the infrastructure by performing proper operation and maintenance of the assets.

• **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 2022 and 2021:

Operating income

Country	Thousands of euros	
	2022	2021
Spain	87,555	84,270
Brazil	166,344	147,381
Chile	52,676	46,617
	306,575	278,268

Non-current assets

Country	2022				
	Thousands of euros				
	Intangible assets	Property, plant and equipment	Trade debtors and other assets	Right of use assets	Other tax credits

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Spain	14	539,501	-	17,741	41,559
Brazil	10,538	133,053	1,011,083	3,947	4,581
Chile	610,919	354,493	-	1,252	1,318
Peru	7,363	3	-	-	103
	628,834	1,027,050	1,011,083	22,940	47,561

Country	2021				
	Thousands of euros				
	Intangible assets	Property, plant and equipment	Trade debtors and other assets	Right of use assets	Other tax credits
Spain	15	571,958	-	18,464	72,111
Brazil	9,932	123,335	860,048	3,199	5,909
Chile	578,780	338,964	-	801	839
Peru	3,079	-	-	-	-
	591,806	1,034,257	860,048	22,464	78,859

27. Subsequent events

No events occurred between the close of the 2022 financial year and the formulation of these consolidated annual accounts that could make any significant difference to the true and fair view of the financial statements of the Celeo Group.

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Annex I: Detail of the Dependent Companies

FINANCIAL YEAR 2022	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 Desarrollo Termosolar, S.L.U.	SPAIN	***	Promotion, construction and operation of electrical energy installations	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 Apolo FV, S.L.U.	SPAIN		Promotion, construction and operation of electrical energy installations	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%
Alwa II, S.p.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
CELEO REDES, S.L.U.				
Celeo Redes Chile, Ltda.	CHILE	KPMG	Holding	100.00%
Celeo Redes Chile Expansión, SpA	CHILE	***	Holding	100.00%
Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Holding	100.00%
Celeo Redes Perú, SAC.	PERU	***	Holding	100.00%
Puerto Maldonado Transmisora de Energía, SAC.	PERU	EY	Promotion, construction and operation of electrical energy installations	100.00%
CELEO REDES CHILE Ltda				
Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Holding	100.00%
Nirivilo Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Reactiva Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Ruil Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Goyo Transmisora de Energía, S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Celeo Obras de Ampliación, S.p.A.	CHILE	***	Design, engineering, supply, assembly and construction of expansion works	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%
Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	100.00%

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

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Annex I: Detail of the Dependent Companies

FINANCIAL YEAR 2022	Registered office	Auditor	Activity	% Direct or Indirect Stake
CELEO TERMOSOLAR, S.L.				
Solar Renewables Spain S.A.R.L.	LUXEMBOURG	***	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%
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%
Brilhante Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Estreito Transmissora de Energia, S.A.	BRAZIL	***	Operation of public service concessions for transmission of electrical energy	100.00%
Celeo Barreiras FV I, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV II, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV III, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV IV, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV V, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV VI, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV VII, S.A.	BRAZIL	***	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

FINANCIAL YEAR 2022	Registered office	Auditor	Activity	% Direct or Indirect Stake
Celeo Barreiras FV VIII, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV IX, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
Celeo Barreiras FV X, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	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%
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%
Serra De Ibiapaba Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%

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

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Annex I: Detail of the Dependent Companies

FINANCIAL YEAR 2022	Registered office	Auditor	Activity	% Direct or Indirect Stake
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%
CELEO REDES CHILE EXPANSIÓN, SpA				
Alfa Transmisora de Energía, S.A.	CHILE	EY	Promotion, construction and operation of electrical energy installations	20.00%
Transmisora de Quillota Limitada	CHILE	EY	Promotion, construction and operation of electrical energy installations	20.00%
Dependent on:				
CELEO REDES BRASIL, S.A.				
Celeo Redes Expansoes, S.A..	BRAZIL	KPMG	Holding	50.00%
Jauru Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	33.33%
CELEO REDES EXPANSOES, S.A.				
Parintins Amazonas Transmissora de Energia S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Cachoeira Paulista 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	33.33%

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

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2021 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 Apolo FV, S.L.U.	SPAIN			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%
Alwa II, S.p.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
CELEO REDES, S.L.U.				
Celeo Redes Chile, Ltda.	CHILE	KPMG	Holding	100.00%
Celeo Redes Chile Expansión, SpA	CHILE	***	Holding	100.00%
Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Holding	100.00%
Celeo Redes Perú, SAC.	PERU	***	Holding	100.00%
Puerto Maldonado Transmisora de Energía, SAC.	PERU	EY	Promotion, construction and operation of electrical energy installations	100.00%
CELEO REDES CHILE Ltda				
Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Holding	100.00%
Nirivilo Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Reactiva Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Ruil Transmisora de Energía S.A.	CHILE	***	Promotion, construction and operation of electrical energy installations	100.00%
Celeo Obras de Ampliación, S.p.A.	CHILE	***	Design, engineering, supply, assembly and construction of expansion works	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%
Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of solar thermal plants	100.00%

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

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Annex I: Detail of the Dependent Companies

2021 FINANCIAL YEAR	Registered office	Auditor	Activity	% Direct or Indirect Stake
CELEO TERMOSOLAR, S.L.				
Solar Renewables Spain S.A.R.L.	LUXEMBOURG	***	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%
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%
Brilhante Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Pondera Participações LTDA.	BRAZIL	***	Development, construction and operation of hydroelectric power plants	100.00%
PCH Faveiro Serviços de Projetos de Geração de Energia SPE LTDA.	BRAZIL	***	Development, construction and operation of hydroelectric power plants	100.00%
PCH Patos Serviços de Projetos de Geração de Energia LTDA.	BRAZIL	***	Development, construction and operation of hydroelectric power plants	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%

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

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Annex I: Detail of the Dependent Companies

2021 FINANCIAL YEAR	Registered office	Auditor	Activity	% Direct or Indirect Stake
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%
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%
Serra De Ibiapaba Transmissora de Energía, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%

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

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Annex I: Detail of the Dependent Companies

2021 FINANCIAL YEAR	Registered office	Auditor	Activity	% Direct or Indirect Stake
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%
CELEO REDES CHILE EXPANSIÓN, SpA				
Alfa Transmisora de Energía, S.A.	CHILE	EY	Holding	20.00%
Transmisora de Quillota Limitada	CHILE	EY	Promotion, construction and operation of electrical energy installations	20.00%
ALFA TRANSMISIÓN, S.A.				
Alfa Transmisión, S.A.	CHILE	EY	Promotion, construction and operation of electrical energy installations	20.00%
Dependent on:				
CELEO REDES BRASIL, S.A.				
Celeo Redes Expansoes, S.A..	BRAZIL	KPMG	Holding	50.00%
Jauru Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	33.33%
CELEO REDES EXPANSOES, S.A.				
Parintins Amazonas Transmissora de Energia S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	50.00%
Cachoeira Paulista 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	33.33%

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

CELEO CONCESIONES E INVERSIONES, S.L. AND SUBSIDIARIES

Summarised Financial Information of companies consolidated under the equity method

31 December 2022

(Expressed in thousands of euros)

	Alfa Transmisora de Energía, S.A.	Transmisora Eléc. de Quillota, S.A.	CRC Subgroup Transmission	Jauru Transmissora. de Energía, S.A.	Subgroup C.R. Expansões
Information on the statement of financial position					
Non-current assets	1,447,415	30,130	275,504	72,753	330,595
Non-current liabilities	1,278,971	13	180,638	24,783	253,794
Non-current financial liabilities (*)	962,417	-	180,556	11,451	97,742
Total net non-current assets	168,444	30,117	94,868	47,970	76,801
Current assets	90,226	3,928	31,965	7,352	67,169
Cash and cash equivalents	54,447	2,529	9,582	3,507	59,127
Current liabilities	155,175	3,349	23,740	6,970	23,509
Current financial liabilities (*)	16,779	-	865	1,924	7,529
Total net current assets	(64,949)	579	8,225	382	43,660
Net assets	103,495	30,696	103,093	48,352	120,461
Ownership percentage	0.20	0.20	0.50	0.33	0.50
Stake in net assets	20,699	6,139	51,547	16,117	60,231
Book value of the stake (**)	20,699	6,139	178,148	20,796	95,083
Information on the income statement					
Operating income	82,527	3,287	12,246	16,276	134,898
Depreciation and amortisation	(13,581)	(1,496)	(2,528)	(3,029)	(4,073)
Interest income	154	49	-	1,045	3,884
Borrowing costs	(57,477)	(3)	(11,638)	(3,181)	(9,751)
Charge (income) from gains tax	17,878	(307)	(450)	(2,221)	(3,470)
Result for the financial year from ongoing activities	13,334	831	1,215	4,311	9,491
Result for the financial year	13,334	831	1,215	4,311	9,491
Dividends received	-	-	-	1,683	-

(*) 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 SUBSIDIARIES

Summarised Financial Information of companies consolidated under the equity method

31 December 2021

(Expressed in thousands of euros)

	Subgroup Alfa Transmisora	Transmisora Eléc. de Quillota, S.A.	CRC Subgroup Transmission	Jauru Transmissora. de Energía, S.A.	Subgroup C.R. Expansões
Information on the statement of financial position					
Non-current assets	1,154,849	32,342	203,351	67,146	206,485
Non-current liabilities	1,090,020	3,567	150,768	24,017	156,432
Non-current financial liabilities (*)	909,068	-	149,882	11,166	82,663
Total net non-current assets	64,829	28,775	52,583	43,129	50,053
Current assets	86,190	996	54,454	7,013	63,728
Cash and cash equivalents	72,290	550	39,857	4,133	57,952
Current liabilities	66,189	2,446	43,636	5,549	13,150
Current financial liabilities (*)	15,383	-	1,987	1,005	4,346
Total net current assets	20,001	(1,450)	10,818	1,464	50,578
Net assets	84,830	27,325	63,401	44,593	100,631
Ownership percentage	0.20	0.20	0.50	0.33	0.50
Stake in net assets	16,966	5,465	31,701	14,864	50,316
Book value of the stake (**)	16,966	5,465	152,494	12,051	67,660
Information on the income statement					
Operating income	369	-	5,165	12,607	94,316
Depreciation and amortisation	(69)	-	(1,725)	(2,584)	(3,479)
Interest income	-	-	-	234	1,028
Borrowing costs	(12,610)	-	(7,078)	(3,492)	(7,369)
Charge (income) from gains tax	3,673	-	403	(903)	(1,347)
Result for the financial year from ongoing activities	(1,818)	-	(1,091)	1,752	5,076
Result for the financial year	(1,818)	-	(1,091)	1,752	5,076
Dividends received	-	-	-	285	-

(*) 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.



2022 Management Report - Celeo Group

for the financial year ended 31 December 2022

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1. Introduction

The Celeo Group achieved a consolidated net profit attributed to the Parent Company in the 2022 financial year of 34 million euros (30 million euros in 2021). This result reflects the favourable evolution of the Group businesses, within a context of huge volatility and rising interest rates intended to mitigate sharp inflation.

Sales amounted to 307 million euros, compared with 278 million euros in 2021. The EBITDA stood at 242 million euros, compared to 192 million euros in 2021. Both increases correspond in the main to the updating of revenues from the Brazilian transmission lines (IPCA inflation rate of 11.73%, and IGPM rate of 10.72%) recognised in accordance with the accounting criteria of the Brazilian concessions, as described in Note 3 to the Annual Financial Statements.

During the financial year 2022 the Don Goyo - La Ruca (GOTE) concession contract was awarded in Chile, comprising a 220 kV transmission line some 36 kilometres in length with a double circuit, and three expansion projects on existing infrastructures.

2. Business model and environment

2.1. Business model

The Celeo Group implements a business model comprising infrastructure project management, through investment in electrical energy generation and transmission system assets. It currently has projects in place in Brazil, Chile, Spain and Peru.

2.1.1 Transmission market in Brazil

Celeo Concesiones participates in this market in projects regulated by ANEEL (Agência Nacional de Energia Elétrica), 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, which will be 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 5 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.

The updating of revenues is based on the last real RAP cycle (from 1 July of the current year to 30 June the following year), adjusted each year in accordance with the IPCA inflation index, except for the VCTE and CPTE projects, for which the revenues are adjusted according to the IGP-M. The latter inflation index has a 12-month moving base from June the previous year to May in the year in question.

In addition to the annual inflation adjustment, the RAP for the Group's projects is subject to tariff revisions in years 5, 10 and 15 from signature of the concession contract, intended to guarantee the concession-holder's returns. Instead of these tariff revisions, the VCTE, LTT and CPTE projects benefit from a remuneration structure in which the RAP is reduced by 50% in the 16th year of operation.

2.1.2 Generation market in Brazil

On the renewable generation market, Celeo sells the energy produced by its plants in proportions of approximately 80% on the regulated market ('ACR') and 20% on the open market ('ACL').

- On the regulated market, the energy is sold by means of long-term PPAs (20 years) with distributors as the counterparty, at a fixed price discounted for inflation. For the photovoltaic plants, these contracts were finalised in the generation auctions organised by ANEEL in the year 2018.
- As for all other generation, it is settled at the spot market price on the open market, or otherwise, depending on market conditions, under PPAs with a duration of up to 1 year on the open market (ACL). Specifically, the 2022 agreement was finalised with a reseller for the residuary energy produced.
- The energy produced by the Celeo plant is classified as "Incentivised Energy", with a 50% discount on the TUST (Grid Usage Charge).

2.1.3 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-holder is responsible for development, construction and operational start-up by the agreed Commercial Operation Date. This period is in general between 3 and 5 years.
- The VATT is adjusted annually to take inflation into account, switching in year 21 of operation to the general regime where the revenue is also adjusted every 4 years according to the new replacement value of the assets within the system.

During the first 20 years, revenue is governed by a fixed tariff and adjusted for inflation. From year 20 onwards, the replacement value of the assets is remunerated at an after-tax interest rate which will be defined between 7% and 10%, and an amortisation period of 40 years for the substations and 50 years for the powerlines, with readjustments every 4 years.

Some of the revenues of Alfa Transmisora de Energía, S.A. are generated through long-term bilateral contracts established with third parties (independent buyers), such as mining companies and electricity generators, which do not entail any regulatory intervention. These contracts have indexing mechanisms to reflect changes in inflation rates in the United States and Chile.

2.1.4 Regulation of renewable energies in Spain

In June 2014 a reform 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 Ro).

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 Ro 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 Ro 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 adjusted 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%, to levels lower than those existing in 1990. It is uncertain whether the proposals will in fact become future governmental policy, but the expectation is 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.

28 February 2020 saw the publication of Order TED/171/2020, updating the remuneration parameters for electricity generating facilities using renewable energy sources, applicable from 1 January 2020 onwards (adjusted in Royal Decree 6/2022, published on 30 March 2022), while Order TED/1232/2022 was published on 14 December 2022, with the parameters applicable from 1 January 2023 onwards.

Lastly, Royal Decree 12/2021, approved in June 2021, temporarily suspended the 7% IVPPE duty (Tax on Value of Production of Electrical Energy) for the second half of 2021, this suspension having been extended up until 2023 (Royal Decree 20/2022, of 27 December 2022).

2.1.4 Transmission market in Peru

Celeo Concesiones is involved in this market as an electric energy transmission project concession-holder for the Ministry of Energy and Mines, with Osinergmin (the Energy and Mining Investment Supervisory Body) being the agency responsible for the regulations affecting such assets.

- The bidder offering the lowest Mean Annual Cost (MAC) in USD will be awarded the contract. This MAC includes one component remunerating investment, and another covering the annual operation and maintenance costs. The MAC is adjusted yearly to take US inflation into account.
- The concession period runs for up to 30 years from the Commercial Operational Start-up of the infrastructure. During this period the concession-holder must guarantee availability of the infrastructure by performing proper operation and maintenance of the assets.

2.2. Economic context

2.2.1. Brazil

In the presidential elections held last October, Luiz Inácio Lula da Silva, leader of the Partido dos Trabalhadores (PT), won the presidency, his term lasting until 2026. Lula's government is expected to be characterised by limited interventionism in the local market, driven by his plan to abolish the pricing policy based on the Petrobras market (the state-owned oil company).

As for international relations, the war between Ukraine and Russia has accelerated the global division between such rival poles as China and the United States. Brazil is expected to be forced to change the policy of neutrality which it has maintained over the past decade. The belief is therefore that the European Union will have greater interest in ratifying a free trade agreement with Mercosur (the customs union of the Southern Cone, covering Argentina, Brazil, Paraguay and Uruguay).

Fiscal consolidation is expected to become one of the main challenges over the period 2023-2027, anticipating a slight increase in the debt-to-GDP ratio, which would rise above 90% in 2024. A primary deficit of 1.3% of GDP is expected in 2023, along with an expansion of social programs, which could lead to a reduction in government revenues and an increase in public expenditure.

The BCB (Banco Central do Brazil) is expected to hold the federal funds rate ("Selic rate") at 13.75% until June 2023, when a cycle of easing would begin as inflation drops to an average target set at 3.25%. Normalisation in current monetary policy is anticipated over the period 2023-2027, reaching an annual rate of 4-5%, which could result in a Selic rate of 8-9% looking ahead to 2027.

In terms of growth, Brazil's real GDP figure is expected to drop from 2.8% in 2022 to 1% in 2023, in line with the global economic trend, and is then expected to continue to decline as internal inflation and interest rates remain high. This economic climate could worsen because of a worsening in credit conditions (higher cost of loans), resulting in a drop in household consumption and export volumes.

The Real has been volatile since the COVID-19 pandemic, having failed to recover from the depreciation which this event caused. The BRL/USD stood at 5.29 at the end of the year. No appreciation is expected in the medium term, although the prognosis could be affected by monetary adjustment policies in the United States.

Energy consumption is expected to grow year-on-year by 1.6% in 2022, reaching an average annual rate of 1.2%. In 2020, oil, gas and energy generation concession licences were delayed, and resumed during 2021 and 2022, or were rescheduled for 2023. However, the success of these processes could be compromised by current investor sentiment, the increase in volatility regarding energy prices and the depreciation of the currency.

In February 2021, the state authorities launched the Brazilian Ten-Year Energy Expansion Plan (2022-2031). This structure, which is reviewed each year, determines a slowdown in energy demand following the COVID-19 pandemic. Total installed capacity is expected to amount to 275 GW by 2031.

Standard & Poors (S&P) has assigned a rating of BB- in long-term foreign currency for Brazil since January 2018.

2.2.2. Chile

The global economic depression caused by high interest rates and widespread low economic confidence has pushed Chile into an economic recession which is expected to last until mid-2023, when the political climate should improve following completion of the constitutional reform.

A second constitutional reform is expected during 2023, after the first proposal was rejected in a referendum held in September 2022. This reform will include a greater role for the State in the economy, as well as stricter environmental and employment regulations, meaning higher taxes and costs for the business sector.

The fiscal deficit is expected to grow to 3.4% of GDP in 2023, compared with 0.3% during 2022. The fiscal deficit would therefore increase because of greater government expenditure on social matters and public works. Government expenditure and revenues (as a percentage of GDP) are expected to be higher than in the pre-pandemic years, resulting in an average fiscal deficit of 1.8% in 2024-2027. During this period, Chile's public debt-to-GDP ratio is expected to drop to 39.6%, which will allow the country to improve its access to the financial markets.

In October 2022 the Banco Central de Chile (BCC) increased the benchmark interest rate by 50 basis points to 11.25%. This aggressive tightening cycle was prompted by excessive local demand, high inflation, and the intention on the part of the US Federal Reserve to increase interest rates. However, inflation is expected to fall during the first quarter of 2023, releasing some monetary policy pressure. By mid-2025, the rate is expected to have fallen to 3.5%,

remaining unchanged until 2027, as inflation returns to normal levels and the constitutional reform is completed.

After rising by 2.4%, Chilean GDP is expected to contract by 1% during 2023, because of the recession that the country entered during 2022. However, as this contraction reflects only the prolonged downward effect of 2022, substantial growth is expected from the second half of 2023 onwards, as inflationary pressures disappear, public expenditure increases, and monetary policy becomes less restrictive.

As for inflationary pressures, the EIU expects the level to decline from 13% at the end of 2022, to 3.9% in late 2023. This reduction will be driven by tighter monetary policy and lower aggregate demand as a result of pension withdrawals.

The Chilean peso is expected to stabilise over the course of 2023, as the constitutional reform progresses, before beginning to appreciate at the end of the year. Strengthening is anticipated in 2024, provided that the new constitution is approved, potentially helping to achieve a more predictable political climate. Meanwhile, a small current account deficit will help the peso to strengthen against the US dollar.

S&P downgraded the long-term foreign currency credit rating for Chile to A+ (A for the previous financial year).

2.2.3. Spain

The Spanish government is currently dealing with the cost-of-living crisis by investing the EU recovery fund and developing new reforms for its financing processes. Regarding these reforms, in mid-September 2022 the Spanish government announced a reduction to VAT on natural gas, from 21% to 5%, fuel discounts (20 cents per litre), subsidies for public service companies, among other measures. Since these measures are expected to cost the government around 1.2% of GDP, they are expected to be financed through temporary taxes imposed on banks and electricity companies during 2023-2024.

Although the COVID-19 pandemic harmed Spanish public finances, the forecast budget deficit estimated for 2023 stands at 4.75% of GDP (dropping from 10.1% in 2020).

In order to contain the growing inflation which has been taking place over recent months in the EU, last October the ECB (European Central Bank) raised its interest rate by 75 basis points, making a total increase of 200 basis points since July.

Despite growing by 5.5% during 2021, the Spanish economy is still 6% smaller than before the pandemic. Driven by tourist arrivals during 2022, fiscal support and the EU recovery funds, economic growth achieved a rate of 4.4% in 2022, having accelerated to a quarterly growth rate of 1.5% in the period from April to June.

Meanwhile, the country's economic prospects would seem to have been harmed by Russia's decision to stop supplying gas to Europe, maintaining high prices and pushing most EU countries into recession. Although Spain's dependence on Russian gas is limited, high energy prices will also restrict its economic activity.

The high costs of energy and interrupted supply chains reflect the substantial price increases, aggravated by the military conflict between Russia and Ukraine. Inflation peaked in July (10.7%) and is expected to decline to 4.5% in 2023.

The euro has since early 2022 been depreciating against the US dollar, even dropping below parity in August. This depreciation of the euro has been driven by the aggressive policies of the Federal Reserve, which has strengthened the US dollar, and the higher energy prices caused by the war in Ukraine. The euro is expected to remain undervalued until mid-2023, when the interest rate gap with the United States shrinks.

Given the economic slowdown and increase in inflation, energy consumption dropped by 0.7% in 2022, and is not expected to recover pre-pandemic levels over the period 2023-2031. Spanish policies are driving the shift from coal and fossil fuel sources to green, renewable energies, with a commitment gradually to eliminate coal and reduce the number of nuclear

reactors from 7 to 4 by 2030. As Spain does not have its own oil and natural gas resources (the most important fuels for the country), it is dependent to a great extent on fossil fuel imports, and vulnerable to price volatility.

The S&P long-term foreign currency credit rating for Spain is AA-.

2.2.4. Peru

Peru is an export-focused economy, specialising in the supply of commodities such as copper. Production demand is expected to remain high, given the greater global investment in green technology and the drop in Russian supplies. The current account deficit is expected to fall from 4% of GDP in 2022 to 2.7% of GDP in 2023, with this trend continuing during 2024-2027, arriving at an average of 1.5% of GDP as the global economy and Peruvian demand recover.

Peru has over recent months undergone political conflict with regard to Pedro Castillo, the country's president for the last two years. The events led to his removal from post, with Dina Boluarte being elected as the new president. As a consequence of this instability and political uncertainty, the value of the Peruvian Sol is expected to continue to depreciate over the period 2023-2027, making it weaker than before the pandemic.

The Banco Central de Reserva del Perú (BCRP) decided to follow the US Federal Reserve in adjusting interest rates and addressing the adverse inflationary phenomenon, establishing expectations above the target rate of 1-3%. In late 2022, the Peruvian central bank raised its benchmark interest rate by 25 basis points, to 7.5% in December, a level which is expected to be maintained until a new cycle of easing begins, foreseeably in the second quarter of 2023. Additional adjustment cycles are considered in the event that inflation behaves other than as expected, or the Federal Reserve of the US implements more aggressive tightening policies.

Meanwhile, the inflation rate is expected to fall from 8.46% at the end of 2022 to 4.1% in 2023, as energy prices are expected to decline. However, the drop in energy prices would have no major impact on the economy, since the shortage of fertilisers would keep food prices high. Inflation estimates are therefore based on the quality of the 2022-2023 harvest, with the possibility of higher-than-expected inflation rates occurring.

Following the economic recovery from the COVID-19 pandemic, gross domestic energy consumption in Peru grew by 2.7% year-on-year in 2022, to be followed by a slow recovery in 2022-2031, at a compound annual growth rate (CAGR) of 1.7%.

The S&P long-term foreign currency credit rating for Peru is BB+.

3. Analysis of key figures for the year

3.1. Consolidated data

Celeo Group

At 31 December each year, in thousands of Euros

Data on results	2022	2021 Restated	Variation
Operating profit	177,342	135,599	+31%
EBITDA	241,780	191,790	+26%
Pre-tax profit	104,088	59,915	+74%
Net profit	33,815	29,859	+13%
Equity			
Equity	1,388,183	1,206,755	+15%
Turnover			
Sales	306,575	278,268	+10%

The key figures for the financial year were affected by the significant operations described in subsection 1 of this report.

