



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 2023)

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



KPMG Auditores, S.L.
Paseo de la Castellana, 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 2023, 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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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



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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 arrangements (Euros 1,069,774 thousand) (see notes 3(k) and 12(a))

The Group has investments in assets related to service concession contracts granted by various public entities in the countries in which it operates. These must be analysed with a view to their recognition in accordance with the appropriate financial reporting standard, on the basis of their characteristics. In this respect, the Group classifies the value of assets from contracts linked to concessions meeting the criteria for this accounting recognition under current and non-current trade receivables on the consolidated balance sheet. Given the weight of these concession arrangement assets with respect to the Group's total assets and the fact that the modelling that supports the value of such assets calls for the exercise of judgement by the Directors and the use of assumptions and estimates, this is the area that has required most attention on our part and has therefore been considered a significant aspect of the audit.

Our audit procedures have included, inter alia, an assessment of the design and implementation of the controls linked to the process for preparing the models that support the value of assets from contracts linked to concessions, a review of concession contracts, and an assessment as to the reasonableness of the main assumptions and judgements used by Group management when preparing the models that have been used as the basis for the accounting recognition of operating income and the value of assets. We also assessed whether the disclosures in the consolidated annual accounts attached meet the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

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

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility 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



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accounts for 2023 and the content and presentation of the report are in accordance with applicable legislation.

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,



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if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We communicate with the 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. 23906

8 April 2024

Celeo Concesiones e Inversiones, S.L. and Subsidiaries

Consolidated Annual Accounts

31 December 2023

Consolidated directors' report

2023 Financial Year

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

Consolidated Statement of Financial Position at 31 December 2023
(Thousands of euros)

Assets	31.12.2023	31.12.2022
Non-current assets		
Intangible assets		
Goodwill (Note 6)	1,125	1,125
Other intangible assets (Note 7)	609,193	628,834
Property, plant and equipment (Note 8)	1,013,915	1,027,050
Right-of-use assets (Note 9)	21,691	22,940
Investments accounted for under the equity method (Note 10)	326,076	320,864
Non-current financial assets (Note 11)	66,472	58,286
Trade debtors and other non-current assets (Note 12)	1,038,785	1,011,083
Derivative financial instruments (Note 15)	1,958	5,533
Deferred tax assets (Note 19)	58,834	47,561
Total non-current assets	3,138,049	3,123,276
Current assets		
Inventory stock	686	650
Trade debtors and other current assets (Note 12)	77,700	43,358
Trade receivables, related companies (Note 22)	2,374	1,887
Public authority receivables	10,444	4,888
Current gains tax assets	9,570	7,316
Other receivables	5,430	4,451
Short-term investments in related companies (Note 22)	6,049	3,632
Other current assets	38	4
Derivative financial instruments (Note 15)	59	108
Current accruals and deferred income	546	658
Cash and other equivalent liquid assets (Note 13)	162,425	168,366
Total current assets	275,321	235,318
Total assets	3,413,370	3,358,594

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2023.

Consolidated Statement of Financial Position at 31 December 2023
(Thousands of euros)

Liabilities and Net Equity	31.12.2023	31.12.2022
Net Equity (Note 14):		
Equity attributable to holders of dominant company net equity instruments:		
Capital	166,671	166,671
Other reserves	1,151,217	1,116,374
Conversion differences	(75,800)	(83,820)
Equity adjustments through valuation	2,102	21,958
Result for year attributed to the Dominant Company	32,438	33,815
	1,276,628	1,254,998
Non-controlling holdings (Note 14)	140,368	133,185
Total net equity	1,416,996	1,388,183
Non-current liabilities:		
Provisions for risks and liabilities (Note 16)	537	737
Financial liabilities through issuance of bonds and other tradable securities (Note 15)	697,146	625,899
Bank borrowings (Note 15)	736,852	737,421
Derivative financial instruments (Note 15)	12,672	12,942
Lease liabilities (Note 9)	25,643	26,912
Other non-current liabilities (Note 17)	21,300	36,269
Liabilities through deferred taxes (note 19)	323,556	299,775
	1,817,706	1,739,955
Current liabilities:		
Provisions for risks and liabilities (Note 16)	8,203	24
Financial liabilities through issuance of bonds and other tradable securities (Note 15)	17,609	113,349
Bank borrowings (Note 15)	64,919	42,365
Derivative financial instruments (Note 15)	4,578	3,441
Trade payables, associated and related companies (Note 22)	12,289	10,879
Trade creditors and other accounts payable (Note 17)		
Payables for purchases or services provided	31,151	15,469
Client advances	5,412	13,945
Lease liabilities (Note 9)	973	767
Public authority payables	11,742	10,536
Current gains tax liabilities	7,428	5,745
Other current liabilities (Note 17)	14,364	13,936
	178,668	230,456
Total current liabilities	178,668	230,456
Total net equity and liabilities	3,413,370	3,358,594

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2023.

Consolidated Income Statement for the financial year
ended at 31 December 2023
(Thousands of euros)

	31.12.2023	31.12.2022
Ongoing operations:		
Net turnover (Note 20a)	291,880	306,575
Other operating income	85	4,878
Supplies (Note 20c)	(32,708)	(34,361)
Personnel expenses (Note 20e)	(29,795)	(21,026)
Other operating expenses (Note 20d)	(46,641)	(44,061)
Result of entities consolidated within ordinary operations under the equity method (Notes 6, 10 and 20b)	15,431	29,775
Amortisations, impairment and allocations to provisions (Note 20f)	(61,265)	(61,461)
Non-financial fixed capital grants (Note 14d)	987	-
Other results	(534)	-
Impairment and results through disposal of fixed assets (Note 8)	-	(2,977)
Operating profits	137,440	177,342
Financial revenues (Note 20g)	21,253	15,596
Financial costs (Note 20h)	(85,302)	(86,805)
Exchange rate differences	813	(2,045)
Impairment and profit /(loss) from disposal of financial instruments		-
Pre-tax result	74,204	104,088
Gains tax (Note 19)	(28,970)	(51,390)
Result for the financial year from ongoing operations	45,234	52,698
Result for the financial year	45,234	52,698
Attributable to:		
Shareholders of the Dominant Company	32,438	33,815
Minority interests (Note 14)	12,796	18,883

Consolidated Comprehensive Income Statement for the financial year
ended at 31 December 2023
(Thousands of euros)

	31.12.2023	31.12.2022
CONSOLIDATED RESULT OF THE INCOME STATEMENT	45,234	52,698
Other comprehensive result:		
Entries to be classified under income		
- Hedging of cash flows, net of taxation effect (Note 14b)	(19,856)	22,498
- Conversion differences of financial statements of businesses abroad	22,818	87,997
- Stake in other comprehensive result of investments accounted for under the equity method (Note 10)	(8,147)	20,591
Other comprehensive result for the financial year, net of taxes	(5,185)	131,086
Comprehensive result attributable to:	40,049	183,785
a) Holders of dominant company equity instruments	20,602	153,048
b) Non-controlling holdings	19,447	30,737

Celeo Concesiones e Inversiones, S.L.
and subsidiaries

**Consolidated Statement of Changes in Net Equity corresponding to the financial year
ended at 31 December 2023**
(Thousands of euros)

Thousands of euros	Capital	Share premium	Cumulative reserves	Adjustments to equity through valuation (Note 14b)	Conversion