3.2. Sales through activities

Celeo Group

At 31 December each year, in thousands of Euros

Geographical areas	2022	2021 Restated	Variation
Chile	52,676	46,617	+13%
Brazil	166,344	147,381	+13%
Spain	87,555	84,270	+4%
	306,575	278,268	+10%
Activities			
	2022	2021 Restated	Variation
Transmission	204,793	176,513	+16%
Generation	101,782	101,755	-0.03%
	306,575	278,268	+10%

The reduced sales in Transmission and Brazil were described in subsection 1 of this report.

4. Capital management policy

As a fundamental part of its strategy, the Celeo Group maintains a policy of financial prudence. The capital structure is defined by the commitment to solvency, and the goal of maximising shareholder return.

5. Financial risk management policy

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

First risk to be mitigated is Market Risk, essentially through Exchange Rate Risk, which results from the operations conducted by the Group on international markets over the course of its business. Some contracts are denominated in currencies other than the functional accounting

currency in each country. There could therefore be a risk of fluctuations in the exchange rates of these currencies affecting Group results. To manage and minimise this risk, the Celeo Group uses hedging strategies, since the objective is to generate profits only through 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.

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 Celeo Group actively manages its exposure to interest rate risk, to mitigate its exposure to the variation in interest rates derived from debt taken on at variable interest rates, using hedging instruments where appropriate to minimise the financial interest risk, or by referencing borrowing to the same adjustment indices as applied to the income from the project financed.

Meanwhile, Liquidity Risk is mitigated by means of a policy of holding cash and highly liquid, non-speculative, short-term instruments, such as very short-term deposits at first-rate financial institutions, so as to be able to meet its commitments.

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 Celeo Group has clients with a high credit rating.

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.

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.

In Chile we are also involved in dedicated transmission lines where commitments are in place with counterparties of proven solvency, that in the main hold an Investment Grade rating. In such cases the remuneration we receive is governed by each of the long-term contracts we have signed with the companies using our infrastructure, either for the output of the energy generated, or otherwise to guarantee their supply of electricity.

As for our substations and transmission lines in Peru, the expectation is that they will begin operations from late 2023 onwards. These concessions correspond to the SCT (Supplementary Transmission System) which handles demand from certain tariff zones governed by the OSINERGMIN (Energy and Mining Investment Supervision Body) The billing process is coordinated by the COES (National Interconnected System Economic Operations Committee), which determines the tariffs that each generator or reseller in the zone must pay us.

6. Environment

Celeo places on record its commitment to respect and protect the environment in its Code of Conduct, developed by means of its Environmental Policy, focused on raising awareness and facilitating sustainable business development.

The Environmental Policy is based on the application of the following six principles: prevention of pollution, efficiency in the use of resources and waste, protection of biodiversity and habitat, resilience to disasters and adaptation to climate change, fulfilment of requirements and continuous improvement.

Celeo has an Integrated Management System (referred to as the SIG in Brazil and Chile, and IMS in Spain), which includes the Environmental Management System (EMS). This working framework respects the autonomy and individual features of each country.

Celeo constantly works to achieve continuous improvement in all environmental management processes and at every level of the organisation.

Celeo subscribes to the principle of precaution, through the EMS, identifying the most significant environmental impacts from its activities, and establishing the required mechanisms to identify, evaluate and control them.

The Celeo Group collaborates with various associations promoting research and development in the sector. Celeo is also engaged in a number of innovative initiatives, such as the ANEEL R&D programme, contributing to the development of Brazil's electricity system, improving system security and reducing environmental impacts, and its collaboration with the ABRATE (Brazilian Association of Electrical Energy Transmission Companies), aiming to optimise the efficiency of the electricity service, resulting in lower environmental impacts.

The Non-Financial Reporting section of this Report describes in depth the objectives, strategies and initiatives undertaken in 2022 in accordance with the Group's Environmental Management.

7. Human Resources

Workforce

Celeo Group

At 31 December each year	2022	2021	Variation
Brazil	382	362	+6%
Chile	185	107	+73%
Peru	2	-	-
Spain	41	38	+8%
	610	507	+20%

People have been the drivers of Celeo's growth and success since it was first founded. At Celeo we promote ethical and lasting relations with employees, offering stable and secure employment with a strong commitment to gender equality, diversity and inclusion, professional development and the hiring of local manpower under the safest possible conditions. In this regard, occupational risk prevention is a common denominator across all activities performed by the Group. A commitment to risk prevention forms part of our culture. This is a commitment which goes beyond legal regulations and client demands, setting stringent and very clear goals: zero accidents and zero tolerance for breaches of the preventive measures established by the company.

At the close of the 2022 financial year, the Group's workforce had increased by 103 people (20%) compared with the close of the previous financial year, giving a total of 610 employees.

8. Significant events after the close of the financial year

No events occurred between the close of the 2022 financial year and the formulation of these annual accounts that could make any significant difference to the true and fair view of the consolidated financial statements of the Celeo Group.

9. Prospects for the 2023 financial year

The Celeo Group maintains its commitment to growth on both the domestic and international markets, based both on the current portfolio of projects and the active pursuit of participation in tenders, developments or asset acquisitions linked to the energy sector in countries offering opportunities for expansion and growth.

For 2023, Brazil reveals opportunities in the renewable generation sector, with the possibility of arranging a long-term PPA for the company's own developments of photovoltaic plants on the open market (ACL) and the regulated market (ACR). As for the transmission sector, ANEEL plans to conduct three auctions this year (June, October and December). The June auction, entitled "Leilão 1/2023", covers plans for the tendering of 9 lots totalling 6069 km of new power lines, with an investment of 19.3 billion reais. The October auction is expected to include the HVDC Graça Aranha-Silvania connection, with an investment of 21 billion reais. Opportunities for growth through acquisitions will likewise be explored.

As for Chile, the CEN (National Electricity Coordinator) has plans for a new tender of new construction works under Exempt Decree 257, and extension works under Exempt Decree 200, with national and zonal projects including transmission lines and various substations with a total investment value of around 401.6 million USD. Opportunities for organic growth will be considered through acquisitions of projects in operation.

Peru will continue the expansion of its transmission system with new tenders scheduled for 2023. Proinversión, an agency of the Ministry of Energy and Mines, responsible for tendering investment projects, will be tendering major transmission projects during 2023. As Peru is considered to be a strategic market, opportunities for growth will be analysed by means of acquisitions of assets in operation.

Given this scenario, the Group continues with the continuous improvement of equipment, adjusting in accordance with the volume of activity of the different businesses it undertakes.

Given all the above, the Group looks ahead to the 2023 financial year with optimistic prospects for growth in terms of both turnover and value generation figures.

10. Capital stock and acquisition of treasury stock

At 31 December 2022 the capital stock of Celeo Concesiones e Inversiones, S.L., comprised 166,670,560 corporate stock units of a par value of 1 Euro each, fully subscribed and paid up.

Celeo Concesiones e Inversiones, S.L. stock is not traded on any secondary market.

Celeo Concesiones e Inversiones, S.L. performed no treasury stock acquisition operations during the 2022 financial year.

11. Transactions with related parties

With regard to information concerning transactions with related parties, we refer to the disclosures made in the explanatory notes on the consolidated financial statements at 31 December 2022, as established in Article 15 of Royal Decree 1362/2007.

12. Non-Financial Reporting Statement

The Non-Financial Reporting Statement is presented in Annex I to this document.

ANNEX I: NON-FINANCIAL INFORMATION STATEMENT

for the financial year ended 31 December 2022

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1. About Celeo

1.1 Business model

At Celeo Group, our business revolves around power transmission and renewable energy generation activities, mostly under public-private partnership programmes. We currently have assets operating in Spain, Brazil and Chile, and we have several projects under development in Peru.

For this purpose, we have main control centres (CC) in Rio de Janeiro and Santiago de Chile. We also have back-up control centres capable of performing the necessary operations on the system in the event of the main one being out of service.

From these centres, our professionals operate the facilities remotely, responding to the needs of the electricity system and the requirements of the system operator (ONS in Brazil and CEN in Chile) 24 hours a day, 7 days a week. They also provide support to maintenance teams during contingencies and scheduled shutdowns. In Peru (Lima) we are designing a main control centre to manage the activity of our projects, once they become operational. The Madrid office has its own control centre, which supervises the production of the company's plants in Spain.

Although it is currently a complementary activity to the core business, we also provide services to third parties through the CCs, which contract remote operation services for transmission lines, as well as maintenance services. In Chile, for example, we undertake the remote operation of TransChile's power lines.

As an ad hoc activity, the services for the commissioning of installations and technical studies for the expansion of the grid also stand out. Furthermore, we allow third parties to make use of the fibre optic communications networks (OPGW) via the excess wires in the transmission lines. Of particular note in this service is the contract in Chile with Silica Network.

To this end, we are exploring new business development opportunities in other Latin American markets. In the coming years, we intend to continue to diversify, with the desire to penetrate other countries and undertake new projects within our sphere of activity.

1.1.1. Business areas

As a Group, our business areas comprise two main areas: transmission, which encompasses the development and operation of power transmission line projects; and generation, which focuses on business development and managing solar power plant assets.

Transmission

Over the last decade, we have managed to consolidate our position in Brazil and Chile in the Latin American transmission market. In 2021 we entered the Peruvian transmission market, where we intend to continue expanding.

Transmission

As at 31 December each year

	2022				2021			
Breakdown	Brazil	Chile	Peru	Total	Brazil	Chile	Peru	Total
km Operation	4,500	1,413	0	5,913	4,317	1,405	0	5,722
MVAs Operation	9,475	2,804	0	12,279	9,475	1,746	0	11,720
km Construction	230	621	160	1,011	413	576	160	1,149
MVAs Construction	900	1,010	80	1,990	900	1,080	80	2,060

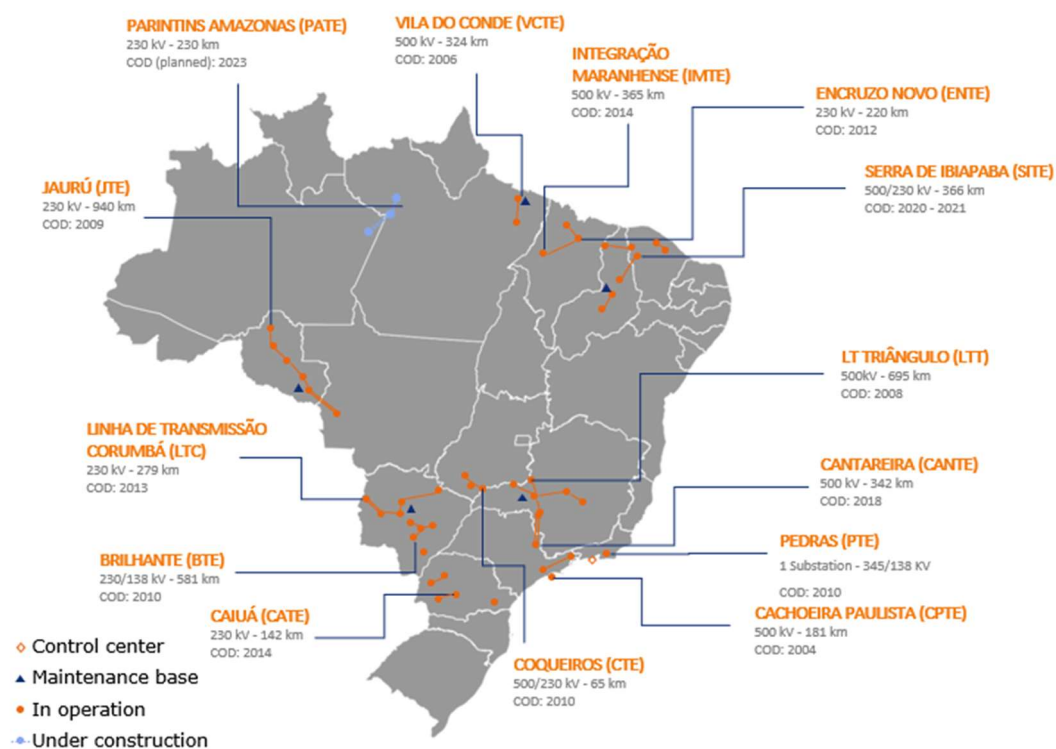


Figure 1: Celeo's electricity transmission in Brazil

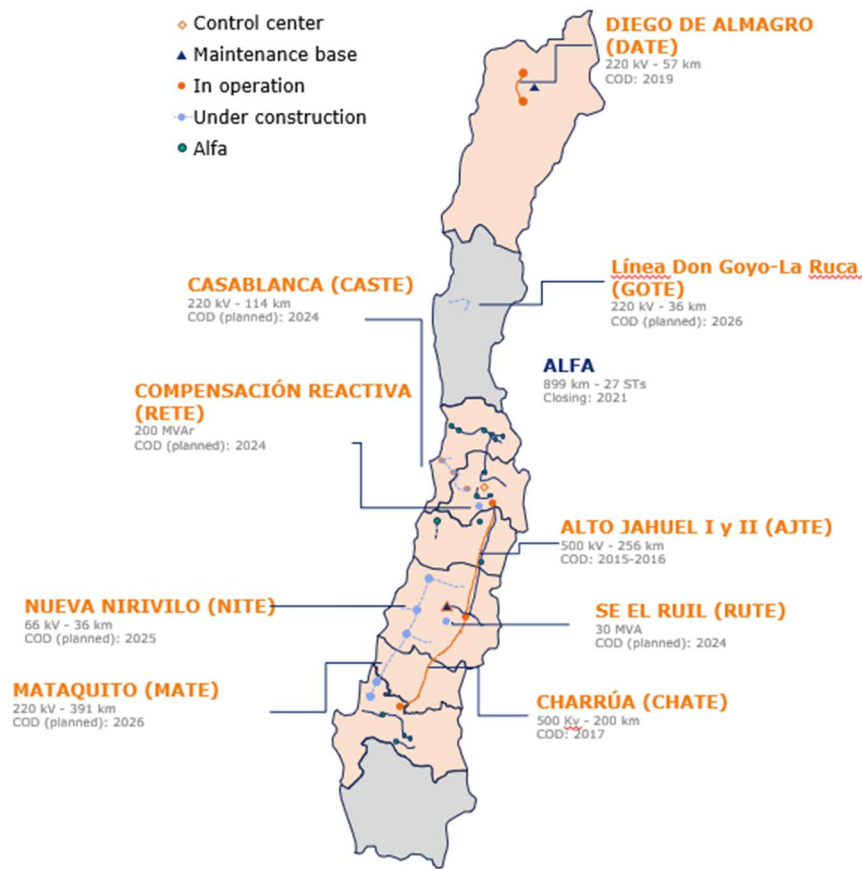


Figure 2: Celeo's electricity transmission in Chile



Figure 3: Celeo's electricity transmission in Peru

In Brazil, we are developing and executing several projects under concession for the construction, operation and maintenance of electricity transmission lines.

In 2022, we continued construction work on the Parintins Amazonas Transmissora de Energia (PATE) project, located in the states of Amazonas and Pará. This project consists of 230 km of transmission lines and a transformation capacity of 900 MVA.

This year we began reinforcement works at the Celeo substations. The reinforcement of the Santa Luzia II substation was completed, and we also started the reinforcement of the installation at the SE 345 kV/138 kV Venda das Pedras substation in order to improve voltage control in the region.

In 2022, Celeo Chile continued with the development, execution and operation of various projects for the construction and operation of different proprietary transmission lines, including the following:

- Takeover of the assets of Alfa Transmisora de Energía, following the acquisition of Colbún Transmisión.
- Operation start-up of the new bank of autotransformers at the Cumbre substation, which forms part of DATE's assets, increasing the transformation capacity by an additional 750 MVA.
- Operational start-up of the La Pólvara substation, thus completing phase 1 of the CASTE project, with a transformation capacity of 300 MVA.
- Award of the GOTE (Don Goyo) Project for the construction of a new 36 km line, connecting the existing substations, a new 220 kV yard and a new transformer.

Celeo Peru was consolidated as a company for 2022. At the corporate level, we have decided to internalise the operation of our facilities through our own control centre.

Furthermore, the SE Valle del Chira project has obtained its environmental licence, we recorded a solid financial close and preliminary works started in September 2022. The main supplies have already been ordered, pending only the Authority's agreement. In addition, the final engineering design has already been completed in accordance with the pre-operational study and the approval of the national electricity system operator (COES).

Meanwhile, the LT Puerto Maldonado Iberia project has begun the preparation of all the preliminary studies that will support the detailed Environmental Impact Study to enable the start of the works. Good progress has been made in engineering and in defining the routes. Finally, 2022 closed with 5% progress in obtaining easements.

Generation

We currently have solar photovoltaic and solar thermal generation assets in Spain and Brazil.

Solar thermal plants operational

- Spain: Astexol-2 (49.9 MW), Aste-1A (49.9 MW) and Aste-1B (49.9 MW).

Photovoltaic plants operational

- Brazil: São João do Piauí (186.05 MW).
- Spain: Siberia Solar (10 MW), THT Antequera (2 MW), ELC Leclerc (0.6 MW), HAE Alacant (0.5 MW), Alginet I and II, Almussafes I and II (2.7 MW).

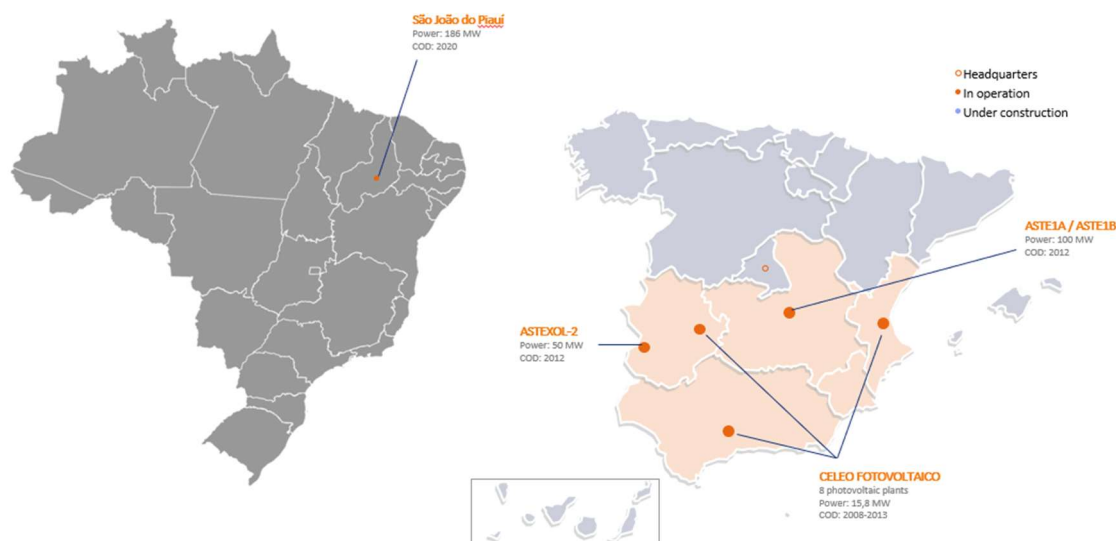


Figure 4: Celedo Group's renewable energy generation

Generation / Installed capacityAs at 31st December each year

Breakdown	2022			2021		
	Spain	Brazil	Total	Spain	Brazil	Total
MWp Photovoltaic	17.5	224	241	17.5	224	241
MW Solar thermal	149.7	-	149.7	149.7	-	149.7

1.2 Our purpose and values**Mission**

Contribute to economic and technological progress, social well-being and sustainable development through investments in safe, reliable and efficient energy infrastructures.

Vision

To become a leading company in the energy infrastructures market, committed to excellence, with a sound environmental, social and good governance culture that involves all our stakeholders in the creation of value for the company.

Values

- **Regard for life and its surroundings:** Health and safety is our essential value. We prioritise safety over any other requirement in our activities, executing the task solely and exclusively under safe conditions. We look after the social and environmental environment necessary to have a full life.
- **Customer and stakeholder approach:** We are committed to achieving the satisfaction of our customers and stakeholders, anticipating their needs and exceeding their expectations. We employ our best efforts to provide an excellent service day after day.
- **Honesty, respect and transparency:** We encourage honesty, respect and transparency throughout all levels of the company to construct ethical and long lasting relationships.
- **Commitment, effort and constancy:** We believe in commitment, effort and constancy to reach our goals.

1.3 Main milestones in Celeo's history

Our business dates back to 2000, when Elecnor (majority shareholder and strategic partner) was awarded a project for the construction and operation of 581 kilometres of 500 kilovolts line in Brazil. This tender initiated a course of growth and expansion in the Brazilian energy transmission market, under the company Elecnor Transmisora de Energía S.A. (ETESA).

In 2009, Celeo Concesiones e Inversiones (CELEO) was established in Spain as the holding company responsible for the comprehensive management of the Elecnor Group's concession and investment businesses. In the same year, we obtained our first transmission project in Chile.

Following a period of asset reorganisation, we formed two new subsidiaries in 2011: Celeo Redes (Spain) and Celeo Redes Chile S.L. (Chile). Through them, we continue to expand our business in the regions.

In 2014, we entered into a strategic alliance with the Dutch pension fund manager APG, which acquired 49% of Celeo Redes S.L. Five years later, APG consolidated its commitment to our business model and became a shareholder of the parent company CELEO at the end of 2019.

In March 2021, together with APG, we entered into a sale and purchase agreement, effective from September 2021, for the acquisition of 100% of the transmission lines business of Colbún Transmisión, S.A. In this transaction, APG acquired 80% of the business, while Celeo's stake represented the remaining 20%. In December, we acquired the rights to the share capital of the company Transmisora Eléctrica de Quillota Limitada. With the incorporation of these assets, our portfolio represents a significant share of the transmission market in Chile, with almost 2,000 km of transmission lines and 36 transmission substations located throughout the country.

In addition, we entered the Peru transmission market that same year through the award of 138kV Puerto Maldonado-Iberia Transmission Line and the 220/60kV Valle del Chira Substation project.

In 2022, we were awarded the concession contract for Don Goyo in Chile, consisting of a 220 kV double circuit transmission line of around 36 kilometres in length and three conditional extension works.

Another highlight during 2022 was the commissioning of the new autotransformer bank at the Cumbre substation (Chile), as part of DATE's assets. This milestone allows the transformation capacity to be increased by an additional 750 MVA.

And lastly, the La Pólvara substation became operational with a capacity of 300 MVA, thus completing phase 1 of the CASTE project, also in Chile.

1.4 Sector context

The main factors and trends that may affect the future performance of the business are monitored and addressed on the basis of the Group's business model, the business environment, its organisation and the markets in which it operates.

1.4.1. Spain

The Spanish electricity sector includes the generation, transmission, distribution and marketing activities. Whereas transmission and distribution are regulated activities; the generation and marketing activities (the sale of electricity to end users) are not regulated in Spain.

Key players in the sector are: The Ministry for Ecological Transition and the Demographic Challenge (MITECO), the National Markets and Competition Commission (CNMC) and the Spanish Electricity Grid (REE).

At regulatory level, the most significant developments are related to the approval of Royal Decree 23/2020, of 23 June, approving measures in the field of energy and in other areas for economic recovery, and it governs, among other issues, the conditions to maintain access and connection to the transmission and distribution grids. Furthermore, Royal Decree 1183/2020, of 29 December, on the access and connection to electrical energy transmission and distribution grids, which establishes the criteria for the request, processing and granting of the access and connection permits to the grid.

Two auctions were held this year: one for biomass and solar thermal projects and the other for wind and solar thermal technology. For 2023, and following the changes experienced in the Spanish electricity generation market this year, our outlook includes the maintenance of the auction system for the remuneration of renewable sources and the start of capacity tenders in the transmission grid nodes. We also anticipate a review of the reserve price in the feed-in tariff tenders for solar thermal power.

Lastly, the administrative milestones set out in RD 23/2020 will begin to expire during 2023, which is expected to free up capacity in the grid as unviable projects see their permits expire.

1.4.2. Brazil

The Brazilian electricity sector comprises generation, transmission, distribution companies and marketers (sale of electricity to end users). The main actors in the Brazilian electricity system are: the Ministry of Mines and Energy (MME), the National Electricity Agency (ANEEL), the National System Operator (ONS), the Chamber of Commerce of Electric Energy (CCEE) and the Energy Research Company (EPE).

Celeo actively monitors regulatory changes that may have an impact on the Company. Among the Regulatory Resolutions approved in 2022, we highlight Regulatory Resolution No.1009/2022, which establishes the relevant energy contracting rules for actors in the regulated and free contracting environments; as well as Regulatory Resolution No. 1038/2022, which establishes the procedures and regulations necessary for the application for a generation subsidy without the need for an access document.

Celeo Brazil is also involved in major policy and regulatory changes through our participation in public hearings and consultations, both individually and through ABRATE and ABSOLAR. For example, we monitor the review of the revenues of the power transmission concession contracts with a review date of 2022.

1.4.3. Chile

The Chilean electric sector has three relevant segments: generation, transmission and distribution (responsible for carrying the energy from the substations to the end consumer).

The transmission companies belong to private capital, whereas the State fulfils the role of regulator, auditor and planner with regard to the development of standards and the performance of the projects. These functions are delegated to the following public bodies: Ministry for Energy, the National Energy Commission (CNE), the Superintendency for Electricity and Fuels (SEC) and the National Electric Coordinator (CEN). All are responsible for guaranteeing the correct functioning of the Chilean electricity system.

The transmission market in Chile is governed by the General Law on Electricity Services (LGSE) DFL No.1 of 1982. As a significant development, the "Project for the storage of renewable energies and electromobility", which seeks to increase the share of renewable energies in the electricity matrix was approved in October 2022. The approved proposal also encourages the promotion of electromobility with incentives to migrate to this type of technology.

The Expert Panel's opinion on the Technical and Administrative Specifications for the 2024-2027 Valorisation Process was published in September. These specifications will be published once the Transmission Facilities Qualification Study, which has not yet started, has been completed.

Regarding the application of Ruling No. 4 of 2020 (regarding the discrepancy presented by a group of transmission companies, including AJTE and CHATE), refunds have been made of the amounts assigned in the 2019 Annual Toll Recalculation Report, corresponding to what was owed to regulated customers. This obliged the transmission companies to refund to the generating companies any revenue that had not been collected through the Annual Value of Transmission Tranche (VATT), to the extent that these companies had collected the amounts through the Transmission Charge they receive monthly.

1.4.4. Peru

The transmission system in Peru is a regulated market. It is divided between a main interconnected system (National Interconnected Electric System - SEIN) and some isolated grids. It allows private participation and operates with a concession system. Every two years, the National Interconnected System Operations Committee (COES) carries out a study of the expansion of transmission capacity, as well as a Transmission Plan, subject to the approval of the Ministry of Energy and Mines (MINEM).

Meanwhile, and as the main new development, the Law on Efficient Generation (EGL - Law 28.832, 2006) introduced two additional categories for transmission installations, GTS (Guaranteed Transmission System) and STS (Supplementary Transmission System), which are applied to the commissioned installations after the enactment of the law (July 2006).

At present, the new framework coexists with inherited installations which were commissioned before 2006 and have conserved their concessions.

1.5 Presence in sector associations

We actively participate in associations in our sectors of activity in each of the countries in which we operate. These associations represent and defend our interests as a Group, and are forums for sharing experiences, best practices and future challenges for the industry, among other matters.

Country	Association	Description
Spain	PROTERMOSOLAR - <i>Spanish Association for the Promotion of the Solar Thermal Industry</i>	With 45 members representing the sector's value chain, the main objective of the association is to promote the expansion and development of solar thermal technology both in Spain and in the rest of the world.
Brazil	ABRATE - <i>Brazilian Association for Electricity Transmission Companies</i>	Association comprising electrical energy concessionaires and transmission concessions, the aim of which is to represent the legitimate interests and add value to the associated companies, with proactive actions to ensure the sustainability, development and attractiveness of the business.
	ABSOLAR - <i>Brazilian Photovoltaic Solar Energy Association</i>	Represents the photovoltaic sector in Brazil.
	ABREN - <i>Brazilian Association for Waste Energy Recovery</i>	Its purpose is to promote energy recovery from waste.
	Spanish Chamber of Commerce in Brazil	Institution that facilitates the development of trade relations between Brazil and Spain.
	CIGRE Brazil - <i>Brazilian National Committee for the Production and Transmission of Electrical Energy</i>	Not-for-profit civil society with the aim of promoting the technical, technological and engineering exchange and development in Brazil.
Chile	ACERA - <i>Chilean Association for Renewable Energies</i>	It seeks the protection of the environment and a sustainable development for Chile, through the promotion of renewable energies.
	Association of Chilean Transmission Companies	It seeks to highlight the importance of electricity transmission in the Chilean economy and stimulate investment in this industry through the proposal of public policies.
	CAMACOES - <i>Official Chamber of Commerce in Chile</i>	Institution that facilitates the development of trade relations between Chile and Spain.

CIGRE - International Council on Large Electricity Systems

A global non-profit organisation that aims to become a technical benchmark and knowledge centre for the electricity sector in Chile.

We will activate our participation in sectoral associations in Peru once we start operations in the country.

1.6 Economic management

Celeo is characterised for maintaining a conservative financial policy. Its capital structure is defined by a commitment to solvency and maximising shareholder returns. Below follows the performance of the main financial figures for the last two financial years. Other financial data of the Group are provided in the Group's Financial Statements.

1.6.1. Economic performance

Information on profit/loss

As at 31 December of each year in thousands of euros

	2022	2021*	Change
Operating profit/loss	177,342	135,599	31%
EBITDA	241,780	191,780	26%
Pre-tax profits	104,088	59,915	73%
Net profit	33,815	29,859	13%

Revenues by activity and geographical area

As at 31 December of each year in thousands of euros

Geographic areas	2022	2021*	Change
Spain	87,555	84,270	4%
Brazil	166,344	147,381	13%
Chile	52,676	46,617	13%
Peru	-	-	-
Total	306,575	278,268	10%
Activities	2022	2021*	Change
Transmission	204,793	176,514	16%
Generation	101,782	101,754	0%
Total	306,575	278,268	10%

* Figures for 2021 have been restated in accordance with the Group's annual accounts.

Other economic indicators

As at 31st December of each year in thousand euros

	Spain		Brazil		Chile		Peru	
	2022	2021	2022	2021	2022	2021	2022	2021
Pre-tax profits	38,269	6,271	68,707	57,712	(2,575)	(3,986)	(313)	(82)
Tax on profits paid	(308)	(66)	(8,777)	(6,263)	(56)	0	0	0
Public subsidies received	0	0	0	0	0	0	0	0

1.6.2. Financing

Celeo's energy transmission and generation businesses require large amounts of capital, especially in the early stages of each project. For this reason, access to the long-term capital market is key to the company's strategy. In this regard, Celeo has identified various sources of financing, which it uses depending on the characteristics of each investment project.

During the 2022 financial year, arrangements were completed for the financing of Paritins Transmissora de Energia (PATE) in Brazil, which was concluded in 2020 with Banco da Amazônia (BASA) in the amount of BRL 800 million.



Disbursements for the financing of the São João do Piauí (SJP) photovoltaic generation project with Banco do Nordeste (BNB) were also finalised during the year.

Brilhante Transmissora de Energia (BTE) extended the maturity of the financing in the form of debentures, in the amount of BRL 200 million that it had taken out in 2020, to December 2023.

With regard to the obligations assumed under the financial contracts, these have been fulfilled without any issues during the financial year 2022. In the cases where annual reviews of the rating agencies applied, these have been satisfactory, including an improvement in Celeo Redes Chile Transmisión (CRCT), which has been bolstered by additional revenues from the start-up of an expansion of the Diego Almagro infrastructure (DATE).

2. Our sustainable management model

At Celeo, we undertake to carry out responsible, transparent and sustainable management with a long-term vision, and we are fully committed to a business model that seeks balance between stakeholder expectation and an economic, social and environmental balance.

This commitment is detailed in the Celeo Sustainability Policy, which revolves around five pillars: Quality, Occupational Health and Safety, the Environment, Compliance and Social Responsibility. Each pillar is developed through the principles laid out in the corresponding policies. The Sustainability Policy was revised during 2022 to adapt it to the new needs of the Group.

Pillars and principles of action of the Celeo Sustainability Policy

Quality	<ul style="list-style-type: none"> • Customer and stakeholder approach • Sustainable, efficient and effective management of our assets and processes • Compliance with requirements • Continual improvement
Occupational health and safety	<ul style="list-style-type: none"> • Prevention of injuries and the deterioration of health • Prevention culture • Consultation and participation • Compliance with requirements • Zero tolerance
Environment	<ul style="list-style-type: none"> • Preventing pollution • Efficient use of resources and waste • Protection of biodiversity and habitat • Resilience to catastrophes and adaptation to climate change • Compliance with requirements • Continual improvement
Compliance	<ul style="list-style-type: none"> • The fight against fraud, corruption, passive and active bribery • Integrity in our activities • Responsibility • Continual improvement • Zero tolerance
Social Responsibility	<ul style="list-style-type: none"> • Ethical and lasting professional relationships • Diversity • Fight against abuse • Well-being and social development • Continual improvement

2.1. Sustainability Committees

Both Celeo Brazil and Celeo Chile have a Sustainability Committee whose main function is to develop the Group's principles of sustainable action at local level, incorporating these principles into its environmental, social and governance policies and supervising their correct application.

Both Committees are formed by members of the local Executive Management team and the heads of the Sustainability, Quality, Environment, Health and Safety departments. The ESG (environmental, social and governance criteria) objectives and performance are monitored within the framework of the Sustainability Committee meetings.

In Spain, the Corporate Development department is responsible for heading up the design and implementation of the integrated management system in Spain and Peru, as well as defining the risk management model, quality objectives and ESG of the company, among other functions. The COO assumes the function of supervising activities such as the preparation of the group sustainability report or the *local Stakeholder Engagement Programme*.

Throughout the year, regular coordination meetings are held between those responsible for the three countries, with the aim of monitoring all cross-cutting issues related to sustainability.

Sustainability Committee	Number of meetings in 2022
Celeo Brazil	7
Celeo Chile	5

2.2. Sustainability strategy

We consider that the integration of the ESG (environmental, social and governance) aspects into the strategy and daily operations is essential in guaranteeing our sustainability, competitiveness and reputation.

For this reason, we have included a section in the 2020-2024 Business Plan which specifies the 2020-2024 ESG objectives aimed at continuing to move forward in the constant improvement of our management and sustainability practices in Spain, Brazil, Chile and Peru. The ESG areas tackled by the plan are the following: The Integrated Management System, Risk Management, Information Technology, Environment, Occupational Health and Safety, Stakeholders, Society, Compliance and Resilience.

In line with this strategy, we design and operate our assets in accordance with best practices in sustainability. To this end, we are guided by the Equator Principles, which include the standards of the International Financial Corporation (IFC). This framework for financial institutions allows us to identify, assess and manage the environmental and social risks associated with project financing.

2.2.1. ESG Objectives

The ESG objectives for 2022 are specified in a corporate document entitled Annual Budget. These objectives, together with the measures set out, are described in the relevant chapters (compliance, society, environment, etc.).

In addition, at Celeo Brazil and Celeo Chile we draw up our own annual sustainability action plan and set annual targets to be met by our employees. Their fulfilment is linked to the payment of a bonus that recognises the effort and commitment of the organisation with sustainability. Below follows a breakdown of the objectives by country and degree of fulfilment:

Brazil - Targets 2022	Compliance at 31st December 2022
Safety: Zero serious accidents.	100 %
Quality: maintain and expand the certification of the Integrated Management System in accordance with ISO 9001 (Quality), ISO 14001 (Environment) and ISO 45001 (Safety) standards, according to the 2022 plan.	100 %
Environment: achieve 80% fulfilment in the quarterly audits containing the scope of waste separation by employees into the indicated containers.	25 %
Social: participation of at least 80% of employees in management training related to the pillars of the Sustainability Policy (Compliance, Quality, Safety, Environment and Social).	100 %
Fulfilment: zero sanctions applied in relation to non-compliance with internal working time rules.	100 %
Chile - Objectives 2022	Compliance at 31st December 2022
Zero lost time accidents by complying with all aspects of the Inspection and Observation Plan 2022.	20%
Participation of all of employees in training activities associated with the first Quality Management campaign, including a test of acquired knowledge.	100%
Achieve full alignment with CELEO standards in the facilities and activities of Alfa Transmisora de Energía, S.A. and certify all the facilities in the Biobío area in Chile with the triple certification (9001, 14001 and 45001 ISO).	100%

Exceed the 90th percentile in GRESB's Global Infrastructure or improve on the previous year's results by including the entire organisation in the SDG strategy update process.	100%
Participation of all employees in at least two training activities associated with Compliance, including a test of the knowledge acquired.	100%
Successful completion of external phishing campaigns by all employees under the nominal operating conditions of our IT system. Compliance by the organisation with the programme to migrate information from our current systems to the SharePoint platform.	60%

2.2.2. ESG reporting and monitoring

We have several ESG management and communication tools that enable us to improve ESG management and provide an integrated Group view:

- Quarterly corporate ESG indicator management tools, with environmental, personnel and health and safety indicators. A tool for the management of Corporate Social Responsibility was introduced in 2022 and work is underway to incorporate a tool to manage training at national level in Spain.
- Management Report: quarterly report addressed to Celeo's Board of Directors, which includes an ESG section with the most relevant aspects of Spain, Brazil and Chile.
- Annual sustainability report, which reflects the company's efforts and challenges in its ethical, responsible and sustainable management.

Furthermore, we have been preparing our Non-Financial Information Statement since in line with the requirements set out in Law 11/2018 of 28 December 2018 on non-financial reporting and diversity.

2.2.3. Celebration of the Third Sustainability Week

During the second half of 2022, sustainability managers from all subsidiaries gathered at the Madrid offices for the Third Strategic Sustainability Week. This meeting acts as a framework to make progress on various sustainability issues of great importance to the Celeo Group. These include the carbon footprint, updating policies, corporate social responsibility, risk management, internal and external reporting of ESG aspects, integration of systems, projects and processes, and the SDGs, and so on.

Most of the advances and agreements reached during this meeting are geared towards uniformity in terms of sustainability, with a view to the Group's corporate growth. In this vein, we highlight the approval of the Corporate Social Responsibility Strategy at Group level and the approval of a Corporate Resilience Plan, as well as the redefinition of goals and SDGs in order to align all Celeo subsidiaries. We are also working on a Carbon Footprint Management Plan at corporate level to provide a global approach to the local actions being developed by the subsidiaries.

2.3 The SDGs and Celeo's agenda

We are committed to the United Nations (UN) 2030 Agenda. To this end, we are committed to making progress in the coming years on the goals and targets we have identified as priorities, based on the 17 Sustainable Development Goals (SDGs). The prioritisation is consistent with the nature of our business, the strategic objectives, management processes and practices of companies in the sector.

The following table details the targets defined in Brazil and Chile for 2022 and the degree of progress as at 31st December 2022:

SDG	Global SDG targets	Celeo Brazil target	% Progress in 2022	Comments
5	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	1 woman in a management position by 2023	100%	During 2022, the second woman was appointed to a management position in the operations department. This doubles the target set.
		Increase the number of women in Operations and Maintenance by 50% annually.	100%	Recruitment and selection process focused on the search for qualified professionals, prioritising women. The target set was surpassed by the end of the year.
		Recruit 4 women in electrical engineering annually	100%	The target was achieved with the monitoring of the Human Resources department.
7	7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services.	By 2024, increase investment in renewable generation assets, reaching 1,000 MW of capacity.	22%	We are working on the development of new photovoltaic power generation developments in Brazil.
	7.2 By 2030, substantially increase the share of renewable energy in the global energy mix.	By 2024, continue expanding and improving the electricity transmission infrastructure, increasing the portfolio on an annual basis: transmission lines (200 to 500 km); transformation capacity (500 to 1000 MVA).	0%	No progress in the contracting of transmission projects.
	7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all			
8	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on labour-intensive sectors.	Implementation of a programme to increase the level of education (the entire Celeo workforce should have completed secondary education by 2033)	100%	The project has been implemented and progress is actively monitored.
	8.3 Promote development through decent job creation,			

15	<p>training and growth of micro-, small- and medium-sized enterprises, entrepreneurship and innovation.</p> <p>8.6 In 2020, reduce the proportion of youth not in employment, education or training by 3% and by 10% before 2030.</p> <p>8.8 Protect employment rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p> <p>15.2 By 2030, reduce illegal deforestation to zero in all Brazilian biomes, increase the surface area of forests under sustainable environmental management and the recovery of 12 million ha of forest and other forms of degraded native vegetation, in all biomes and preferably in the area of the Permanent Preservation and Legal Reserves, in areas for alternative use of the land, expanding the area of planted forest by 1.4 million hectares.</p>	<p>Hiring of local labour (25% for new transmission projects; 50% for new renewable generation projects).</p> <p>Implement social projects with volunteer resources, train young people where there are contracted projects in 2020.</p> <p>Voluntary reforestation 15% above the mandatory total established in the new processes for the concession of environmental licences. Prioritisation of the areas of permanent preservation, legal reserves and the establishment of ecological corridors.</p>	<p>100% transmission projects</p> <p>0% generation projects</p> <p>57%</p> <p>50%</p>	<p>Recruitment of local labour for the construction of the PATE project.</p> <p>No renewable generation projects have been contracted.</p> <p>Implementation of the <i>Quipá - Jovens cultivando saberes</i> [Youngsters cultivating knowledge] project.</p> <p>We have approved two reforestation projects: <i>Restaura Caatinga</i> and <i>Fazenda da Toca</i>. In addition, the <i>Restaura Caatinga</i> project also promotes activities focused on technical-scientific development, such as the dissemination of methodologies that ensure higher survival rates of plants in semi-arid regions, or the training of independent workers living in the regions of interest.</p>

16	16.b Promote and enforce non-discriminatory laws and policies for sustainable development.	ISO 37001 certification for 2022.	90%	The external audit for ISO 37001 certification started in December 2022 and is scheduled to conclude in January 2023.
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SDG	Global SDG targets	Celeo Chile targets	% Progress in 2022	Comments
5	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	In 2030, this must reach 30% of women.	15%	28 women vs. 155 men 2 women in leadership positions (middle management) Other initiatives: <ul style="list-style-type: none"> • Participation in working groups of the Energy + Women Plan. • Participation in the 4th Energy + Women Job Fair. • Celebrating International Women's Day. • 2nd. Sorority Meeting, a meeting of Celeo women to reinforce the Sorority Charter and promote breast cancer prevention.
8	8.8 Protect employment rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Zero serious accidents per year involving direct employees and contractors	100%	There were no serious accidents among direct employees or contractors in the period 2018-2022.
11	11.3 By 2030, enhance inclusive and sustainable urbanisation and capacities for participatory, integrated and sustainable human settlement planning and management in all countries.	Implement five projects with communities adapting to climate change or resilience in the event of disasters by 2030	*	During 2022, as a result of the restructuring of the strategy associated with the goals and targets, it was decided not to continue with this SDG for the next few periods and to consider new ones.
12	12.2 By 2030, achieve sustainable management and efficient use of natural resources.	Reduce the consumption of water, energy and fuel by 25% before 2030.	*	The incorporation of Alfa (formerly Colbún) assets and the monitoring of their variables continued. However, as a result of the restructuring of the strategy associated with the goals and targets, it was decided not to continue with this SDG for the coming periods.

13	13.3 Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.	Decrease scope 1, 2 and 3 emissions by 25% before 2030.	*	As a result of the restructuring of the strategy associated with the goal and objectives of this SDG, it was determined to replace the target by a new one during the year 2022, aimed at achieving direct hours (workshops and interventions) in training focused on promoting sustainable development. The above, with planned short, medium and long-term objectives.
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Looking towards 2023, we have made an effort to unify the SDGs in 2022 to provide a Group vision while maintaining a local focus on the goals. In this regard, following the local recommendations of the Global Compact, which advocate reducing the number of prioritised SDGs and setting more ambitious targets, we reflect on the prioritised SDGs.

Since the end of 2022, we have defined SDG 7 (Affordable and clean energy), SDG 8 (Decent work and economic growth) and SDG 13 (Climate action) as priority SDGs. Additionally, the subsidiaries in Brazil and Chile also have SDG 5 (gender equality) among their priority goals.

In addition, we have updated the targets for the coming years in each SDG. This change has an internal impact, as many goals are related to the company's normal operation and functioning (accidents, equality, climate change, etc.) but also externally, through CSR projects (e.g., environmental education).

2.4 Participation in sustainability initiatives

Celeo also participates in various sustainability initiatives with the aim of consolidating our ESG management and our commitment to sustainable development.

2.4.1. GRESB

GRESB is an organisation dedicated to assessing and comparing the performance of the global funds and real estate and infrastructure portfolios in terms of environmental, social and governance (ESG). The data are used by more than 100 institutional and financial investors to monitor investments and make the necessary strategic decisions so that the sector makes a transition towards a more sustainable future.

For the fifth consecutive year, Brazil and Chile have participated in this ranking which has become the leading ESG benchmark for real estate and infrastructure investments. Furthermore, GRESB lists us as a "Sector Leader" for our performance in both countries. Celeo Spain has also paved the way for our participation in this assessment and will participate in the 2022 assessment. Celeo Peru is awaiting the start of operations of the projects under construction in order to join this initiative.

GRESB scores - 2022

Celeo Brazil	5 stars, 99 points. 14 th worldwide (out of 649 participants) and 2 nd in its sector in the Americas.
Celeo Chile	5 stars, 100 points. 8 th worldwide (out of 649 participants) and 1 st in its sector in the Americas.

Looking ahead to 2023, GRESB includes several new features in the assessment, in an effort to keep up with market trends and today's most important sustainability issues. The new areas included in the assessment are Net Zero, diversity, equality and inclusion and the study of transitional climate risks.

At Celeo, we want to demonstrate that we are at the forefront of sustainability by developing this approach with a strategic vision and foresight. We are working on a Carbon Footprint Management Plan and a Group Equality Plan, and we already have a Corporate Resilience Plan. Additionally, we have been conducting environmental risk studies on Celeo's assets for several years.

2.4.2. United Nations Global Compact

The Global Compact, as the United Nations' global business sustainability leadership initiative, calls on companies and organisations to align their strategies and operations with ten principles on human rights, labour standards, environment and anti-corruption, as well as with the UN mandate to promote the Sustainable Development Goals (SDGs) among businesses.

Celeo Brazil and Celeo Chile have been signatories to the Global Compact since 2018. This allows us to participate in thematic working groups, involve employees in discussion forums and develop projects and activities through which to exchange experiences with other organisations. By doing so, we are at the forefront of the most relevant and current discussions on sustainability issues (human rights, compliance, energy and resilience) and we can identify the best practices to integrate into our ESG management.

At Celeo Brazil we actively participate in various thematic working groups of the Global Compact, such as the Climate Platform, Human Rights or 'Communicate and Engage', with the aim of strengthening the culture of organisations to promote the 2030 Agenda. A particular highlight in 2022 is our participation in the '*Movimento Mente em Foco*' [Mind in Focus Movement], an initiative of the Human Rights platform that invites Brazilian companies and organisations to act in the interests of their employees and society as a whole in the fight against stigma and social prejudice surrounding mental health.

2.5 Managing stakeholders

At Celeo, we consider that managing our stakeholders is essential to the sustainability and success of the Group. To this end, we have implemented a Stakeholder Engagement Program (SEP) based on the AA1000 Stakeholder Engagement Standard. The SEP facilitates the systematisation and building of lasting relationships and trust with stakeholders, and is already implemented in Brazil, Chile and Spain. During 2022, Celeo Peru was integrated as part of Celeo Spain and in 2023 the SEP will be revised to include Peru as an additional subsidiary.

We maintain a close and frequent dialogue with stakeholders through different communication channels such as customer and employee satisfaction surveys and consultations, citizen participation processes, visits, meetings, community diagnostics, and so on.

Through the SEP, each company establishes different action and communication plans with its priority stakeholders according to the needs and expectations detected in the relationship and the desired level of commitment. Throughout 2022, a number of actions were put in place to improve the relationship between Celeo and its stakeholders.

Celeo stakeholders	Expectations
Shareholders and partners	Sustainable profitability, operational excellence, corporate reputation, adoption of good practices and an ethical relationship that is both transparent and equal.
Customers	Availability of assets and operational efficiency with a quality service.
Regulatory bodies of the electricity sector	Availability, quality, continuity of the energy supply and compliance with the prevailing legislation.
Financial institutions, investors and the securities committee	Financial return on financed capital and comply with prevailing legislation.
Suppliers and contractors	Favourable environment for executing services in terms of integrity, security and trust.
Employees	Safe, healthy, ethical and respectable working environment with a career plan.

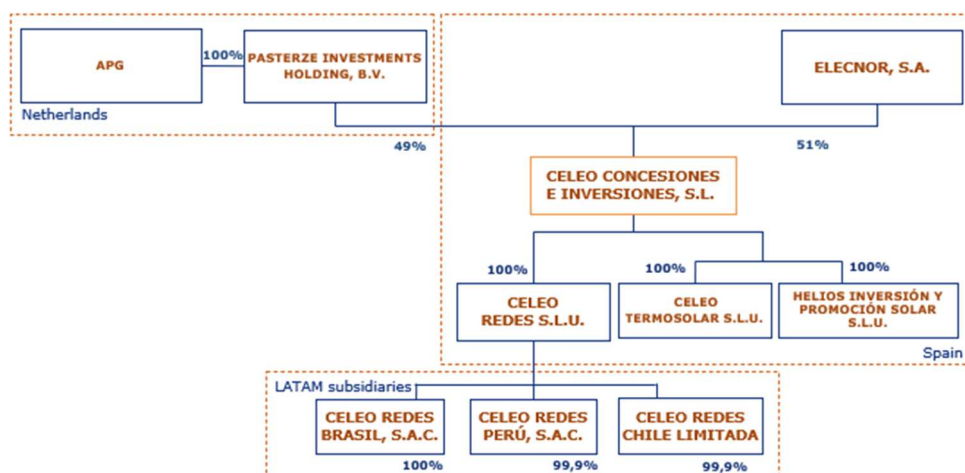


Local and traditional communities	Conservation of the environment, social responsibility, safety in the communities close to the transmission assets. Efficient communication channels
Associations and NGOs	Acting proactively to guarantee the sustainable development of the business and fulfilment of volunteering commitments.

3. Governance

3.1 Ownership structure

Our shareholding structure is divided between Elecnor S.A. (51%) and Pasterze Investments Holding B.V. (49%), a company owned by the Dutch fund APG Group, one of the world's leading pension funds.



Elecnor S.A. acts as the parent company of a business group made up of around 80 companies located in more than 50 countries. It has more than 22,000 professionals and is divided into two main business areas: Infrastructure, focused on the execution of engineering, construction and services projects; and Concessions, aimed at making investments in energy infrastructure assets.

With more than 60 years of growth, Elecnor covers sectors such as electricity, gas, industrial plants, railways, telecommunications, water, control systems, construction, environment, facility maintenance and aerospace engineering.

As the largest pension services provider in the Netherlands APG looks after the pensions of 4.8 million participants. APG provides executive consultancy, asset management, pension administration, pension communication and employer services. We work for pension funds and employers in the sectors of education, government, construction, cleaning, housing associations, sheltered employment organizations, medical specialists, and architects. APG manages approximately €541 billion (January 2023) in pension assets. With approximately 3,000 employees APG works from Heerlen, Amsterdam, Brussels, New York, Hong Kong, Shanghai and Beijing.

3.1.1. Subsidiaries in Spain

Celeo's Spanish subsidiaries include Celeo Redes S.L.U., through which it channels its investments in Brazil, Chile and Peru; Helios Inversión y Promoción Solar, S.L.U., where the Group's photovoltaic assets in Spain are located; and Celeo Termosolar, S.L.U., which houses the Group's Spanish solar thermal plants.

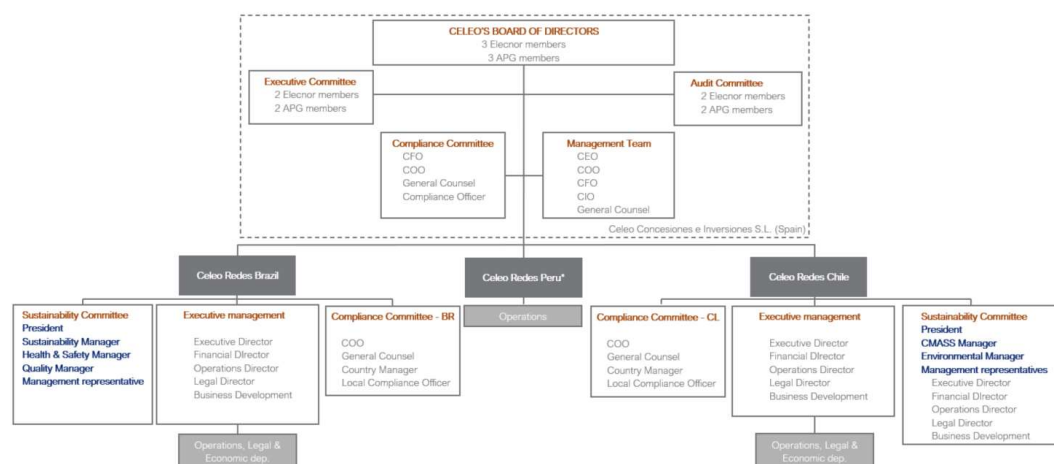
There are other special purpose vehicles for the development of the projects in Spain, and to make up the financial and development structure which supports the main business.

3.1.2. LATAM subsidiaries

Celeo Redes S.L.U. also has 3 subsidiaries: Celeo Redes Brazil S.A., Celeo Redes Chile Limitada, and Celeo Redes Perú, S.A.C. (incorporated in 2021), through which its investments in Brazil, Chile and Peru are structured, respectively.

Several special purpose vehicles (some of them owned by third parties) are dependent on these and have been created for the development of the larger projects in Brazil, Chile and Peru.

3.2 Corporate governance



*At the end of 31 December 2022, there is no Executive Management and therefore management is carried out from Celeo Concesiones e Inversiones S.L.
 *At the close of 31 December 2022, there is no local Sustainability Committee and therefore management is carried out by Celeo Concesiones e Inversiones S.L.
 *At the end of 31 December 2022, there is no local Compliance Committee and therefore management is carried out by Celeo Concesiones e Inversiones S.L.

3.2.1. Board of Directors

The Board of Directors is the most senior governing body of Celeo. As at 31 December, its composition was as follows:

Celeo Group Board of Directors	Position	Years of service	Executive / Independent / Proprietary	Representation
Miguel Morenés Giles	President	17/12/2019	Proprietary	Elecnor
René Defize Quiroga	Vice-president	17/12/2019	Proprietary	APG
Ronaldus Theodorus Joannes Gertruda Boots	Member	17/12/2019	Proprietary	APG
Joaquín Gómez de Olea y Mendaro	Member	17/01/2017	Proprietary	Elecnor
Rafael Martín de Bustamante Vega	Member	19/05/2016	Proprietary	Elecnor
Vacant¹	Member		Proprietary	APG

¹ Vacancy resulting from the departure of Mr. Varun Verma on 27 October 2022.

This body is responsible for determining the strategic direction of the company and overseeing its management. There are currently no executive or independent directors and there is no female representation. With regard to financial management and accounting, the accounts are audited annually by an independent auditor.

With regard to ESG issues, we are also subject to various audits, of which the Board is informed in a timely manner. Furthermore, the Board approves the Sustainability Report and the Non-Financial Information Statement, in accordance with the requirements of Law 11/2018 of 28 December on non-financial information and diversity. This report is verified by an independent third party. Lastly, the Board promotes Celeo's voluntary participation in and submission to the independent Global ESG Benchmark for Real Assets (GRESB) assessment on environmental, social and governance issues.

The members of the Board of Directors have knowledge and experience in the field of sustainable investments, infrastructure as well as ESG issues necessary to discharge their duties. Furthermore, they are appointed with a view to ensuring that they have the knowledge, skills and experience appropriate to the duties they discharge, this being the primary reason for their appointment. In the last year, no training has been provided to the Board of Directors.

During 2022, the Board met on eleven occasions.

3.2.2. Governance and ethical business management

The appointment and selection process (for both the members of the Board of Directors and its Committees) is regulated in the shareholders' agreement and in the company's corporate by-laws. These establish the number of directors that must sit on the Board and the Committees, the period for which the members must be selected and the right of each shareholder to appoint half of the members of each body. Therefore, the Annual General Meeting appoints the Board and the Board establishes the Committees.

Furthermore, the shareholders' agreement and the Articles of Association also regulate the procedure to be followed in the event of conflicts of interest within the Board. There is also a specific regulation within the Compliance Programme to address possible conflicts of interest within the company.

As regards the remuneration policy, the board members do not receive remuneration, although consideration is contemplated to cover any reasonable travelling expenses and the discharge of their duties, which under no circumstances represent significant amounts.

3.2.3. Committees of the Board of Directors

The Board currently has two Committees:

Audit Committee: responsible for the appointment, compensation, retention and oversight of the audit firms of our company and its subsidiaries. In addition, it establishes procedures for handling disputes related to accounting or auditing matters and involves the necessary advisors to support the audit work.

In addition, it is responsible for the supervision of accounting information related to:

- Major risks that could materially affect the Group's economic performance and tax affairs.
- Accounting policies, judgements and estimates applied.
- Understanding of the accounting treatment of the most significant transactions.
- Review of the financial information to be approved and issued by the Board of Directors and the General Meeting.
- Oversight of audit processes.

Audit Committee	Position	Representation
Joaquín Gómez de Olea y Mendaro	President	Elecnor
Miguel Morenés Giles	Member	Elecnor
René Defize Quiroga	Member	APG
Vacant²	Member	APG

During the 2022 financial year, this Committee met on two occasions to supervise the audits of Celeo and its subsidiaries, as well as the main events that may have had an economic impact on the Group's financial statements. These sessions were attended by Celeo's CFO and the partners of the audit firms. Furthermore, this Committee analyses and reviews the financial statements submitted before the Board for their preparation and approval.

Executive Committee: analyses the progress of the company and its business, in accordance with the strategic policies approved by the Board of Directors. It also provides guidance to the Management Team.

Executive Committee	Position	Representation
Miguel Morenés Giles	President	Elecnor
René Defize Quiroga	Member	APG
Ronaldus Theodorus Joannes Gertruda Boots	Member	APG
Rafael Martín de Bustamante Vega	Member	Elecnor

In 2022, it convened on five occasions, during which it addressed matters relating to the ordinary running of the business, projects under construction and in operation, current financing and the accounting statements of the Company.

3.2.4. Management Team

Furthermore, the Board of Directors is also permanently supported by the Management Team, which assists and supports the global strategy of the company and its subsidiaries. It is also responsible for implementing the decisions of the Board of Directors and for the day-to-day running of the company and its subsidiaries.

Its main functions include the oversight, approval and development of environmental, social and governance policies, as well as the setting of annual targets. To this end, it prepares regular reports to the Board of Directors and maintains direct contact with the other governing bodies of the subsidiaries in Brazil and Chile, Sustainability Committees, Compliance Committees and Executive Management teams in these countries.

² Vacancy resulting from the departure of Mr. Varun Verma on 27 October 2022.

Management Team	Position
José Ángel Lostao Unzu	Chief Executive Officer
Santiago Carlos Oraa Gil	Chief Financial Officer
Jaime Luis Sáenz Denis	Chief Operations Officer
Ángel Ortega Cutillas	Chief Investment Officer
Alberto Ferrández Barturen	General Counsel

This team has extensive experience and knowledge of the Company and the Group, as well as of the business and sector in which we operate. The members of the Management Team have undergone training on critical issues for the company, such as compliance. However, no training on sustainable development has taken place in the last year.

Finally, the Board of Directors assesses the performance of the Management Team by analysing and reviewing the Group's annual targets.

3.2.5. Executive management in other countries

The Executive Management in Brazil and Chile are responsible for the management and organisation of their respective companies in their day-to-day operations. Both prepare regular reports for the Management Team.

3.3 Risk management model

We have a Risk Management Model structured along 3 lines of defence, following the recommendations of the Committee of Sponsoring Organizations (COSO).



*In Spain and Peru there is no Sustainability Committee and the functions are assumed by CODE and the COO.

- Operations departments: responsible for risk management and for implementing corrective actions for process or control deficiencies. It is the responsibility of the Operations, Financial, Legal, IS and Business Development areas, as well as employees and middle management in general. They report to local executive management, control areas and the Sustainability Committee.
- Control Areas: these are responsible for the assurance, supervision and monitoring of risks and controls. They monitor the compliance of control measures on risks. These areas work together with the 1st Line of Defence in identifying and assessing risks, as well as implementing the control measures. It is the responsibility of the Quality,

Health and Safety, Environment and Compliance areas. They report to the Sustainability Committee except for Compliance which reports to the Compliance Committee.

- Internal management control: supervises all the control systems in an objective and independent manner and reports to the Board. This function is carried out by the Management Team, with the support of the Celeo management teams.

In this model, external auditors, regulators and other external agents are considered as additional lines of defence, providing additional assurance to the organisation's stakeholders.

This Risk Management System has two levels of assessment and action:

1. Business Risks: those that may affect the fulfilment of the cross-cutting objectives of the organisation and its mission, vision and values. In each subsidiary, the Sustainability Committee heads the process for identifying, analysing and assessing these risks, which can be classified as:

- Financial Risks: those associated to fluctuations in the financial markets and the impacts that these may have on generating immediate results and the future growth of the company.
- Strategic Risks: those associated to changes in the energy sector, the environment in which the company operates, regulatory changes or strategic agreements with stakeholders, as well as social (HR, Health and Safety and Community) and environmental aspects.
- Operational Risks: these are associated with the provision of the service, facilities and compliance with the obligations of the stakeholders.

The Business Risk Matrix, prepared by the Sustainability Committee, serves as a tool for identifying, assessing and establishing control measures for business risks. It is approved by the executive management, which in turn reports to the Management Team.

2. Process risks: headed by each control area, this encompasses all risks related to the functioning and operation of the company and its facilities, as well as compliance with obligations to stakeholders, the environment and health and safety. These are divided into: quality risks, environmental risks, health and safety risks, social risks, compliance risks and information security risks.

In the subsidiaries, the management tools for the identification, assessment and control of process risks are set out in 6 risk matrices, one for each of the above-mentioned areas. They are drawn up by each control area, with the approval of the Sustainability and Compliance Committee, in the case of the Compliance risk matrix.

In 2022, we worked on the following:

At Celeo Chile, we updated the global business risk matrix, considering the necessary re-evaluations, controls and assessments associated with Strategic, Financial and Operational risks.

In parallel, the implementation of the Electrical Installations Integrity Management System (SGIIE) continues, a requirement of the regulator to the industry in Chile that must comply with the NCh-ISO 55000, NCh-ISO 55001 and NCh-ISO 55002 standards.

Celeo Brazil has incorporated bribery-related risks into its matrix in all its processes as part of its adaptation of its risk management system to ISO 37001 certification.

In addition, in an attempt to deepen our analysis, the impact criteria in the operational aspect and the inclusion of criteria related to information security were revised.

In Spain, we developed the risk process and procedure, the risk matrix and the action plan to mitigate the risks identified. A corporate resilience plan was also designed to make Celeo a robust company in the face of new events and threats, especially those related to climate change. The risk assessments of the ASTE and ASTEXOL plants were updated.

3.4 Compliance System

Our Compliance System comprises the Compliance Programmes of Spain, Brazil and Chile. Peru does not yet have a stand-alone compliance programme, but it is included in the Spanish one. These programmes are aimed at fostering a culture of ethics and compliance within the organisation in order to avoid conduct that may infringe the applicable legislation and the commitments undertaken by the company, harm its reputation or negatively affect its public image.

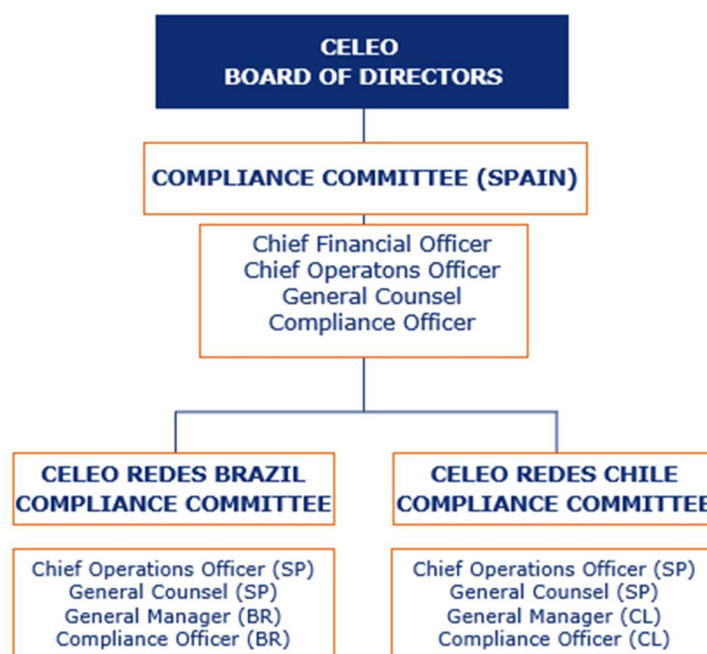
Furthermore, the compliance programmes in place are guided by the Group's Code of Ethics, which is common to the four jurisdictions in which we operate. The Group's Compliance Policy sets out our compliance principles: culture of ethics and zero tolerance; combating fraud, corruption, active and passive bribery; integrity in its activities; responsibility and continuous improvement.

The elements that make up the Compliance Programme are:

- Code of Ethics and the Compliance Policy, common to the entire Celeo Group.
- Compliance Manual: an informative document which gathers, structures and regulates the Compliance Programme for its observation and monitoring by all the groups it affects. Brazil and Chile have equivalent documents tailored to their jurisdictions (Corporate Integrity Programme for Brazil and Crime Prevention Model for Chile).
- A set of specific policies, regulations and procedures to mitigate and prevent compliance risks adapted to their corresponding jurisdictions. These include the Anti-corruption and Anti-bribery Regulations, the Regulations on Conflicts of Interest and Prevention of Harassment or Discrimination, the Disclosure Procedure, the Transparency Channel, the Disciplinary Code, etc.

3.4.1. Compliance Committees

To ensure its application, we have a Corporate Compliance Committee (Spain) and Compliance Committees in Brazil and Chile, whose powers and functions are in accordance with the specific compliance regulations of each country. The three Committees act in a coordinated manner and based on a hierarchical structure.



The Corporate Compliance Committee, which reports to the Board of Directors, and in line with good governance recommendations, is composed of the Chief Financial Officer, the Chief Operations Officer, the General Counsel and the Compliance Officer for Spain. This committee deals with corporate compliance issues and those of subsidiaries that do not have their own compliance committee.

The local Compliance Committees are composed of the local General Managers and Compliance Officers in Brazil and Chile, as appropriate, as well as the Group's Chief Operations Officer and General Counsel.

As the seat on the Committee is associated with the above-mentioned positions, the composition of the Committee is automatically updated each time one of these positions is replaced. For example, with the recent replacement of the General Manager in Brazil, the new General Manager has been appointed to the Compliance Committee in Brazil. For reasons of size and resources, there is no Compliance Committee in Peru, so any relevant compliance issues in this jurisdiction are dealt with directly by the Corporate Compliance Committee (Spain).

The scope of the Spanish Compliance Programme affects all the companies of the Celeo Group with a presence in Spain, including the parent company Celeo Concesiones e Inversiones, S.L. In this regard, the functions linked to the Spanish Compliance Committee ensure compliance with and development of the programme applicable in Spain, as well as the supervision and guidance of the rest of the Committees. Its main functions include the following:

- Supervise, monitor and control the implementation and progress of the Celeo Group Compliance System.
- Supervise the Compliance Committees at local level.
- Identify and assess Compliance risks and ensure the fulfilment of the objectives of the scopes into which the Compliance Programme in Spain is structured: prevention, response, reporting and monitoring.
- Implement the Compliance Programme maintaining close communications with the Board of Directors.
- Manage any possible reports received through the Transparency Channel and propose, where necessary, possible sanctions in accordance with the Disciplinary Code.
- Receive and evaluate regular reports presented by the Compliance Officer.
- Disseminate the knowledge and the application of the Compliance Programme.
- Coordinate the regulations with regard to Compliance.

During the financial year, the Corporate Compliance Committee held two meetings in which the following matters, inter alia, were addressed: update of relevant issues in the jurisdictions of Brazil and Chile, approval of the annual Compliance Plan for Spain, report on communications received through the Transparency Channel, outsourcing of a GAP analysis in relation to the ISO 37001 and UNE 19601 standards and collaborative projects in the area of Corporate Social Responsibility.

3.4.2. Transparency and communication channels

Additionally, in terms of communication, there is a section on the Group's website (<https://www.celeogroup.com>) dedicated to the specific transparency channel for each country, which is applicable to all our professionals and stakeholders.

This channel guarantees total confidentiality and is the means through which to channel queries, communications, report potential irregularities, breaches, infringements or suspicions in relation to the Compliance Programme and/or the prevailing legislation, together with the e-mail addresses available and communicated for each region:

- Spain and Peru: transparencia@celeogroup.com
- Chile: transparenciachile@celeogroup.com
- Brazil: canaldetransparencia@celeogroup.com

No. of Communications - Transparency Channel	2022	2021
Spain and Peru	39	52
Brazil	98	99
Chile	38	40
Totals	175	191

During the 2022 financial year, various communications were received through the Celeo Group's transparency channels.

A total of 39 communications were registered in Spain and Peru, of which 36 were received in Spain, as detailed below:

- 6 queries on the internal procedures applicable to corruption/bribery and on the procedure for procurement and engagement of services.
- 30 inquiries in total, consisting of (i) 5 forms completed by new hires providing requested information; and (ii) 25 information forms on meetings with public officials according to the applicable internal procedures.

Compliance communications from Peru are channelled through the same email address as that provided for Spain. In this financial year, we received 3 communications in total: (i) 1 relating to the remission of one of the forms for new incorporations referred to in the previous section, as well as (ii) 2 queries.

In addition, 1 complaint was received through the transparency channel in Spain regarding possible irregular practices in a project in Chile. In this case, the complaint was forwarded to the competent area of Compliance in Chile, which included it in its records for follow-up and proceeded to its investigation and subsequent resolution.

Celeo Brazil received 68 inquiries, 22 queries and 8 complaints. Of these, 11 were anonymous. Celeo Chile received 20 inquiries, 13 queries and 5 claims or complaints. Of these, 7 were anonymous.

Regarding the level of resolution, all communications were dealt with and resolved, with the exception of 6 of those received in the Brazil Transparency Channel, related to the same case, which is currently being investigated.

It is worth mentioning that there has been no report or sanction with regard to fraud or bribery, including money laundering and conflicts of interests.

We act in accordance with the law and prevailing legislation in the companies in which we operate, taking into account the specific nature and demands of the electricity sector. Furthermore, we have a specialised department for Compliance to undertake the diverse actions in this area, observing the best international practices in Compliance at all times.

In 2022, there was no significant breach of the laws or regulations of any nature that may result in non-monetary or monetary fines or sanctions.

3.4.3. Compliance actions

During the 2022 financial year, we carried out different actions in Spain, Brazil and Chile.

In Spain:

- Preparation and approval of the Annual Compliance Plan (ACP). It includes new elements such as the Declaration of a Relationship with a Public Official in accordance with the provisions of the Anti-Corruption and Anti-Bribery Regulations, the Annex to

the employment contract to reinforce confidentiality commitments or the Competition and Good Market Practices Regulations, and so on.

- Restructuring of Compliance Committees.
- Digitisation of the information reporting form in relation to meetings held with public officials.
- Design of a space on the Intranet for Compliance content, as well as a specific space on the website for third parties.
- Measurement of the degree of adaptation of our Compliance Programme to ISO 37001 and UNE 19601 standards.
- Training and awareness raising campaigns.

In Brazil:

- We have continued to work on strengthening our own Compliance Programme, as well as on obtaining ISO 37001 Anti-Bribery Management System certification.
- We made a number of improvements to the Corporate Integrity Programme (CIP), such as the development of a SWOT matrix on anti-bribery, updating of the stakeholder matrix and the review and signing off of functions in the Celeo Brazil operational diagram, and other improvements.
- In addition, we held the Annual Corporate Integrity Programme Training at the end of the year. Remote training provided by a specialised external consultant (ICTS Protiviti).
- Since 2018, we have actively participated with the Rio Compliance Institute (ICRIO for its acronym in Spanish), which promotes the best practices of good governance and the culture of compliance, ethics and transparency.
- We participate in Global Compact working groups on anti-corruption.

In Chile:

- We drafted new versions of Chile's Crime Prevention model to incorporate new rules on the use of the transparency channel in the absence of the Prevention Officer.
- General training chats and ones aimed at new starters.
- We designed a process to disseminate the Crime Prevention Model, which include the Compliance Olympics.
- We had a clean internal audit to verify our compliance with compliance procedures.
- We assessed our Crime Prevention Model for certification under the ISO 37001 standard.

3.4.4. Compliance training

With regard to Compliance training, each country defines its training actions according to its specific needs and circumstances, as well as the most effective means of reaching our employees.

In Spain, we deployed various communication actions aimed at promoting and disseminating elements of the Compliance System through our intranet, email, the Teams platform, etc. In addition, we disseminated a video short on anti-corruption and bribery, to remind people of the duty to report meetings with public officials, as well as gifts and invitations from third parties that exceed the applicable financial limits. In addition, all new recruits to the Celeo workforce receive specific on-site training in Compliance, adapted to the risks associated with the position, lasting approximately 30 minutes, as part of the on-boarding programme.

At Celeo Brazil, we continued our monthly training through our internal newsletter "Corriente Continua" (Continuous Current) and email communications to reinforce aspects of the Corporate Integrity Programme such as: the importance of employees following corporate values, the ethical standards defined in our policies, the rules of conduct to be followed by employees, the Anti-Corruption Policy and, finally, the value of the Corporate Integrity Programme.

In addition, we provide training on the anti-bribery and anti-corruption policy and the anti-bribery management system for all Celeo Brazil employees.

Chile organised two informative chats relating to the functioning of the transparency and crime channel, as well as induction talks for new employees. The Compliance Officer also organised the first Compliance Olympics at all Celeo Chile offices, a training activity with an evaluation of practical cases, in which the participants who achieved the highest number of correct answers in the shortest possible time were rewarded.

Specific training in Compliance

Country	Standard Training (topic)	Format	Attendees	Area responsible	Hours per attendee
Spain	Introduction to the Compliance System	Face-to-face/Online	*New starters (6 in 2022)	Compliance	0.5
	Anti-corruption policy Anti-Bribery Management System	Face-to-face/Online	All professionals	Compliance	1
Brazil	Introduction to the CIP	Face-to-face/Online	New starters in 2022 (94 in 2022)	Compliance	0.5
	Annual CIP training	Online	All professionals	Compliance	1
Chile	Functioning of the Transparency Channel	Face-to-face	All professionals	Legal	1.5
	Compliance Olympics	Face-to-face	All professionals	Compliance	N/A
	Prevention Model Review	Online	*All professionals	Compliance	0.7

** Those professionals who were unable to attend due to availability problems were provided with a recording of the session and/or presentation materials for viewing.*

3.5 Fight against corruption and bribery

At Celeo, we reject any practice that contravenes the anticorruption and antibribery legislation, whether public or private, of a national or international nature, and we maintain a principle of zero tolerance towards any practice that may harm the reputation of the organisation or negatively affect its public image.

To this end, we have various regulations and procedures, which must be complied with by all our professionals, and which are part of the Compliance Programme.

Below follows the set of measures applicable in Spain, which are related to the equivalent specific regulations and procedures applicable in the subsidiaries in Brazil and Chile, adapted to the respective legislation.

Anti-corruption and anti-bribery regulations, which regulate interactions with public officials and third parties with whom the Group interacts in its activities. This framework sets out different standards of behaviour and rules of conduct on gifts or presents, offers and promises. Furthermore, it generally prohibits those that can be considered bribery/corruption, both with public officials and between private individuals. It also prohibits any contribution or donation to any political party, or representatives thereof, on behalf of the company, and sets out the criteria and procedures for the possible authorisation of donations and sponsorships to non-governmental organisations.

Along these lines, we established the following preventive tools to detect and avoid possible situations of corruption or bribery:

- Signed declaration by all Celeo professionals with a relationship with a public civil servant.
- Specific procedure for meetings with public officials. First, it is required to notify the head of the relevant department, and then report the information from the meeting to the CO using the appropriate form.

- Approval of economic limits applicable to Celeo professionals for gifts, invitations, meals, trips and, in general, representation expenses.
- Travel and Expenses Procedure regulating the payment of employee and travel expenses.
- Regulations on Conflicts of Interest to prevent possible cases of corruption between individuals.
- Procedure for Procurement and Engaging Services. This procedure includes an additional control of the Compliance area for engagements under circumstances that are considered to be of greater risk: direct contracts, politically exposed persons, and suspected links with high-risk countries according to the Corruption Perceptions Index and/or in tax havens.

Furthermore, at local level, a risk matrix is in place (as indicated in the section "Risk Management Model"), which details the company's risks in this area, as well as the measures for control, assessment and monitoring, for their mitigation and control. A full assessment and monitoring is carried out of high-risk operations.

In addition, the corporate website of the Celeo Group has a specific area for information on Compliance and access to relevant documentation (Code of Ethics, Anticorruption and Antibribery Regulations, etc.) which are freely available to third parties.

Likewise, we make the transparency channel available to all our stakeholders for any complaints from third parties. All communications received during the 2022 financial year through this channel are discussed, together with the rest of the communications received via email, in the previous section on Transparency Channels.

In general terms, communications on compliance policies and procedures in the Celeo Group are sent to all employees. The members of the Governing Body are also informed of these communications and training campaigns through quarterly reports.

3.6 Commitment to human rights

At Celeo Group, we have a Sustainability Policy and a Corporate Social Responsibility Policy that reflect our commitment to the protection of fundamental human rights and the promotion of relations based on equal conditions and the contribution to the socio-economic development of the regions where we operate. During 2022, we received no complaints of human rights violations.

Meanwhile, our Code of Ethics, which adheres to the Universal Declaration of Human Rights, promotes respect for the law and human rights, with special attention to respect for the rights of ethnic or indigenous minorities in the development of our activities, equal opportunities and the fight against child labour and forced labour. Moreover, both regulations promote freedom of association, affiliation and the right to collective bargaining, in accordance with existing legislation.

Furthermore, as indicated in the chapter on sustainability management, Celeo Brazil and Chile are signatories of the Global Compact. As part of this commitment, the subsidiaries incorporate the 10 principles on human rights, labour, environment and anti-corruption into their strategy, as well as promote the Sustainable Development Goals (SDGs).

Lastly, each country has risk matrices, as referred to in the section "Risk management model". These reflect the company's human rights risks. We have carried out a full assessment and monitoring of those high-risk operations.

4. Operational excellence

4.1 Renewable energy generation and transmission

At Celeo, we aspire to be a benchmark company in the energy infrastructure market, achieving the highest levels of excellence in our service, while contributing to the progress of society. We therefore ensure the correct operation of our assets, so that the quality, safety and continuity of the electricity supply in the countries where we operate, in the transmission and generation of energy, is guaranteed at all times.

To ensure this objective, we have our own regulatory framework, made up of different policies, procedures, control systems and other documents that are included in the Integrated Management System for Quality, Environment and Occupational Health and Safety (IMS). In Brazil and Chile, this framework is certified under ISO 9001, ISO 14001 and ISO 45001, and was renewed as necessary in 2022.

At Celeo Spain we are working on the company's process map and the necessary documentation in accordance with ISO 9001, ISO 14001 and ISO 45001. The certification process will begin in 2023.

In Brazil and Chile, we carry out the operating activities through our own staff and provide ongoing training for our Operations & Maintenance (O&M) employees. In Spain, the operation and maintenance of assets is subcontracted out to Elecnor, with Celeo performing all other exploitation activities.

To ensure the efficiency and quality of the business, at Celeo, we have a Maintenance Plan (MP) for the facilities, based on the recommendations of the leading manufacturers and the best practices in the sector. Key factors such as seasonality, geographical location and the characteristics of the facilities are taken into account.

4.1.1 Availability of our lines

To measure the excellence of our operations, each subsidiary is compliant with the legal requirements of the territory in which it operates. In Brazil, the excellence of our operations is evaluated through the unit availability rate. In Chile, service availability is measured by the total number of hours of forced disconnection.

Celeo Brazil has set itself the objective of complying with 100% of the maintenance provided for in ANEEL's Regulatory Resolution No. 905/2020, which establishes the minimum requirements for the maintenance of the Basic Grid. Furthermore, we have our own short, medium and long-term action planning for predictive and preventive maintenance.

Availability (Brazil)

As at 31 December each year

	2022	2021
Transmission line	99.98%	99.99%
Transformer	99.99%	99.99%
Reactors	99.99%	99.99%
Static compensators	99.92%	99.95%
Series capacitor banks	99.91%	100.00%

The failure rate, however, measures the number of times equipment or circuits on a transmission line were disconnected. With regard to the units, the indicator represents the forced disconnections of the transmission function (TF). For transmission lines, it is calculated for every 100 km of line.

Failure ratio - TL

As at 31 December each year

	2022	2021
TL total	3.57	4.07
TL-500 KV	1.57	1.45
TL-230 KV	1.99	2.62

Unit failure ratio

As at 31 December each year

	2022	2021
Transformer	0.25	1.17
Reactors	1.95	1.85
Static compensators	1.00	1.00
Series capacitor banks	1.50	0.00

From the Brazilian Operations Department, we have managed to achieve the goals set for 2022. Among the activities carried out during this financial year, we would like to highlight the following:

- We installed forced ventilation for the VCTE LTT and LTC reactors.
- We replaced the current transformers at CANTE.
- We prepared an O&M Plan for the PATE project, which will be commissioned in 2023.
- We started the retrofitting projects of VCTE's protection and communication control systems, in addition to launching the relocation project of Tower469 of the LT 230KV Anastácio - Coumbá line, scheduled for completion in 2023.
- We also prepared the Technical Requirements documents for the Transmission Expansion Projects.

In addition to the above-mentioned measures, the Brazilian regulation establishes as remuneration for transmission concessionaires the *Receita Anual Permitida* (RAP - Annual Permitted Turnover). This is an annual amount that is paid to the concessionaire on a monthly basis via the '*Pagamento Base - PB*' (Base Payment) (1/12 of the RAP). The right to receive 100% of the RAP is linked to the full availability of the transmission installations. The real value received is the result of discounting the *Parcela Variável - PV*, (Variable Quota) from the PB which takes into consideration the disconnection time and whether its origin was scheduled or forced. Celeo Brazil has established the operational target of not exceeding 1% of the PV/RAP. In 2022, this ratio stood at 0.82%.

At Celeo Chile it is necessary to comply with the Technical Standard for Safety and Quality of Service (NTSyCS). This limits the maximum number of hours of forced disconnection (HFOR) per plant, as well as the frequency of the forced disconnections (FFOR), all within a time window of five years of operation. In the last year, the total HFOR on Celeo Chile's assets as a whole was 131.3 h.

Availability (Chile)

As at 31 December each year

	AJTE	CHATE	DATE	ALFA	CASTE	MATE
2019	99.93%	99.97%	99.95%	NA	NA	NA
2020	99.83%	99.95%	100.00%	NA	NA	NA
2021	99.87%	99.93%	99.69%	NA	NA	100.00%
2022	99.98%	99.93%	99.77%	98.83%	100.00%	100.00%

4.1.2 Renewable energy generation

In Spain and Brazil, we measure our operational effectiveness in terms of renewable energy generation, measured in MWh.

Generation by technology

As at 31st December of each year in MWh

	2022	2021
Solar thermal (ES)	211,163	268,844
Photovoltaic (ES)	22,496	24,929
Photovoltaic (BR)	418,892	294,997

At Celeo Brazil, we prepare the Technical Requirements documents for Generation Projects, detailing the minimum standards and requirements expected for new projects.

4.1.3 Operational efficiency

We have included, as part of the Group's maintenance plan, a thermographic inspection for photovoltaic plants with a capacity of more than 1MW. Every two years, these reviews are carried out by an unmanned aerial vehicle using artificial intelligence to process the images. This allows us to overlay the inspections and analyse the performance of the panels over time.

At Celeo Spain, we have a Preventive Maintenance Plan for power generation plants that includes regular reviews and inspections, according to the recommendations of the suppliers of each piece of equipment, as well as market standards or the state of the art. In addition, we monitor assets on a daily basis to detect any anomalies.

At the Astexol-2, Aste 1A and Aste 1B solar thermal power plants, restrictions have been significantly increased due to congestion in the transmission grid of Spanish Electricity Grid (REE), due to the start-up of numerous photovoltaic plants in the area.

Finally, it should be noted that at the Astexol-2 solar thermal power plant, the operation of the turbine was correct during the year, following the replacement of all the L-0 stage blades of the low-pressure turbine.

On the basis of REE's recommendations, we have set up an Automatic Power Reduction System (APRS) at all three plants, in order to reduce the percentage of these reductions. These losses do not affect operation plant yields, as they are caused by an external factor. Consequently, they are not considered as unavailability of the facilities for the purposes of calculating guarantees.

Given that Celeo operates in a regulated market and due to the nature of the activity that it provides in Spain and Chile, complaints are not received from customers. In the case of Celeo Brazil, the complaints from customers are received by ANEEL and ONS and are received through official letters. However, no complaints were received throughout 2022.

At Celeo Brazil we launched the "Projeto Imersão" (Immersion Project), which aims to organise and standardise corporate processes, supporting the company's growth and performance. Among the measures we are carrying out to promote efficiency at Celeo Brazil, we held an O&M technical seminar in October at the Uberlândia base (state of Minas Gerais). A total of 121 Celeo employees from Spain, Brazil, Chile and Peru took part. During these days, our teams had the opportunity to review and discuss operational milestones, equipment troubleshooting and asset management, as well as a visit to the bipole (HVDC) of the Estreito Electricity Substation.

Finally, the technical transmission losses should also be noted. These represent a part of the unused energy that the system requires for its operation. These types of losses are normal and cannot be fully eliminated. The impact of these losses on our carbon footprint and total emissions is set out in the chapter "Our commitment to the planet" of this report.

4.1.4 Innovation in the service of operations

In line with our commitment to operational efficiency and quality, investment in process innovation is key to the Celeo Group. These processes contribute to improving the operation and maintenance of our assets in a new and innovative way.

During this financial year, the Astexol-2 thermosolar plant in Spain became the first to test a new plastic product (Iglidur) to replace the metal cradles that support the rotating shafts of the solar field loop structures. With this new material, we expect to achieve 60% less friction and to extend its service life by about five years.

Celeo Brazil, through the ANEEL R&D programme, contributes to the development of the country's electrical system by investing in innovative initiatives that improve the safety of the system, the quality of the service and contributes to reducing the environmental impacts and electricity tariffs. During the year, we also worked with the Brazilian Association of Electricity Transmission Companies (ABRATE), where LTT acts as a cooperative company in the development of an R&D project. Our aim is to develop an Analytical Intelligence System for the Electricity Sector, within the Transmission module (SIASE-T), for the purpose of promoting a comprehensive platform that optimises the sector's operational, economic and financial information. In addition, 2022 saw the completion of the R&D project to improve the grounding of the towers of the 230 kV Vilhena-Jaurú line, which aims to improve the performance of power lines against atmospheric discharges.

Investment in R&D&I (euros)

As at 31st December of each year

	Country	2022
LT 230 kV Vilhena – Jaurú Improvement project	Brazil	6,333
SIASE T Project	Brazil	37,904
Asistencia Maule Project	Chile	6,521
Asistencia Aconcagua Project	Chile	13,042
Asistencia Biobio Project	Chile	3,261
Total		67,060

Furthermore, within this framework, different initiatives have been carried out in Celeo Chile, of which we highlight the following:

- During the last year, we initiated a pilot plan in coordination with the environment and community relations area, to apply herbicides in selected areas in order to verify eventual decreases in the growth rates of forest plantation saplings.
- Through the Remote Assistance Project (PAR), we continue to support Celeo staff who are in remote areas, or who do not have the technical expertise and knowledge to deal with certain information. To do this, we use an augmented reality glasses device, which allows the connection with another professional via the internet. This not only assists Celeo's professionals, but also makes it possible to carry out remote shifts, reducing the number of trips (air and land), training, technical visits, etc. In the future, more facilities will gradually be connected, prioritising those that are geographically remote or difficult to access.

4.2 Information security

Due to the nature and characteristics of our business, cyber security is a critical issue for Celeo. In order to manage this, we have a specific Information Security Policy that incorporates the requirements of the ISO 27001 standard.

To ensure the information security and privacy of company data, Celeo Spain has the following procedures in place:

- *Business Continuity & Cyber Security Standard*: a standardised and normalised procedure that ensures a more resilient and robust day-to-day operation, as well as greater protection and responsiveness to any high-risk event. It also confirms that information security is a key element in business continuity.
- *Computing Resources Using Standard*: procedure for preserving Celeo's IT resources (such as computers, networks, proprietary data, etc.). It also ensures that these resources comply with the company's standards and protects it from infrastructure or legal damage resulting from misuse.
- *Information and Records Management*: system for the management of information and records in Celeo.
- *Information Security Asset Management Standard*: methodology for the proper identification and classification of information assets that are generated, obtained, acquired, transformed or controlled in the organisation.

In 2022, we also aligned new Emergency, Recovery and Contingency procedures to support the company's Business Continuity Procedure.

Moreover, since 2020, we have had a working group made up of the heads of Information Security (IS) in Spain, Brazil, Chile and Peru. This group has been responsible for defining a corporate IS Plan (following the principles of the ISO 27001 standard: confidentiality, integrity and availability), based on the following lines of action:

- Information security and management.
- Asset management: software, systems, inventory, acceptable use, etc.
- Operational continuity: maintain the integrity and availability of the company's data, as well as the availability of its services in the event of unforeseen circumstances that compromise the orderly functioning of the business (information access policies, backups, contingency plans, cyber security, cryptography, etc.).
- Governance framework: establishment and standardisation of a regulatory structure that governs the above points.
- Cybersecurity.

In 2022, Celeo Spain made changes to the 2021-2023 IS Strategic Plan in accordance with three main objectives: reinforce the IS environment by including the OT aspect, improve the information management resources with a focus on digitalisation and optimisation processes, and reinforce the business continuity standards. These objectives are being implemented through action plans or procedures at country level. For example, a SOC/SIEM system has been implemented in the Chilean OT network.

At Group level, in line with our Strategic Plan, we have carried out audits of the corporate networks and the OT network, performing Ethical Hacking exercises on the corporate network, with the aim of validating the corrections applied last year to phishing and training campaigns, such as employee training and awareness-raising.

We have continued to implement measures to address the risks identified, such as improving and securing the grid architecture at solar thermal plants. In Spain, we also conducted a one-hour cybersecurity training for our employees, in which all staff participated.

At Celeo Brazil we conducted an audit of vulnerabilities in the OT network. Following the phishing campaign, we held a specific workshop, Cybersecurity: up to date on security for all employees.

Celeo Chile is also implementing the NERC-CIP (North America Electric Reliability Corporation-Critical Infrastructure Protection) standard for the national electricity sector. In line with the phishing exercise, the following training has been provided: Malware: Not all programmes are good (1 hour) in which 108 workers participated, and Information Security Incident Reporting (1 hour) in which 145 workers participated.

It should be noted that all IS actions in Peru fall within the consolidated best practice regulatory framework of the three subsidiaries.

4.3 Our suppliers

Supply chain management is a key aspect in ensuring that our business maintains its standards of efficiency, quality and sustainability.

Due to the nature of our activity, Celeo's main suppliers are specialists in the energy sector, both in the provision of professional services (consultancy and auditing companies, financial and banking institutions, law firms, environmental services, etc.) and in the supply of materials and equipment (for high, medium and low voltage, electrical products for maintenance processes, etc.).

Likewise, Brazil, Chile and Peru have a strategic alliance with Elecnor for the construction of transmission lines and solar farms, and Spain to operate and maintain solar thermal and photovoltaic assets.

To optimise management, we classify our suppliers according to the region in which they operate. Our local suppliers are those who provide services to the subsidiary in the country where they are located. In Brazil and Chile we also distinguish our suppliers according to their level of criticality, as they provide goods or services that directly affect the development of the business, the health and safety of our workers, the environment, the quality of the operation or the safety of the facilities and equipment, among other key aspects for Celeo.

Key indicators on suppliers

As at 31 December 2022

Country	Number of suppliers	Number of critical suppliers	Purchases made (€)	Local purchases (%)
Spain	224	-	35,798,821	97%
Chile	1,308	33	99,137,272	99%
Brazil	462	225	94.837.365	100%
Peru	31	-	5,905,446	96%

To manage the supply chain risks, we use the corresponding Risk and Opportunity Matrix for each area. In general terms, these are related to possible breaches of contractual clauses, problems with the quality of material/services received, breaches of the Compliance Programme, delivery delays and aspects associated with labour safety, etc.

Furthermore, purchasing is managed from each country, with no centralised management. At Celeo Spain, in 2021, we developed our procedure for the procurement and engagement of services, and in 2022 we continued its implementation and raised awareness.

With regard to monitoring and audits, we developed a number of specific processes for audits and inspections of our assets in Spain. These have been approved and properly implemented. In addition, from the moment of approval, all suppliers we have worked with will be included in the List of Approved Suppliers and given a "Historical" status.

Celeo Brazil, meanwhile, has several procedures in place that establish guidelines and responsibilities for the procurement of goods and services, as well as responsibilities for the supplier qualification process. Suppliers are therefore classified according to the level of risk of the operation, and the social, environmental and ethical aspects are also assessed. All the requirements are detailed in the terms and conditions of the contract. At present, the subsidiary classifies its suppliers as: general, critical and strategic.

For critical suppliers we apply the following criteria: comply with their labour, social security and legal obligations, ethical criteria (no child labour, no slavery-like working conditions for their employees, no discrimination of any kind), ensure the health and safety of their employees and mitigate their negative environmental externalities.

No operations were significantly affected in terms of supply during the reporting period. Furthermore, in 2022, we developed a recurrent procurement and service contracting study to

meet the goals of SDG 8 Decent Work and Economic Growth of the United Nations 2030 Agenda.

Celeo Chile also has a supplier selection and evaluation procedure. Under this framework, the subsidiary also classifies its suppliers into: general, critical and strategic.

4.4 New projects under construction

For the commissioning of new projects and their construction, which is a key aspect of ensuring the quality of our services and operational efficiency, we rely on specialised subcontractors. We therefore work in collaboration with Elecnor Servicios y Proyectos S.A.U., as a strategic partner, in the construction of the facilities of the new projects acquired.

As part of the assets that will join our portfolio in the near future, the projects under construction developed during the current financial year are:

Brazil:

- PATE project: the *Parintins Amazonas Transmisora de Energía* project (Parintins Amazonas Energy Transmitter) entered its final stretch in 2022, and is expected to be completed in 2023.

Chile

- CASTE Project: it is in its final stage of environmental processing, where we expect to have the Environmental Qualification Resolution (RCA for its acronym in Spanish) at the beginning of 2023, in order to start construction of Phase 2 in the first quarter of 2023.
- The MATE project: this is currently in the environmental processing stage, and we expect to have the RCA during 2023, in order to start construction of Phase 2 in the second half of 2023.
- The NITE project: this project already has the corresponding environmental permits for the transmission line and for the extension of SE Constitución. Work is scheduled to start during the second half of 2023.

Peru

- Valle del Chira: we have obtained the environmental licence, as well as all the necessary easements and permits to start the earthworks. Work will continue during 2023 to complete the project.
- Puerto Maldonado - Iberia: we carried out the first session of the citizen participation programme, as well as other necessary social and environmental procedures. The project will be executed between 2023 and 2025.

5. Our people

The last few years, marked by an uncertain and complex economic and social context, have been an incentive to strengthen the sense of belonging and rootedness of our professional teams.

Moreover, mindful of the value of maintaining the strength of this commitment, we have continued to work on finding synergies between countries and on homogenising key processes and procedures.

During 2022, we continued to progressively implement our career development model, which aims to attract, retain and engage the best talent. This model also includes opportunities for growth within the position itself, as well as through functional, horizontal or vertical mobility.

5.1 Commitment with people

The welfare and social development of our employees remains an uncompromising commitment for the group. To this end, we work to continuously improve the quality of employment, fairness, well-being and recognition of our teams, and to strengthen the commitment of the workforce.

We are committed to the creation of stable, long-term employment. In 2022, our workforce increased by 203 new additions, compared to 106 in 2021. In total, this year we recorded a turnover rate of 18%, compared to 12% in 2021. We had a total of 93 departures.

Workforce by sex, type of contract and type of employment

As at 31 December 2022

	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	25	16	300	76	153	27	2	0	480	119
Temporary	0	0	1	5	5	0	0	0	6	5
Total	25	16	301	81	158	27	2	0	486	124
TOTAL WORKFORCE									610	

Change in the workforce by year and country

As at 31st December each year

	2022	2021
Spain	41	38
Brazil	382	362
Chile	185	107
Peru	2	1

Change in the workforce by sex and age

As at 31st December each year

	2022		2021	
	Men	Women	Men	Women
<35	185	68	150	68
35-50	261	55	218	49
>50	40	1	21	1

Workforce by job location and country

As at 31st December 2022

	Structure	In the field
Spain	39	2
Brazil	135	247
Chile	80	105
Peru	2	0

Workforce by gender and professional category

As at 31st December 2022

	Men	Women
Staff	396	110
Middle Management	73	11
Management	10	3
Top Management	7	0

5.1.1. Work-life balance and workplace disconnection

At Celeo, we organise working time in accordance with the labour laws of each country, as well as the regulatory agreement under which it is registered. In the case of control centres, we also guarantee a 24/7 service.

Although there is currently no formal work-life balance policy, measures to promote flexibility are promoted. For example, the possibility of teleworking (up to 20% of total time), or changes in working hours to facilitate free time (such as a continuous working day in the summer period).

Digital disconnection outside working hours is also encouraged. In Brazil for example, the computers are automatically disconnected one hour after the end of the working day.

Lastly, in the case of Celeo Spain (in line with Organic Law 3/2018 of 5 December on protection of personal data and the guarantee of digital rights), our teams have the recognised right to digital disconnection, in order to guarantee respect for their rest time, leave and holidays, as well as their personal and family privacy.

5.1.2. Remuneration policy and social benefits

At Celeo, we have a common remuneration methodology for all three countries with a total compensation approach. Accordingly, we provide for fixed and variable remuneration, as well as flexible, group-eligible benefit programmes and schemes, in line with competitive benchmarking with similar companies; we ensure internal equity by rewarding similarly contributing positions on a comparable basis; and we offer fair compensation in terms of individual contribution.

In Spain, in accordance with RD 902/2020, of 13 October, on equal pay for women and men, a record of the workforce's remuneration has been created.

Furthermore, we have a social benefits programme and a flexible remuneration plan aligned to employee needs. From time to time, remuneration benchmarking is carried out to obtain information on salary data and social benefits of companies similar to Celeo, which allows us to keep up with the best practices in the sector.

Benefits include medical insurance, healthy breakfast and dental insurance. In this way, each country is responsible for defining those it considers most appropriate, taking into account its social and employment context.

5.1.3. Commitment to equality and diversity

At Celeo Group, we are aware that we carry out our activity in a historically male dominated sector, with little female presence in management positions and on construction sites. We are therefore working to balance this ratio by increasing the number of women in our workforce and in positions of responsibility.

At year-end, we had 20% women in the workforce, compared to 23% the previous year. In total, the number of women has increased from 118 to 124 in 2022, with 17% of the new starters being women.

We apply criteria of equality and non-discrimination (on grounds of sex, race, religion, marital status, age, physical abilities, sexual orientation, political preferences or any other condition),



both in our selection processes and in the professional development of our employees. We also promote dignity, integrity and diversity in the workplace and are committed to zero tolerance of any kind of harassment.

Celeo Brazil initiated a selection process exclusively for women in the area of operations and maintenance (a traditionally male area that requires STEM profiles and intense physical work). Furthermore, to mark the celebration of Women's Day, we held a course on negotiation, with the aim of broadening knowledge on the subject and promoting the empowerment of women in this area, with the objective of greater qualification and efficiency.

In terms of integration and accessibility, we are also committed to actively collaborating in the integration of functional diversity. At the end of the year, Celeo Brazil developed a programme to hire professionals with special needs, and has already taken on three people. Meanwhile, in Spain, Chile and Peru, there are still no employees with disabilities on the workforce. However, Celeo Chile is actively seeking to recruit people with disabilities.

In line with our commitment to equality, Celeo Chile held a commemorative talk on International Women's Day 2022.

In addition, and within the framework of the Energy + Women Plan, we participated in a job fair, a study and a workshop to raise awareness. This Plan is an initiative promoted by the Ministry for Energy and the Ministry for Women and Gender Equality in Chile, and seeks to promote the incorporation of women into the electric sector, reducing the salary gap and increasing the presence of women in management positions.

At present, Celeo does not have a formal universal accessibility policy. However, there are some measures to improve access and mobility in some buildings, such as the adaptation of lifts, some common areas and the bathroom facilities.

5.1.4. Collective bargaining

The Code of Ethics as well as the High-Level Policies of Celeo promote freedom of association, membership and right to collective bargaining in accordance with the law, guaranteeing fair treatment between employees and the company.

In Spain and Brazil, the entire workforce is covered by collective bargaining agreements. Celeo Chile is governed by the corresponding local legislation. In Peru, for the time being, dialogue between the company and employees is conducted on an individual basis. In addition, the labour regulatory framework corresponds to that defined in the General Labour Law, and there is no specific agreement for Celeo Peru's activity.

At Group level, we also have various channels for dialogue and participation with employees. Of particular note is the Transparency Channel in all countries, the Health and Safety Committees (CPHS for its acronym in Spanish and the Internal Accident Prevention Committee (CIPA for its acronym in Spanish) in Chile and Brazil, respectively.

5.1.5. Fostering communication and active dialogue with employees

Celeo considers internal communication to be a tool that allows us to stay connected and in touch with employees, while conveying business priorities and corporate culture.

At Celeo Group, the most common channels are face-to-face activities (group meetings, periodic meetings, awareness-raising talks, etc.) and the use of corporate e-mails, groups on the Teams platform or the corporate intranet, and so on. We also highlight the "Corriente continua" and "Más conectados" (More connected) newsletters in Celeo Brazil and Chile, respectively.

Below, we highlight some of the initiatives carried out in each of the countries.

- **Celeo Meeting:** we held an event at Celeo Spain (Christmas lunch) with all employees. The CEO took part in the event, commenting on the group's results and the challenges for the future. In addition, the session was rounded off with games, honourable

mentions and a distribution of symbolic prizes related to the recognition of Celeo values in the professional work of the employees.

- Coffee with the CEO: in Celeo Brazil we are continuing the Coffee with the CEO initiative. Informal meetings with the CEO and directors to share industry and company news and developments.
- Impulsa Project: Digital Transformation project that we are carrying out in Celeo Chile with the incorporation of the PAS S4/Hana ERP tool. With the aim of involving employees and providing further details about this project, we launched a communication campaign through different channels. Among them, a gift kit including a recycled bag, a mug, a bottle of water and headphones was given out.
- Sustainability Meeting: On the second Friday of each month, Chile holds an hour-long extended meeting (involving all staff) to review the past month's performance in relation to the five pillars of sustainability and the challenges ahead for the following month. Each meeting is attended by CELEO Chile's management team, which allows the reinforcement of critical issues for the alignment between the operation and the ESG strategy.

During the last quarter of the year we launched the first global climate and engagement survey "Celeo te escucha" (Celeo listens to you), to give all employees a voice and consider their point of view on the most relevant aspects of talent management. With this, we aim to identify actions throughout 2023 that will help us to be a better company and a great place to work.

5.2 Celeo development model

At Celeo, we believe that people have all the capabilities to identify what is most needed in their professional development, and this can be done with the help of their line manager, who plays a key role in the success of this process. Our Human Resources department encourages activities and provides the means to promote the necessary skills to address the agreed development actions.

Within our model, the manager fulfils the following roles:

- Facilitate the alignment between the employee's desires and the needs of the organisation.
- Identify opportunities for growth and improvement.
- Help shape their development plans, looking for the most appropriate challenges and activities.
- Provide feedback and meaningful conversations.

We also offer an appraisal process that measures the objectives achieved in the performance of each employee's duties and competencies. In this process, we obtain both a self-assessment by the employee and an assessment by the employee's manager. Using the results, an Individual Development Plan is drawn up. This is based on the 70-20-10 approach: experiential learning in their day-to-day professional life (70% individual learning); specific development actions with the participation of superiors, peers, references, etc. (20% learning through others) and specific actions to acquire knowledge and skills through courses and programmes (10% formal learning).

This model is already in place in Brazil and Chile and will be implemented in Spain in the future. In this first year, the focus was on identifying needs and shaping solutions based on active learning.

Finally, this process began in Celeo Brazil at the end of the year and will close during the month of March of the following year with the calibration tables. In Celeo Chile, employees who have been with the company for at least six months will participate in the performance assessment process.

5.2.1. Training and development

As mentioned above, each country designs its annual training plans based on identified needs and business objectives. However, at Group level, there is an Onboarding Programme that also includes training on some specific aspects such as ORP, Compliance, IT, Systems, etc.

At Celeo Spain, the training actions have been aimed at the acquisition of technical knowledge (depending on the priorities of each area) and languages. In 2022, we have identified some training needs, common to all four countries, focused on soft skills, such as leadership, communication and collaboration.

Celeo Brazil continues to strengthen its training mostly on the Integrated Management System, technical and regulatory aspects and languages. We have also implemented development programmes for directors and managers, further training and technical-operational training or specific modules for coordinators and supervisors. We also held the SIPAT (Internal Prevention Week) in which training days were held on a variety of topics.

The training plan in Celeo Chile continues to be focused on training actions, talks and inductions on matters of security and compliance, technical and management skills, languages and information security. This year we continued with the change management project launched in 2021, with the participation of leaders from Celeo and the specific programme for training users and training instructors for the ERP SAP S4/Hana tool.

In the case of Celeo employees who work remotely, the training actions were given online. The majority of the sessions were recorded and made available to the employees.

Celeo Brazil and Celeo Chile provide financial assistance so that employees can take on formal higher education or basic education studies, according to their circumstances and needs.

Training ratios

As at 31 December each year

Training	2022		2021	
	Training hours	Investment in training (euros)	Training hours	Investment in training (euros)
Spain	1,382	24,439	3,311	41,550
Brazil	43,585	215,345	55,499	93,455
Chile	8,600	221.632	10,997	75,187
Peru	26	0	-	-
Total	53.593 hours		69,807 hours	

Training by professional category

As at 31 December 2022

	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Top Management	53	-	44	-	116	-	-	-	213	-
Management	101	33	250	152	201	-	-	-	552	185
Middle Management	-	-	3,558	1,069	2,212	170	26	-	5,796	1,239
Staff	631	565	32,984	5,528	4,744	1,110	-	-	38,359	7,203
Total	785	598	36,836	6,749	7,273	1,280	26	0	44,920	8,627

5.2.2. Internal mobility

At Celeo, we promote internal mobility (vertical and horizontal, within and between countries) to foster the development and best use of internal talent. In 2022, changes include the promotion of the Chief Operating Officer in Brazil to Chief Executive Officer, and a woman who replaced him as Chief Operating Officer. In turn, the Financial Controller for Spain became Deputy General Manager for Celeo Brazil, an appointment that will take effect in 2023.

Celeo remains committed to the training and development of its employees as key elements for the optimal performance of their duties and employability. For this reason, it offers a variety of training actions in face-to-face, virtual and blended formats, depending on the needs and objective of the training.

6. Prevention culture

At Celeo, we consider it a priority to ensure the health and safety of our employees and our stakeholders. We are therefore committed to the goals of zero accidents, zero tolerance for non-compliance and the ongoing promotion of a culture of prevention among employees.

6.1 Managing health and safety

We have a Health and Safety Policy that sets out our commitments in terms of occupational risk prevention for both employees and other stakeholders. The Policy is based on six principles:

- Prevention of injuries and the deterioration of health
- Prevention culture
- Consultation and participation
- Compliance with legal requirements
- Continual improvement
- Zero tolerance

Celeo Brazil and Celeo Chile both have an Integrated Management System (IMS) in place, which encompasses Health and Safety in the workplace, thus complying with the relevant policies. Celeo Spain has integrated Health and Safety into its IMS.

The Health and Safety Integrated Management System is structured and systematised in accordance with the ISO 45001:2018 standard, the purpose of which is to eliminate and minimise the risks to which employees may be exposed in the course of their work. Celeo also ensures that the Integrated Management System documentation is made available to employees, ensuring access to clear, understandable and relevant information.

In order to ensure strict compliance with health and safety at work, we have identified the main risks associated with our operations, including: driving (collisions, crashes, overturning or being run over), work at height (falls), work with electrical hazards (electrocution and burns), and forestry cutting, pruning and thinning (exposure to noise, vibrations, cuts, fires, allergic reactions to stings, etc.).

Furthermore, the Health and Safety Policy guarantees the rights of the employee to refuse to carry out activities in the event of a situation of severe and imminent risk, without fear of reprisals. Employees are trained to understand and interpret the risk assessments of the activities, identifying conditions that prevent them from carrying out the tasks.

6.1.1. Main health and safety actions

In 2022, Celeo Brazil and Celeo Chile have renewed the ISO 45001 certification of our assets, except for those recently acquired by ALFA in November 2021, which will be integrated under the Celeo Chile certificate in the coming years. In addition, Celeo Chile has been certified under the Competitive Company Programme (PEC) in the highest category "Excellence", a process led by the national administrative body, Mutual de Seguridad. We have also carried out various initiatives for the continuous improvement of the Integrated Management System (IMS).

At Celeo Brazil, we improved the management of some critical processes, such as vehicle management or the cleaning of the easement strip by third parties. Alongside these initiatives, we launched the "Positive Energy" programme. With a focus on health and well-being, this programme promotes values such as the emotional health, good nutrition and movement. There is a scoring system that takes into account the participation of employees: attending webinars with specialised professionals, taking specific online training courses or attending consultations with nutritionists, and so on. In order to motivate our teams, we set up collaborative working groups and the employees with the best scores were rewarded at the end of the year. Celeo Brazil also launched the *2022 Brasileirão Celeo Programme*, with the aim of promoting and recognising preventive behaviours and the responsible individual behaviour of our employees.

At Celeo Chile, we implemented the platform for the accreditation of contractors and subcontractors, as well as Health and Safety Committees in all work centres. We also obtained external certification for the committees representing workers in Santiago and Maule, launched the "The most important objective" campaign (with the aim of strengthening the preventive culture in view of the massive influx of workers due to the start of operations associated with ALFA), designed and distributed corporate safety clothing for teams performing field work, as well as increasing the number of Inspection and Observation activities carried out by the company's leadership positions.

At Celeo Spain, health and safety management is handled by a specialised external company. There are also three health and safety officers in the office that ensure compliance with all safety measures at all levels throughout the company. With regard to the outsourced Operations and Maintenance (O&M) service, this is covered by the Joint Service of the contractor. In Spain, we also implemented a platform for the Coordination of Business Activities and to maintain the control of these activities through it. Finally, we have launched the first ORP campaign in this subsidiary: #MoviendoEnergía (Moving Energy).

Due to the initial activity in Peru (in addition to not having physical offices and not having started work on site), we have a freelance who oversees the health and safety management in the subsidiary. As part of this model, we are developing the Occupational Health and Safety Management System (OHSMS).

In 2022, we organised the first Meeting for Workers' Health and Safety, where over the course of five days the teams from Chile and Brazil met to identify good practices and opportunities for improvement in the management of each country.

6.1.2. Protecting the health and safety of subcontractors and clients

To protect the health and safety of subcontractors and clients, Celeo Brazil has a specific procedure in place: the Occupational Health and Safety Procedure for visitors and contractors carrying out their activities within the facilities. This verifies their skills and competences, to comply with the occupational health and safety and environmental requirements of Celeo.

Prior to access, all necessary documentation from contractors is assessed (along with training and suitability requirements compatible with the activities they will perform at the facility, according to the identified risks). The environmental hazards and risks are identified and managed through the Preliminary Risk Assessment (PRA). In the case of lane cleaning, there are specific procedures in place that provide for differentiated monitoring depending on the urgency of the activity.

At Celeo Chile, we updated the Special Regulation for Contractors and Subcontractors (REECS for its acronym in Spanish) in 2022, which defines and applies a regulatory framework on Occupational Health and Safety matters with contractors and subcontractors.

6.2 Consultation and participation of employees in preventive activities

At Celeo we respect the right of employees to participate in preventive activities. Therefore, consultation and participation in health and safety matters between the company and its employees is carried out through the Joint Health and Safety Committees (for Celeo Chile) and the Internal Commission for Accident Prevention (CIPA for its acronym in Spanish), as well as two employee representatives (for Celeo Brazil).

In Brazil, all the employees are represented by the CIPA, a committee made up of representatives of the company and the workers. This Committee meets on a monthly basis and works to develop preventive actions to ensure good working conditions to prevent accidents and occupational diseases. In addition, an employee representative has also been defined in each area, who is responsible for consultation and participation activities.

In addition, we have a work plan that defines the responsibilities of each CIPA member, as well as the health and safety framework.

Lastly, we have other communication channels to inform employees of relevant health and safety issues: the internal newsletter, corporate mail, weekly talks on health and safety at work or the transparency channel, to name but a few.

In 2022, we established Health and Safety Committees at all Celeo Chile workplaces. Each is made up of six company representatives and six employee representatives (three permanent and three additional representatives in each case).

These committees meet on a monthly basis and are responsible for advising and instructing on the correct use of protective instruments, monitoring compliance with prevention and safety measures and investigating the causes of accidents at work, among other functions.

In addition, we have alternative communication channels through which employees are informed of relevant health and safety issues, such as, for example, the consultation and reporting channel of the CMASS area, mailboxes, information screens, the Crime Prevention Model's whistleblowing channel or awareness-raising videos, among others.

6.3 Accident rates

The monitoring of the health and safety indicators is done using HS Tool, with Spain, Brazil, Chile and Peru following the same criteria.

Accident rates for own staff

As at 31 December each year

	2022	2021
Frequency index	1,43	0.00
Severity index	0.01	0.00
<i>Frequency Index = (number of accidents with sick leave not including commuting/hours worked x 10⁶)</i> <i>Severity Index = (number of days lost/hours worked) x 10³</i>		

Frequency and severity rates for own personnel

As at 31 December 2021

	Frequency index		Severity index	
	Men	Women	Men	Women
Spain	0.00	0.00	0.00	0.00
Brazil	0.00	0.00	0.00	0.00
Chile	0.00	0.00	0.00	0.00
Peru	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Frequency and severity rates for own personnel

As at 31 December 2022

	Frequency index		Severity index	
	Men	Women	Men	Women
Spain	0.00	0.00	0.00	0.00
Brazil	0.00	0.00	0.00	0.00
Chile	7.18	0.00	0.03	0.00
Peru	0.00	0.00	0.00	0.00
Total	1.83	0.00	0.01	0.00

In 2022, the main indicators for accidents involving own personnel were 1,43 (frequency indicator) and 0.01 (severity indicator), compared to 0.00 and 0.00 in 2021, respectively.

In Chile, in 2022 we interrupted our record of 1,461 accident-free days by recording two medical leave events during the year.

During 2022 we had one fatal accident in Brazil, involving a subcontractor in an accident on the way to/from work. After the investigation of the accident following the protocols established by Celeo, it was concluded that in no case was Celeo nor the subcontractor company responsible for this event.

An incident investigation procedure is in place to identify, report and deal with accidents, as well as to follow up on corrective and preventive actions to minimize risks. To ensure its usefulness, we evaluated the effectiveness of the actions implemented as a result of an incident.

Finally, our employees are not exposed to significant risks of occupational infection. The main discomfort and diseases originate from diseases that are endemic to the regions in which the activities are performed, against which adequate protection is provided to employees (for example, through vaccination). In 2022, no occupational diseases were recorded in the Group.

6.4 Training for employees in health and safety in the workplace

To ensure the health and safety of our teams, training is key to achieving the highest level of protection in our operations. During the current financial year, we have continued with our training activities, in accordance with the needs of each region. These actions are mandatory and carried out during working hours, combining both face-to-face classes and online sessions.

In 2022, we organized the following training activities:

- In Spain, we are celebrating the #MoviendoEnergía (Moving Energy) campaign, an initiative aimed at preventing sedentary lifestyles. We also provide training on Data Display Screens (DDS), as well as specific courses on Chemical Products and ATEX based on the activity of the professionals.
- At Celeo Brazil, we organized the Health and Safety Week in an online format. With the participation of 270 employees, this event led to the creation of a gamification platform with games and activities that tested employees' knowledge of health and safety in the workplace.
- Lastly, at Celeo Chile we launched the health and safety campaign "The Most Important Objective", with the aim of maintaining an operation free of accidents and occupational diseases. On 28 April, World Day for Safety and Health at Work, we launched a signature panel at each workplace. Through them, we encouraged workers to sign to show their commitment to health and safety.

Training for employees in health and safety in the workplace

As at 31 December 2022

Country	Training hours	Main topics
Spain	66	Explosive atmospheres, ORP in offices and Chemicals
Brazil	7.904	Mainly electrical hazards and working at heights courses
Chile	5.542	Electrical hazards, defensive driving, accident management, first aid and working at heights.
Peru	8	Fire control and firefighting, use of PPE
Total	22.377	

6.5 Health checks

To ensure the health and well-being of our employees, we organised the following actions:

- Firstly, Celeo Spain employees are covered by a mutual insurance company which is responsible for organising healthcare benefits (medical assistance) and economic benefits (receipt of sick leave benefits) in the event of work-related accidents or occupational disease. Furthermore, through another external company, we offer all employees an annual medical check-up.
- At Celeo Brazil, we have an Occupational Health and Medical Monitoring Programme, which provides the necessary guidelines to protect against the possible risks and occupational diseases associated with their work environment and duties. The Environmental Risk Management Programme also assesses the activities carried out by workers in order to identify and mitigate harmful agents that may affect their health. Finally, through the Bradesco Saúde health programme, we provide free medical access to our employees.
- At Celeo Chile, our teams are also covered by a mutual insurance company, which is responsible for providing support and advice on occupational risk prevention, monitoring workplace conditions and assessing the health status of employees as well as compliance with the applicable legal requirements. All these activities were part of the Collaborative Occupational Health and Safety Plan 2022 which was delivered in full.
- Lastly, two people have joined the company in Peru, both covered by the compulsory medical check-up under Peruvian law.

7. Committed to the planet

7.1 Environmental management

Celeo's commitment to respecting and protecting the environment is set out in our Code of Conduct and is further developed through an Environmental Policy, aimed at promoting the sustainable development of the business.

The Environmental Policy is based on the application of the six principles: prevention of pollution, efficiency in the use of resources and waste, protecting biodiversity and habitat, resilience in the event of a catastrophe and adaption to climate change, compliance with requirements and continuous improvement.

To ensure compliance, Celeo has an Integrated Management System, which includes the Environmental Management System (EMS). This framework respects the autonomy and uniqueness of each country, with continuous improvement in all environmental management processes and at all levels of the organisation.

Celeo adheres to the precautionary principle, through the EMS, where the most significant environmental impacts of its activities are identified and the necessary mechanisms are established for their identification, evaluation and control.

The main impacts identified are:

- The change of land use (removal of vegetation) that is carried out for the implementation of structures and easement strips.
- The generation of hazardous waste from the preventive maintenance of its facilities.
- Impacts deriving from the consumption of energy, water and atmospheric emissions.

Celeo carries out the relevant socio-environmental impact assessments whenever it begins a new project and is required to do so by its characteristics. All projects undergo studies to map potential socio-environmental impacts in the implementation and operation phases. Once the process is completed, the correction, mitigation, modification and offsetting measures and actions are defined to eliminate, minimise and/or offset the impacts.

The activities associated with sustainability included in Celeo's annual budget are mostly aimed at complying with legal requirements, the monitoring and the establishment of targets for consumption, (energy, water, waste, etc.), protecting biodiversity, progressing with the resilience plans and reducing and mitigating emissions.

The most relevant environmental management indicators for Celeo are consolidated in the *Environmental Tool*, which aims to automate and consolidate the Group's environmental data.

Celeo Brazil has certified its EMS in accordance with ISO 14001:2015 with a scope of 100% of its facilities. Meanwhile, Celeo Chile continues to increase the scope of tri-standard certification for 130 new sites in the Aconcagua, Maule and Valparaíso zones, with 36% of facilities certified. The target for 2023 is to reach 64% of the total number of facilities. Celeo Spain is currently in the process of certification according to ISO 9001, ISO 14001 and ISO 45001 standards, which is expected to be completed in 2023.

Celeo has the human, technical and economic resources necessary for the prevention, mitigation and offsetting of potential environmental impacts. At Group level, we have a total of 16 people (ten in Brazil, four in Chile and two in Spain) reporting to the Operations Area, who oversee the compliance with the EMS.

Celeo performed annual investments to prevent and minimise its environmental impacts. In 2022, it invested a total of EUR 4.695.163.

The Company is covered by an environmental liability policy (taken out by Elecnor) that is valid until 31 December 2022, with a general limit of EUR 20 million. In accordance with its

conditions, this policy guarantees compensation demanded of the policyholder resulting from environmental damage.

Environmental management investment

As at 31st December of 2022, in euros

	2022		
	Spain	Brazil	Chile
Environmental Management (OPEX)	35,050	1,463,868	1,005,127
Environmental Management (CAPEX)	2,146,617	33,275	11,226
Total	2,181,667	1,497,143	1,016,353

7.2 Efficiency of resources

Celeo promotes the efficient use of resources in its operations and activities to generate the lowest possible environmental impact. In this regard, we regularly monitor and follow up on consumption and set targets for its reduction.

7.2.1. Energy consumption

Our electricity consumption is mainly due to solar thermal power plants and, to a lesser extent, to offices, maintenance bases and substations. Fuel consumption is mainly associated with the natural gas consumed in the solar thermal power plants and, to a lesser extent, with the liquid fuels used in the vehicles used to maintain the installations and also the back-up generators.

In 2022, electricity consumption was 27,091 MWh, an increase of 13% compared to the previous year. Natural gas consumption reached 18,893 MWh, while consumption of fossil and renewable fuels amounted to 316,524 litres.

Regarding the type of energy consumed, Celeo Brazil consumes renewable energy from photovoltaic panels located at the maintenance base in Uberlândia and Vilhena (Brazil) for self-consumption (offices and warehouses). The surplus is discharged into the grid. In 2022, 34.40 MWh for self-consumption were generated.

Celeo Chile also has renewable energy from photovoltaic panels located at the maintenance base in Diego de Almagro, a Chilean commune (Atacama region). In 2022, 6 MWh for self-consumption were generated.

In addition, we implement other actions and initiatives that contribute to more efficient energy consumption:

- Switching from traditional luminaires to LED
- Environmental awareness programmes.
- Environmental education programmes in local communities.
- Use of ethanol as a fuel in vehicles.
- Addition of electric vehicles to the fleet in Brazil and Chile.

Energy consumption by source

As at 31 December each year

	2022	2021
Electricity (MWh)	25,767	23,882
Natural gas (MWh)*	18,893	18,551
Fuels (l)	316,524	340,128
- Fossil fuels (Gasoil + diesel)	240,638	284,319
- Renewables (ethanol)**	75,886	55,809
*Note: Corresponds to the consumption of Celero Spain (solar thermal plants)		
**Note: This consumption corresponds to Celero Brazil (used as vehicle fuel)		

Electricity consumption by country

As at 31 December of each year and in MWh

	2022	2021
Spain	20,799	21,009
Brazil	4,844	2,770
Chile	124	103
Total	25,767	23,882

Fossil fuel consumption

As at 31 December of each year and in litres

	2022	2021
Spain	22,455	31,631
Brazil	156,596	188,912
Chile	84,042	63,776
Total	240,638	284,319

7.2.2. Water consumption

At Celero we encourage efficient and responsible water consumption in our operations. The largest water consumption is in solar thermal plants in Spain, which use this resource intensively for cooling the plants, producing the steam needed for electricity production and cleaning the mirrors.

Whereas the consumption of water for Celero Brazil and Celero Chile is mainly associated with its use in offices and the maintenance activities of the transmission lines and substations.

In 2022, we are pursuing the following key initiatives:

- At Celero Brazil, and following the successful implementation of the automated remote monitoring system for deep cased wells at LTT and CANTE (5 substations) by the end of 2021, we managed to expand the system to the subsidiaries BTE, CTE, JTE, LTC and PTE (12 substations). In total, we have 17 substations with this system in place at Celero Brazil. This extension will allow more efficient control of water consumption, as well as ensuring that the limits established in the Water Use Rights Concessions, as determined by environmental legislation, are respected.
- At Celero Chile, we carried out an awareness campaign regarding the efficient use of water resources, highlighting some relevant milestones at global and local level within the activity's information framework.

Water consumption by source

As at 31 December of each year and in m³

	2022	2021
Water supply network consumption	3,139	2,067
Spain	204	160
Chile	1,243	1,383
Brazil	1,704*	524
Consumption of subterranean water	750,313	1,085,085
Spain	746,093**	1,081,089
Chile	24	23
Brazil	4,196	3,973
Consumption of surface water (river)	518,185	492,429
Spain	518,185	492,429
Chile	0	0
Brazil	0	0
Total	1,271.637	1,579,259

*In 2022 there was a considerable increase in Brazil's network water given that from this year onwards it includes the consumption of the central offices and the Teresina Maintenance Base mainly.

**In 2022 there was a reduction in groundwater consumption due to production restrictions.

At Celeo, water management varies slightly from subsidiary to subsidiary.

In Spain, water extraction for Aste 1A and 1B is through underground wells, while for Astexol-2 it is obtained from surface water sources (river).

At Celeo Brazil, the facilities (due to their location in rural areas) are supplied by 32 deep tube wells with the relevant environmental licences. According to the guidelines published by the World Resources Institute (WRI) in the Aqueduct Water Risk Atlas, only 6.25% of our projects in the region are located in medium-high water stress areas, these being the wells located in São João do Piauí-PI (UFV-JSP) and Itaboraí-RJ (PTE).

Celeo Chile is mainly supplied by mains water. We have also identified that about 57 m3 of the total water consumption, recorded in the BDM Atacama, SE Illapa and SE Cumbres areas, is considered to come from areas of water stress.

7.2.3. Waste management

The waste generated by Celeo is processed in accordance with the prevailing legislation in the countries where the Group operates. It always seeks the best alternative for its final disposal, preferring recycling and reuse whenever possible.

Most of Celeo's waste is generated by solar thermal power plants in Spain, whose main hazardous waste is activated carbon, waste containing hydrocarbons or heat transfer fluid. Non-hazardous waste consists of paper, cardboard, plastics, wood, sewage sludge, etc. Furthermore, photovoltaic plants occasionally generate electronic waste deriving from damaged components and degraded photovoltaic panels. The first course of action is to always attempt to repair the elements, failing that, they are replaced.

The main waste generated by Celeo Brazil and Celeo Chile is domestic waste (paper, cardboard, plastic, organic waste and metals). The maintenance activities generate a low percentage of hazardous waste that comes from the substations, which are removed by the waste management companies authorised for the processing and final disposal. This is mainly diesel, oils, lubricants, paints, solvents, contaminated packaging, batteries, lighting elements,

etc. During the construction phase, the main waste generated are hazardous and non-hazardous industrial waste.

At Celero Brazil, we also adopted a target to reduce non-hazardous waste generated by 5% per employee (compared to the volume in 2019). At the year-end a reduction of 88% had been achieved.

Meanwhile, at Celero Chile we set the goal of not using plastic bottles. For this purpose, thermally insulated bottles are provided to field staff for storing and transporting water in their various activities, while dispensers are available for office staff.

Waste generated

As at 31 December of each year and in kg

	2022	2021
Hazardous	260,293	482,624
Spain	230,266	442,555
Brazil	29,780	39,754
Chile	247	315
Non-hazardous	448,456	502,176
Spain	421,919	490,519
Brazil	20,931	9,923
Chile	2,566	1,734
Total	708,749	984,800

Waste management (kg)

As at 31 December of each year and in kg

	2022	2021
Destination*	690,999	968,023
Hazardous waste	249,884	471,319
Non-hazardous waste	441,115	496,704
Stored**	17,750	16,777
Hazardous waste	10,409	11,304
Non-hazardous waste	7,341	5,473
Total	708,750	984,800

**Note: Total waste that has had a final disposal, through some form of treatment: recycled, reused, incinerated, etc.*

***Note: Waste temporarily stored prior to being delivered to the authorised waste management companies. Some waste may relate to previous financial years*

Waste processing

As at 31 December of each year and in kg

	2022	2021
Recycled	246,211	450,027
Incinerated	1,439	7,623
Landfill	443,349	510,374
Total	690,999	968,023

7.3 Climate change

At Celeo we are committed to the fight against climate change. The very activity of our business, where we generate energy through renewable sources, helps to decarbonise and avoid emissions from other sectors, and we work towards this every day.

7.3.1. Resilience to climate change

In 2022, work has been done on a Resilience, Climate Change and Business Continuity Plan. This Plan was approved at the end of 2022. Based on our risk management model, it provides a strategic view on how to manage the risks associated with climate and social factors that may be related to it. The plan, which is common to all the Group's subsidiaries and contemplates the physical and transition risks associated with climate change, is in line with the international benchmarks such as the GRESB and *Taskforce on Climate-related Financial Disclosures* (TCFD), as well as taxonomy of the European Union.

At local level, progress continues to be made in different lines of action with the aim of promoting actions to reduce greenhouse gas emissions and counteract the effects of climate change:

- Control, monitoring and external verification of the emission of greenhouse gases.
- Local emission reduction plans that are integrated into the overall Carbon Footprint Management Plan.
- Climate change adaptation in operations: we are in the process of implementing contingency plans for climate emergencies and disaster resilience.
- Offsetting the environmental impact with reforestation initiatives and renewable generation.
- Participation in initiatives associated with the fight against climate change and net zero emissions.

At Celeo Brazil, every 5 years, we update and conduct studies on the impact of rising temperatures. For assets in operation, actions or improvements were indicated to avoid damage, whereas a design review is being considered for new assets, where these impacts are already assessed in the manufacturing process.

In accordance with the action indicated in the temperature increase report, by 2022, the installation of forced ventilation in the LTC reactors was completed, and is ongoing at LTT and VCTE, with completion scheduled for 10/03/23.

Also taking into account the actions indicated in the study, a design review and temperature rise test was carried out for the new transformers and PATE reactors, where the maximum possible ambient temperatures for the operation of the new equipment were verified.

Whereas, at Celeo Chile we carried out the evaluation of flood flows under different climate change scenarios on the electricity transmission structure located on the banks of the confluence between the Tinguiririca and Claro rivers (VI Region, Alto Jahuel 2x500kV Project).

Furthermore, during the second quarter of the year we started projects related to biodiversity, such as the resilience projects "Restoration of forests and biological corridors" and "Study of the mortality of Cordilleran cypress in the CHATE project".

7.3.2. Carbon footprint

At Celeo, we calculate our carbon footprint annually in accordance with the ISO 14064 standard and the GHG protocol. In 2022, the calculation of the carbon footprint will be done centrally and verified at Group level for the first time. This is to standardise the report and to be able to use it in the most appropriate way in the Celeo Group Footprint Management Plan. For the time being, the carbon footprint does not include Peru, as the projects were not yet operational in 2022.

We also have the following related seals:

- Celeo Brazil was awarded the Gold Seal in the GHG Protocol for the fourth consecutive year.
- Celeo Chile received the greenhouse gas quantification seal (for the year 2022) from the Ministry of the Environment as a result of its Huella Chile (Chile Footprint) programme.

We are working on a Carbon Footprint Management Plan which aims to monitor CO₂ emissions at Group level and set targets in line with stakeholder expectations.

Scopes

As at 31 December of each year and in CO₂eq

	Spain		Brazil		Chile		Total	
	2022	2021	2022	2021**	2022	2021	2022	2021
Scope 1	3.509	3,855	39.872	53,560	466	203	43.847	57,618
Scope 2 (with no transmission losses)	5.340	4,898	208	472	279	41	5.827	5,110
Scope 3	162	148	378	249	335	79	875	476
Total	9.011	8,901	40.458	54,281	1.080	323	50.639	24,949

Transmission losses* N/A N/A 50.406 97669 257.182 41,315 307.588 138,984

*Transmission losses are given for the energy transmitted and technical characteristics of the transmission lines owned by Celeo. The company considers that they are not manageable emissions. The transmission losses of ALFA's lines are included, which were estimated taking into account the voltage and km of the lines.

**The 2021 carbon footprint in Brazil has been recalculated, due to the introduction of a land use change footprint calculation methodology, according to international standards, and due to the recalculation of electricity consumption and transmission losses using the 2021 emission factor.

For the entire Group, Scope 3 includes business travel, travel to and from work, water consumption and waste management.

Transmission Activity Intensity Ratio - Brazil and Chile

As at 31st December of each year and in tCO₂/km

	2022	2021
GHG intensity ratio		
Carbon footprint for Brazil and Chile	41,538	54,604
Size of the operation (Km of operational line)	5,913	5,251
Intensity	7.02	10.40

Intensity ratio of the generation activity

As at 31st December of each year and in tCO₂/MWh generated

	2022	2021
GHG intensity ratio		
Spain's carbon footprint	9,011	8,901
MWh generated in Spain	233,659	293,773
Intensity	0.038	0.030

The Celeo Group's carbon footprint is mainly composed of emissions that cannot be managed by the organisation, corresponding to transmission losses. Transmission losses, which represent a considerable volume of our carbon footprint, are very unmanageable for the organisation, as they depend on the energy transported by our lines and the emission factor

of the electricity mix of the electricity system in which they are found. In any case, Celeo takes all reasonable measures to reduce these losses as much as possible.

Another important part of the Group's footprint is Scope 1, which is mainly composed of land use changes resulting from construction projects.

At Celeo, we manage the emissions generated by sulphur hexafluoride (SF₆). Sulphur hexafluoride (SF₆) is an inorganic chemical compound which, under normal temperature and pressure conditions, is an inflammable, colourless, odourless and non-toxic gas. SF₆s are used as an insulator for automatic switches as they pose little risk of contaminating the ground and water as they are not flammable or toxic gases. However, the environmental impact is identified in that it is a gas with a higher global warming potential, (23,500 times higher than the warming potential of CO₂). We therefore consider it necessary to monitor these emissions.

The losses of SF₆ are only present during operation and maintenance, and in normal circumstances the annual replacements of SF₆ are low or non-existent.

Celeo Brazil has an Improvement Action Plan at its units and operations to reduce leaks into the atmosphere. An inventory of SF₆ in all concessions, facilities and even equipment is available, with the aim of being able to identify the equipment that leaks the most and gradually replace it.

Alfa's entry into Celeo Chile's portfolio has meant the incorporation of assets that are less technologically advanced than the existing ones, and which have SF₆ leakage. An SF₆ inventory is currently being carried out, similar to the one performed in Brazil, in order to be able to manage this gas and draw up an Action Plan to improve SF₆ emissions into the atmosphere. In 2022, total emissions of SF₆ into the atmosphere amounted to 102.12 kilograms.

Furthermore, Celeo contributes to the decarbonisation of other sectors through the production of renewable energy and transmission of electric energy. Electricity from our photovoltaic and solar thermal plants fed into the grid in Spain during the year was 232.93 GWh, while the São João do Piauí photovoltaic plant (UFV-SJP) in Brazil generated 418.89 GWh. This renewable energy produced represents avoided emissions of 60,167 tCO₂e and 17,845 tCO₂e respectively.

7.3.3. Other emissions

With the aim of reducing its SO_x, NO_x and particulate (PM10) emissions from its fleet of vehicles, Celeo Brazil is working towards replacing the consumption of fossil fuels with renewable fuels, encouraging the use of sugarcane ethanol rather than petrol.

Other atmospheric emissions

As at 31 December of each year and in kg

	2022	2021
SO _x	142	121
NO _x	2,532	2,230
PM10	248	242
Others*	2,497	2,671
Total	5,419	5,337

*Others: emissions mainly includes emissions of TSP, CO, VOC, NH₃, RCHO and THC.

*The emissions from fixed combustion in Brazil have not been included in this table.

Celeo Brazil modernised the way it monitors black smoke emissions from stationary and mobile sources, which use diesel as fuel. Monitoring is now done through a mobile application with computer vision technology to interpret the results according to the Ringelmann Scale. In addition, the impact of emissions related to SO_x, NO_x and PM10, has been reduced compared to the 2019 baseline.

Celeo also manages noise pollution, a physical atmospheric pollutant. We carry out the following actions in its management:

- At Celeo Spain, we carry out a regular noise study in accordance with the Environmental Monitoring Plan, the results of which are reported to the Environmental Authority in the Annual Report.
- At Celeo Brazil, noise monitoring is carried out at the assets in accordance with the applicable regulations.
- Celeo Chile carries out noise emission monitoring on an annual or biannual basis (as established in each environmental qualification resolution). There are also specific internal valuation procedures and noise control measures.

It should be noted that the company carries out reforestation activities, both linked to project licensing and voluntary, which contribute to offsetting emissions. For more information, see the 'Biodiversity protection' section below.

7.4 Biodiversity protection

7.4.1. Wildlife management

Our activities are carried out in areas with a wide variety of ecosystems, so their conservation and responsible use are a commitment within the Group.

The main impacts of Celeo's construction and operation activities on biodiversity (mainly in Brazil and Chile) have been identified and are as follows:

- Suspension or loss of vegetation due to felling and pruning.
- Loss of fauna, due to vegetation cutting.
- Pollution associated with vehicle movement.

In Brazil, bird collisions with transmission lines are monitored and there are no indications of significant impacts. With regard to the fires that occur in the country, most of them are due to anthropic causes, i.e. human activities that have developed over time.

A preventive approach is pursued in both subsidiaries. The impact is greatest during construction, but also exists during operation, but to a lesser extent.

The above impacts are associated to mitigation, repair and offsetting measures. The reduction of impacts related to the operation of power transmission lines occurs through the optimisation and reduction of the intervention to the minimum necessary, as well as the environmental regeneration of the affected areas.

Birdlife monitoring has been established in both Brazil and Chile, which verifies whether there is any interference of the transmission line with bird migration, the occurrence of accidents and whether birdlife are using the transmission line structures.

At present, the main impacts on biodiversity by affecting endangered species or protected natural areas are concentrated in the PATE (under construction) and LTT (in operation) projects in Brazil, and in the AJTE and CHATE projects in operation in Chile.

Details of the species threatened by the projects and included in the IUCN (International Union for the Conservation of Nature) Red List are given below.

Level of risk of extinction	Number of protected species	Name of the species	Project	Location
Critically endangered	2	<i>Flora: Euxylophora paraensis</i> Huber <i>Eschweilera subcordata</i> S.A Mori <i>Flora: Couratari guianensis</i> , <i>Hymenaea parvifolia</i> , <i>Manikara huberi</i> , <i>Mezilaurus itauba</i> , <i>Bertholletia excelsa</i> , <i>Hymenolobium</i> sp.	PATE	Brazil
	11	<i>Citronella mucronata</i> , <i>Porlieria chilensis</i> , <i>Neoporteria castanea</i> , <i>Nothofagus glauca</i>	PATE	Brazil
Vulnerable	4	<i>Austrocedrus chilensis</i>	AJTE and CHATE	Chile
	1	<i>Flora: Couroupita guianensis</i> , <i>Helicostylis tomentosa</i> , <i>Micropholis cylindrocarpa</i> , <i>Miquartia guianensis</i>	CHATE	Chile
Near threatened	7	<i>Fauna: Bradypus vaiegatus</i>	PATE	Brazil
	1		PATE	Brazil
Least concern				

Other species threatened by the projects and included in different national legislations are: *Carapa guianensis*, *Copaifera Multijuga*, *Hevea Braziliensis* (PATE project - Brazil).

Finally, the species protected by Law - Amazonas State Decree no. 25,044/2005, Federal Decree 5,975/2006 and Amazonas State Law no. 1,532/1982 are: *Swietenia macrophylla*, *Apuleia leiocarpa*, *Mauritia flexuosa*, *Caryocar Braziliense* and *Handroanthus albus*.

7.4.2. Reforestation and forest management

Celeo's reforestation activities are usually linked to the environmental licensing of the project, which is particularly noticeable during construction. In order to build a project, the environmental licence usually includes environmental reinstatement compensations (mostly reforestation) to offset the impact of the change in land use. Compensation is commensurate with the damage.

In addition, Celeo undertakes voluntary commitments in relation to reforestation. For example, in Brazil, as a target linked to the SDGs and in the case of new projects, a 15% increase is included in reforestation resulting from environmental licences.

In Spain, as part of Celeo Spain's Environmental Monitoring Plan, reforestation, maintenance and follow-up activities continue to be carried out for ASTE projects. However, some plantations were found not to be surviving, so the Environment Council and regional authorities carried out a new check on the success of reforestation in 2022. After several visits by the responsible environmental bodies, it was confirmed that some plots have prospered and, in those where the plantations have not developed, an alternative to the land proposed by the environmental body in the environmental licensing is proposed.

During 2022, several irrigation campaigns and tree surround reinforcement works have been carried out. Weeding operations are also carried out.

At Celeo Chile no new reforestation activities were carried out during 2022 due to the lack of new projects. However, work continues on the existing ones. On areas reforested in previous years that have not achieved their respective development objectives, silvicultural maintenance activities (irrigation, weeding, pruning, replanting, etc.) are carried out in order to improve their growth potential and ensure full compliance with the plant development objectives. In 2022 maintenance activities were carried out on 118 hectares with native species.

7.5 Environmental training and awareness raising

Celeo Brazil and Celeo Chile have given a total of 471 hours of environmental training per participant to their employees, with a total of 789 attendees.

At Celeo Brazil, we organise courses for the identification of environmental aspects and impacts, for the handling of oil or for the correct transport of fuels, as well as specific training on our Environmental Policy, etc.

At Celeo Chile we are developing various internal initiatives to raise awareness of water and energy saving, competitions on green energy and conservation measures, as well as a commemorative video for World Environment Day. We also organised training and awareness-raising sessions on the handling of hazardous substances and waste, the relevant environmental and forestry regulations, and environmental restrictions on vegetation works. We also run a course on vegetation management and forest pruning.

8. Generators of value in our communities

Our social commitment is focused on the development and improvement of the well-being of society and reducing the potential impact of its activities within its sphere of influence. In this vein, Celeo's Corporate Social Responsibility Strategy is a reflection of this commitment through the building of ethical, transparent and long-lasting relationships with stakeholders, identifying the effects its activities may have on the community and implementing the relevant plans to prevent, mitigate or offset them.

In 2022, of particular note is the approval of the Celeo Group's Corporate Social Responsibility Strategy, which acts as an umbrella for all the subsidiaries' community relations procedures and strategies. This strategy prioritises the development of transparent projects that promote social welfare, that are self-sustainable over time, that meet real local needs and that are developed mainly in our areas of influence.

The main impacts generated in the community as a result of our activity are those related to the effect on properties crossed by the lines, the visual impact of the installations, the noise caused by the electrical equipment and, on some occasions, the impact on biodiversity in specially protected areas. We assess our impacts through environmental and social assessment programmes that include specific studies and spaces for citizen participation, which guarantee the social licence to operate and collect, where appropriate, the necessary control, mitigation and compensation measures.

We also promote trusting relationships through a closer, transparent and ongoing dialogue with the local communities.

8.1 Social actions linked to project development

In order to channel our contribution, we carry out socio-environmental actions derived from the licences that favour our relationship with the planet and the people in the regions where we operate. These include citizen participation initiatives, awareness-raising workshops or specific consultations, and so on.

Celeo Spain is in constant dialogue with the Local Councils of Castilla La Mancha for the ASTE 1 and ASTE 2 projects; and with the Regional Government of Extremadura for the ASTEXOL project. This dialogue is enshrined within the Annual Surveillance Plans relating to those projects.

In Brazil, citizen participation is a key process of environmental licensing, where affected parties have the opportunity to be heard.

Of particular note is the Integra Anti Queimadas Programme, a stakeholder engagement initiative aimed at preventing forest fires, which we implement on a voluntary basis. In 2022, we held educational workshops in 46 municipalities in a total of 10 Brazilian states. Some notable results are:

- "Cycle of three lives", with specialists: 435 views.
- 147 hours of educational workshops with 562 participants.
- 40 hours distance learning module on Socio-environmental Project Development (specifically for fires) with 155 people.
- 5,000 materials produced.
- 35,000 materials donated in the *Anti Queimadas* campaign (Anti-Fires).

Furthermore, through the Social Communication and Environmental Education Programmes, we organise educational and informative activities, both in person and through distance learning. In total, we organised actions in 124 municipalities covered by the concessions, with a total of 1,807 social actors.

These actions cover issues related to the environmental licensing process, such as safe coexistence on the right of way or perceptions of actual and potential impacts generated by projects. The following are highlighted during 2022:

- 162 face-to-face and 16 virtual meetings.
- 8,000 informative materials.
- 413 properties registered in SITE, ENTE and IMTE concessions.
- We created two specific websites for the Cantareira and JTE Environmental Education Programmes.
- A training course for O&M employees, with a total of 28 participants.

Celeo Chile's Community Relations strategy specifies the key lines of action to establishing a good relationship with the communities surrounding our facilities. This document acts as a local standard, with specific aspects to be developed, considers the particularities of each territory and community, and acts to build mutual trust for local development and collaborative work.

In 2022, we conducted a community diagnosis in the Hualqui commune (MATE). We conducted 47 interviews with different stakeholders (local and regional authorities, neighbourhood councils, businesses, media, etc.), in which we identified four priority lines of action: Education and training, employment and entrepreneurship, environmental protection culture, sport and recreation.

Under the Education and Training aspect, we organised a workshop on vegetable gardens and food security at a local school.

Lastly, with the support of Elecnor, Celeo Peru has started a citizen participation plan for the Puerto Maldonado-Iberia project. This plan, linked to the licensing of the project, aims to inform society about the project and to identify the needs of local communities.

8.1.1. Respect for traditional communities

Furthermore, and within the framework of environmental legislation, Celeo Brazil pays special attention to Indigenous and Quilombolas Communities.

We conducted an Indigenous Component Study (ECI for its acronym in Spanish) and a Quilombola Component Study (ECQ for its acronym in Spanish), which assesses the socio-environmental impacts of each project on these communities. Both studies are a requirement for the environmental licence. The ECI is carried out with the National Foundation of Indigenous Peoples (FUNAI), and the ECQ is carried out with the National Institute of Colonisation and Agrarian Reform (INCRA). On the basis of their results, we developed an Indigenous Basic Environmental Component Plan (PBAI for its acronym in Spanish) or Quilombola Basic Environmental Component Plan (PBAQ for its acronym in Spanish) which contain the control and mitigation measures for each identified impact.

In 2022, Celeo carried out ECQ studies at the subsidiary UFV-SJP Ampliação.

8.2 Supporting development and social welfare

In addition to the actions required by the legal frameworks of the regions in which we operate, Celeo is committed to the communities where we are present. This social action is aimed at having a positive impact on culture, well-being and environmental education, among other aspects.

We also make these social investments in accordance with relevant internal policies and standards, as well as with the legal criteria set out in agreements or contracts. Furthermore, it is necessary to validate the social actions with the communities and the corresponding Sustainability and Compliance Committees.

In Brazil during 2022 we developed two projects through the "Celeo in the Community" programme:

- *Quipá Project - cultivating knowledge*: in São João do Piauí (area of influence of the UFV JP Solar Power Plant), which provides opportunities for young people in the area

through training in livestock farming and beekeeping. In total, 66 young Quilombolas from the communities of Picos and Saco Curtume participated. This project is being carried out with the collaboration of the Umbuzeiro Socio-environmental and Cultural Institute, with an investment of BRL 600,000.

- ECOE Green Project: in Atibaia, São Paulo State (area of influence of CANTE) is an environmental education programme in four municipal schools. A total of 1,593 children and adolescents took part, as well as 80 local residents with workshops on sustainable and healthy cooking, vegetable gardens and talks on conservation and recycling. The project is carried out in partnership with a local social organisation based in Atibaia/SP, Espaço Crescer - Livre Atividade, with an investment of BRL 400,000.

In Chile, we focus our social projects on environmental education:

- In 2022, we continued the programmes in the Corel, Charrúa, Los Alisos and Bajo Perquin schools. These schools participate in the National System of Environmental Certification of Educational Establishments (SNCAE for its acronym in Spanish) of the Ministry of the Environment. This voluntary framework recognises the work of the country's educational institutions (providing pre-school, primary and/or secondary education, including special education and vocational-technical schools) in environmental education.
- Furthermore, we organised an energy efficiency workshop in the Atacama Zone for the local community.

In Spain, the payment of 50,000 euros was formalised for projects committed in 2021.

8.2.1. Projects linked to the tax incentive

At Celeo Brazil we also carry out social initiatives linked to project financing. Through them, we channel a percentage of our tax contribution into specific impact projects. In recent years, we have structured the selection processes with the aim of bringing transparency and democratisation to the process.

Yet, as a result of the impact of the pandemic, many projects remain open (or, in some cases, have yet to start) due to problems with the release of funds by regulatory incentive agencies.

In 2022, we carried out the cultural initiative *Armarinho, cantinho da imaginação* (Haberdashery, the corner of imagination) with a total of 260 children and adolescents, among other projects, or the second edition of *Xeque Mate Educação* (Checkmate Education), a programme geared towards the sports field in which 80 children participated.

Looking ahead to next year, we also started the selection process for the projects in which we will invest in 2023. Through the 2022 Celeo Incentiva public call, we received 146 social impact projects. In December 2022, the 5 pre-selected projects were approved at a meeting of the Sustainability Committee, with an investment of BRL 872,755.75.

8.2.2. Corporate volunteering

Lastly, we are committed to corporate volunteering as a way of broadening our impact and that of our employees on society. In 2022, we are continuing our Corporate Citizenship Programme, under which we launched the #CeleoCalienta (CeleoWarmUp) campaign.

With the aim of providing better conditions for homeless people in the centre of Rio de Janeiro, this campaign mobilised our employees to collect warm clothes, shoes or blankets to donate to these people. Celeo also donated a total of 1,000 blankets to the project. The donations went to three projects: Instituto LAR, JUCA/Rua Solidária and Projeto VOAR.

In addition, our employees took part in a talk organised by the LAR Institute (a benchmark institution in the field) to raise awareness among our employees and eliminate prejudices about this group of people. The drive to collect clothing was organised by 10 employee volunteers who also participated in a charity collection event at the Carioca metro station (Rio de Janeiro).



We also organised the Celeo Reuse campaign. We donated all the acrylic partition sheets installed during the pandemic to recycling institutions. In total, we managed to give a second life to 110 sheets, which were used in bottle crates, soft drink cans or batteries, for example.

9. About the report

9.1 Scope

This report (an integral part of the Management Report) complies with the requirements established in Spanish Law 11/2018 of 28 December on non-financial information and diversity.

This framework provides an overall and interrelated view of the activities and main economic, social, environmental and governance impacts of Celeo, as well as aspects considered significant for the main stakeholders of the company for the 2022 financial year. As shown in Appendix II, "Index of contents of Law 11/2018, of 28 December, on non-financial information and diversity", the international standards of the Global Reporting Initiative (GRI) selected in its GRI Standards version have been followed as a reference in the preparation process, taking into consideration the requirements identified as material for the business and sector.

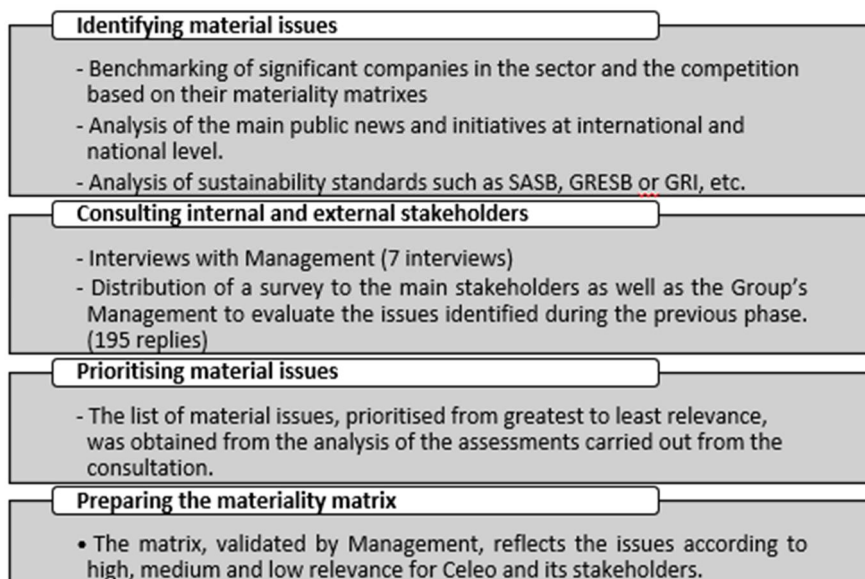
The scope of the information reported is for the Celeo Group (Celeo Concesiones e Inversiones, S.L. and its subsidiaries). Any restrictions to the scope shall be specified in the report. The environmental information does not include projects under construction, given that Celeo does not directly manage these. Nor does it include CAIUÁ, given that Celeo does not have operational control of this SPV, which represents 3% of the operational kilometres of line in Brazil. The report includes the environmental data of the company Alfa Transmisora de Energía, S.A. Although the Celeo Group holds only a 20% stake in Alfa, it is the Group that carries out the operational management of all its assets.

9.2 Materiality analysis

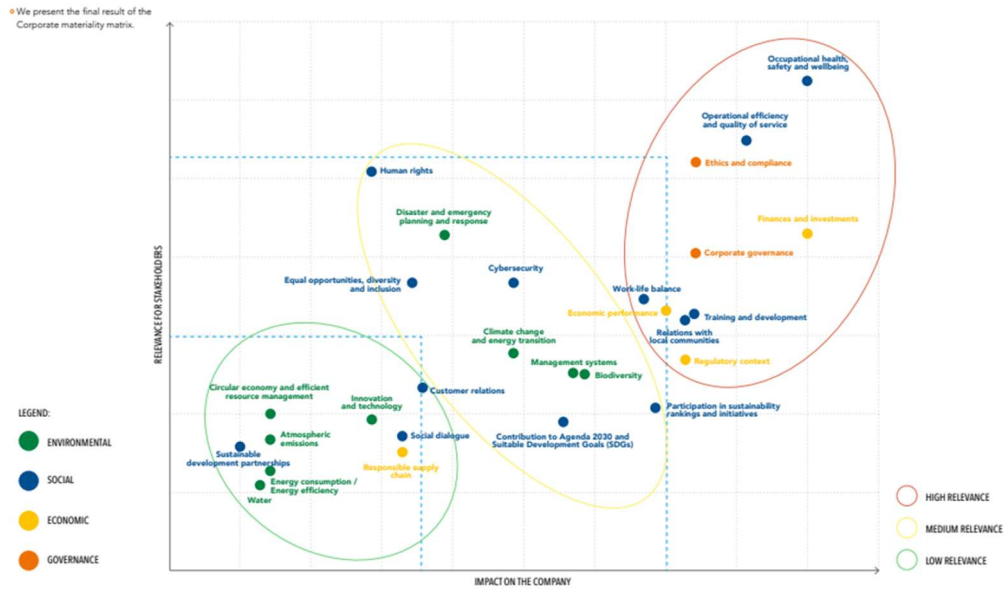
Celeo performed a materiality analysis during the 2020 financial year with the aim of defining the Group's significant issues with regard to sustainability and to prioritise the report's content. This materiality analysis encompasses all activities and countries where Celeo operates.

Management have considered that the issues defined remain valid in 2022 given that additional sustainability aspects have not been identified at either an external or internal level.































9.3 Materiality process



9.4 Celeo materiality matrix



9.5 Material issues for Celeo

HIGH RELEVANCE					
	Criticality level	Aspect	Impact		SDG
			Internal	External	
Health, safety and wellbeing at work	High relevance		✓	✓	 
Finance and investments			✓	✓	
Operational efficiency and quality of service				✓	   
Ethics and compliance			✓	✓	 
Corporate governance			✓	✓	 
Relations with local communities				✓	  
Training and development			✓		  
Regulatory context			✓	✓	
Economic performance			✓	✓	
Work-life balance			✓		

LEGEND:

 ECONOMIC  SOCIAL  ENVIRONMENT  GOVERNANCE

10. Annex I. Tables and indicators

10.1 Indicators relating to Our people

In this chapter we include part of the quantitative indicators required by Law 11/2018 and related to the Our People chapter of this Report.

In the 2021 personnel tables, one employee from Peru is not included.

In the 2022 tables, trainees and other staff outside the Celeo Group are not considered.

Workforce by contract type

As at 31st December 2021

	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	21	16	278	66	83	24	-	-	382	106
Temporary	1	-	6	12	-	-	-	-	7	12
	22	16	284	78	83	24	-	-	389	118

Workforce by contract type

As at 31st December 2022

	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	25	16	300	76	153	27	2	-	480	119
Temporary	-	-	1	5	5	-	-	-	6	5
	25	16	301	81	158	27	2	-	486	124

Workforce by contract type

As at 31 December 2021

	Spain		Brazil*		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Full-time	22	16	278	65	83	24	-	-	383	105
Part-time	-	-	6	13	-	-	-	-	6	13
	22	16	284	78	83	24	-	-	389	118

Workforce by contract type

As at 31 December 2022

	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Full-time	25	16	301	75	158	27	2	-	486	118
Part-time	-	-	-	6	-	-	-	-	-	6
	25	16	301	81	158	27	2	-	486	124

Average workforce and trend by country, contract type and sex 2021

	Spain		Brazil		Chile		Peru		Total	
	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract
Men	22.23	0.33	273.99	2.37	76.10	-	-	-	372.32	2.7

Women	16.15	-	61.82	7.47	17.93	-	-	-	95.9	7.47
	38.38	0.33	335.81	9.84	94.03	-	-	-	468.22	10.17

Average workforce and trend by country, contract type and sex 2022

	Spain		Brazil		Chile		Peru		Total	
	Perman ent contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract
Men	23.59	0.67	287.64	1.04	126.11	1.69	1.25	-	438.59	3.40
Women	16.07	-	70.81	3.87	24.74	-	-	-	111.62	3.87
	39.65	0.67	358.45	4.91	150.85	1.69	1.25	-	550.20	7.27

Average workforce and trend by country, contract type and professional category 2021

	Spain		Brazil		Chile		Peru		Total	
	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract
Top Manag ement	5.00	-	1.00	-	0,82	-	-	-	6,82	-
Manag ement	3.93	-	6.17	-	4.00	-	-	-	14.10	-
Middle Manag ement	-	-	37.84	-	24.67	-	-	-	62.51	-
Staff	29.45	0.33	290.80	9.84	64.47	-	-	-	384.72	10.17
	38.00	0.33	335.81	9.84	94.03	-	-	-	468.15	10.17

Average workforce and trend by country, contract type and professional category 2022

	Spain		Brazil		Chile		Peru		Total	
	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempor ary contract
Top Manag ement	5.00	-	0.94	-	1.00	-	-	-	6.94	-
Manag ement	4.50	-	4.00	-	4.00	-	-	-	12.50	-
Middle Manag ement	-	-	37.53	-	39.09	-	1.25	-	77.87	-
Staff	30.16	0.67	315.98	4,91	106.76	1.69	-	-	452.90	7.27
	39.65	0.67	385.45	4,91	150.76	1.69	1.25	-	550.21	7,27

Average workforce and trend by country, contract type and age 2021

	Spain		Brazil		Chile		Peru		Total	
	Permanen t contract	Tempor ary contract	Permane nt contract	Tempora ry contract	Permanent contract	Tempor ary contract	Permane nt contract	Tempor ary contract	Permane nt contract	Tempora ry contract
>50	13.58	0.33	132.59	9.84	39.28	-	-	-	185.45	10.17

35-50	20.80	0.00	185.96	-	52.75	-	-	-	259.51	0.00
<35	4.00	0.00	17.26	-	2.00	-	-	-	23.26	0.00
	38.38	0.33	335.81	9.84	94.03	-	-	-	468.22	10.17

Average workforce and trend by country, contract type and age 2022

	Spain		Brazil		Chile		Peru		Total	
	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract	Permanent contract	Temporary contract
>50	4.50	-	22.99	-	7.22	1.35	-	-	34.71	1.35
35-50	20.00	-	196.11	-	79.10	0.34	0.25	-	295.46	0.34
<35	15.16	0.67	139.35	4.91	64.53	-	1.00	-	220.04	5.58
	39.66	0.67	358.45	4.91	150.85	1.69	1.25	-	550.21	7.27

Average number of employees by employment type and professional category 2021

	Spain		Brazil		Chile		Peru		Total	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Top Management	5.00	-	1.00	-	1.00	-	-	-	7.00	-
Management	3.93	-	6.17	-	4.00	-	-	-	14.11	-
Middle Management	-	-	37.84	-	24.67	-	-	-	62.51	-
Staff	29.78	-	290.25	10.39	64.47	-	-	-	384.50	10.39
	38.72	-	335.26	10.39	94.03	-	-	-	468.01	10.39

Average number of employees by employment type and professional category 2022

	Spain		Brazil		Chile		Peru		Total	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Top Management	5.00	-	0.94	-	1.00	-	-	-	6.94	-
Management	4.50	-	4.00	-	4.00	-	-	-	12.5	-
Middle Management	-	-	37.53	-	39.09	-	1.25	-	77.87	-
Staff	30.82	-	315.48	5.41	108.45	-	-	-	454.75	5.41
	40.32	-	357.95	5.41	152.54	-	1.25	-	552.06	5.41

Average number of employees by employment type and age 2021

	Spain		Brazil		Chile		Peru		Total	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
>50	4.00	-	17.26	-	2.00	-	-	-	23.26	-
35-50	20.80	-	185.41	0.55	52.75	-	-	-	258.16	0.55
<35	13.92	-	132.59	9.84	39.28	-	-	-	185.78	9.84
	38.72	-	335.26	10.39	94.03	-	-	-	468.01	10.39

Average number of employees by employment type and age 2022

	Spain		Brazil		Chile		Peru		Total	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
>50	4.50	-	22.99	-	8.57	-	-	-	36.06	-
35-50	20.00	-	195.11	1.00	79.44	-	0.25	-	294.80	1.00
<35	15.82	-	139.85	4.41	64.53	-	1.00	-	221.20	4.41
	38.72	-	357.95	5.41	152.54	-	1.25	-	552.06	5.41

Number of dismissals by professional category

As at 31 December 2022

Category	Number of dismissals
Top Management	0
Management	0
Middle Management	3
Staff	28
	31

Number of dismissals due by age

As at 31 December 2022

Age	Number of dismissals
>50	1
35-50	17
<35	13
	31

Number of dismissals due by sex

As at 31 December 2022

Gender	Number of dismissals
Men	21
Women	10
	31

Turnover rate and employment termination

As at 31 December each year

	2022	2021
Breakdown	Total	Total
New starters	203	106
Departures	93	62
Turnover %	18%	12%

Average remuneration and trend by gender

As at 31 December each year

Celeo Group	2022	2021
Men	29,987	23,109
Women	25,450	25,204

Average remuneration and trend by age

As at 31 December each year

Celeo Group	2022			2021		
	>50*	35-50	<35	>50*	35-50	<35
Men	70,538	31,181	20,147	53,042	22,765	17,982
Women*	-	30,056	21,588	-	22,544	19,208

Average remuneration and trend by professional category

As at 31 December each year

Celeo Group	2021			
	Top Management**	Management*	Middle Management	Staff
Men	219,072	96,318	33,504	17,848
Women	-	-	34,236	23,402

Celeo Group	2022			
	Top Management**	Management*	Middle Management	Staff
Men	250,980	123,283	50,225	19,267
Women	-	-	50,262	23,115

*Data is not provided for confidentiality reasons.

** There are no women in the Top Management category.

Note: Remuneration data has been recalculated for 2021.

Salary gap

As at 31 December 2022

Celeo Group	
Staff	20%
Middle Management	0%
Management*	-
Top Management**	-

**Note: the average total remuneration of the Management categories is not reported for confidentiality reasons.*

***Note: There are no women in the Top Management category.*

**** Salary gap = $\frac{(\text{Average salary for men} - \text{Average wage for women})}{\text{Average salary for men}} \times 100$*

10.2 Prevention-related indicators

Absenteeism hours (including sickness and accidents)

As at 31 December 2022

	Spain	Brazil	Chile	Peru	Total
Hours	112	7.829	11.440	0	19.372

Indices for own personnel

As at 31 December 2021

Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain	0.00	0.00	72,800	0.00	0.00
Brazil	0.00	0.00	913,660	0.00	0.00
Chile	0.00	0.00	204,347	0.00	0.00
Peru	0.00	0.00	384	0.00	0.00
Total	0.00	0.00	1,108,747	0.00	0.00

Indices for own personnel

As at 31 December 2022

Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain	0.00	0.00	76,000	0.00	0.00
Brazil	0.00	0.00	986,040	0.00	0.00
Chile	2.00	8.00	329,681	6,07	0.02
Peru	0.00	0.00	2,880	0.00	0.00
Total	2.00	8.00	1,394,601	1.43	0.01

EPC (Brazil, Chile, Peru) and O&M (Spain) personnel rates

As at 31 December 2021

Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0	0	188,480	0	0
Brazil	2	29	2,029,300	0.99	0.01
Chile	0	0	356,888	0	0
Total	2	29	2,574,668	0.78	0.01

* Only data from O&M personnel ASTE 1A, ASTE 1B and ASTEXOL solar thermal plants.

EPC (Brazil, Chile, Peru) and O&M (Spain) personnel rates

As at 31 December 2022

Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0	0	185,760	0	0
Brazil	0	0	3,229,984	0	0
Chile	0	0	137,667	0	0
Peru	0	0	32,640	0	0
Total	0	0	3,586,051	0	0

* Only data from O&M personnel ASTE 1A, ASTE 1B and ASTEXOL solar thermal plants.

Subcontractor staff rates (other)

Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain	N/A	N/A	N/A	N/A	N/A
Brazil	2	8	234,960	8.51	0.03
Chile	0	0	94,007	0	0
Peru	N/A	N/A	N/A	N/A	N/A
Total	2	8	328,967	6.08	0.02

11. Annex II. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Version 2021 unless otherwise indicated)
General information			
A brief description of the business model including: its business environment, organisation and structure	Material	3-10	GRI 2-1 GRI 2-6
Markets in which it operates	Material	3-7	GRI 2-1 GRI 2-6
Objectives and strategies of the organisation	Material	3-7	GRI 2-22
Main factors and trends that may affect its future evolution	Material	8-10	GRI 2-22
Reporting framework used	Material	67; 77-82	--
Principle of materiality	Material	67-68	GRI 3-1 GRI 3-2
Environmental issues			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	52-53	GRI 3-2
Detailed general information			
Detailed information on the current and forecast effects of the company's activities on the environment and, where applicable, health and safety.	Material	52-56	GRI 3-2
Environmental assessment or certification procedures	Material	52-53	GRI 3-2
Resources dedicated to the prevention of environmental risks	Material	52-53	GRI 3-2
Application of the precautionary principle	Material	52-53	GRI 2-23
Amount of provisions and guarantees for environmental risks	Material	52-53	GRI 3-2
Pollution			
Measures to prevent, reduce or repair emissions that severely affect the environment; taking into account any form of specific atmospheric pollution from an activity, including noise and light pollution.	Material	59-60	GRI 3-2
Circular economy and waste management and prevention			

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Version 2021 unless otherwise indicated)
Measures on the prevention, recycling, reuse and other forms of recovery and the disposal of waste	Material	55-56	GRI 306-1 (2020) GRI 306-2 (2020) GRI 306-4 (2020) GRI 306-5 (2020)
Actions to combat food waste	Non-material	Non-material	
Sustainable use of resources			
Water consumption and water supply in accordance with local limitations	Material	54-55	GRI 303-5 (2018)
Consumption of raw materials and measures adopted to improve the efficiency of their use	Non-material	Non-material	
Direct and indirect energy consumption	Material	53-54	GRI 302-1
Measures taken to improve energy efficiency	Material	53-54	GRI 3-2
Use of renewable energies	Material	53-54; 59	GRI 3-2
Climate change			
Greenhouse gas emissions generated as a result of the company's activities, including the use of goods and services that produces them	Material	57-60	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures adopted to adapt to the consequences of climate change	Material	57-60	GRI 3-2 GRI 201-2
Medium- and long-term goals established to reduce greenhouse gas emissions and the resources employed.	Material	57-60	GRI 305-5
Biodiversity protection			
Measures employed to preserve or restore biodiversity	Material	60-62	GRI 304-3
Impacts caused by activities or operations in protected areas	Material	60-62	GRI 304-2
Social and personnel related issues			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	45	GRI 3-2
Employment			
Total number and distribution of employees by country, gender, age and professional category	Material	41-42 Annex I. Tables and indicators	GRI 2-7 GRI 405-1
Total number and distribution of contract types and annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category	Material	Annex I. Tables and indicators	GRI 2-7

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Version 2021 unless otherwise indicated)
Number of dismissals by gender, age and professional category	Material	Annex I. Tables and indicators	GRI 3-2 GRI 401-1
Average remuneration and trend disaggregated by gender, age and professional category or equal value	Material	Annex I. Tables and indicators	GRI 3-2 GRI 405-2
Salary gap, the remuneration of equal jobs or the average of the company	Material	Annex I. Tables and indicators	GRI 3-2 GRI 405-2
Average remuneration of directors and senior management, including variable remuneration, allowances, compensation, payment to long term savings schemes and any other receipts disaggregated by gender	Material	Annex I. Tables and indicators	GRI 3-2 GRI 405-2
Implementation of disconnecting from work policies	Material	42	GRI 3-2
Number of employees with disabilities	Material	43	GRI 405-1
Organisation of the work			
Organisation of working time	Material	42	GRI 3-2
Number of hours of absenteeism	Material	Annex I. Tables and indicators	GRI 3-2
Measures aimed at facilitating the enjoyment of work-life balance and promoting the co-responsibility of such by both parents.	Material	42	GRI 3-2
Health and safety			
Occupational health and safety conditions	Material	47-51	GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-4 (2018) GRI 403-5 (2018) GRI 403-6 (2018) GRI 403-7 (2018) GRI 403-8 (2018)
Workplace accidents, particularly their frequency and severity, as well as professional diseases, disaggregated by gender	Material	Annex I. Tables and indicators	GRI 403-9 (2018) GRI 403-10 (2018)
Corporate relationships			
Organisation of corporate dialogue including procedures to inform and consult with personal and negotiate with them	Material	43-44	GRI 3-2

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Version 2021 unless otherwise indicated)
Percentage of employees covered by a collective bargaining agreement by country	Material	43-44	GRI 2-30
Overview of the collective bargaining agreements, particularly with regard to occupational health and safety	Material	43-44	GRI 403-4 (2018)
Mechanisms and procedures that the company has in place to promote the involvement of workers in the management of the company, in terms of information, consultation and participation.	Material	20-21; 43-44; 48-49	GRI 3-2
Training			
Training policies implemented	Material	45-46	GRI 3-2 GRI 404-2
Total number of hours of training by professional category	Material	45-46	GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	43	GRI 3-2
Equality			
Measures adopted to promote equal treatment and opportunities between women and men	Material	42-43	GRI 3-2
Equality plans, measures adopted to promote the employment, protocols against sexual harassment and the grounds of gender	Material	42-43	GRI 3-2
Policy against all forms of discrimination and, where appropriate, the management of diversity	Material	42-43	GRI 3-2
Respect for Human Rights			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	33; 42-43	GRI 3-2
Application of due diligence procedures			
Application of due diligence procedures concerning human rights and preventing the risks of infringing human rights and, where applicable, measures to mitigate, manage and remedy possible abuses committed.	Material	33; 42-43	GRI 2-23 GRI 2-26
Reported cases of human rights infringements	Material	33	GRI 3-2 GRI 406-1

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Version 2021 unless otherwise indicated)
Measures implemented for the promoting and complying with the provisions of the fundamental agreements of ILO related to respecting the freedom of association and the right to collective bargaining; the elimination of discrimination in respect of employment and occupation; the elimination of forced or compulsory labour and the abolition of child labour.	Material	33	GRI 3-2
Fight against corruption and bribery			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	32-33	GRI 3-2
Measures adopted to prevent corruption and bribery	Material	32-33	GRI 3-2 GRI 2-23 GRI 205-3
Measures to fight against money laundering	Material	32-33	GRI 3-2 GRI 2-23 GRI 205-3
Contributions to foundations and non-profit organisations	Material	32-33	GRI 2-28
Information about the company			
Management focus: description and results of the policies relating to these issues as well as the main risks relating to these issues linked to the group's activities	Material	67	GRI 3-2
The company's commitment to sustainable development			
The impact of the company's activity on employment and local development	Material	63	GRI 3-2 GRI 203-2 GRI 204-1
The impact of the company's activity on local and regional populations	Material	63-66	GRI 2-29
The relationships held with the actors of the local communities and forms of dialogue	Material	20-21	GRI 2-29
Association or sponsorship actions	Material	10-11	GRI 3-2 GRI 201-1
Outsourcing and suppliers			
Inclusion in the procurement policy of social, gender equality and environmental issues	Material	39-40	GRI 3-2
Consideration of social and environmental responsibility in relationships with suppliers and subcontractors	Material	39-40	GRI 2-6 GRI 308-1 GRI 414-1

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Version 2021 unless otherwise indicated)
Supervision and audit systems and results	Material	39-40	GRI 2-6
Consumers			
Measures for the health and safety of consumers	Material	51	GRI 3-2
Systems for claims, complaints received and their resolution	Material	29-30	GRI 3-2
Tax information			
Profits obtained by country	Material	11	GRI 207-1 GRI 207-2 GRI 207-3
Tax on profits paid	Material	11	GRI 207-1 GRI 207-2 GRI 207-3
Public subsidies received	Material	11	GRI 201-4



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Independent Assurance Report on the Consolidated Non-Financial Information Statement of Celeo Concesiones e Inversiones S.L. and subsidiaries for 2022

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

To the Shareholders of Celeo Concesiones e Inversiones S.L.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFIS) of Celeo Concesiones e Inversiones S.L. (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2022, which forms part of the accompanying consolidated Directors' Report of the Group for 2022.

The consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Annex II. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity" table of the accompanying consolidated Directors' Report.

Directors' Responsibility

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in the "Annex II. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity" table of the aforementioned consolidated Directors' Report).

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



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Our firm applies International Standard on Quality Management 1 (ISQM1), which requires us to design, implement and maintain a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2022 based on the materiality analysis performed by the Parent and described in the "Celeo materiality matrix" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2022.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2022.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2022 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.



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

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Celeo Concesiones e Inversiones S.L. and subsidiaries for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Annex II. Contents of Law 11/2018 of 28 December concerning non-financial information and diversity" table of the aforementioned consolidated Directors' Report.

Use and Distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

13 April 2023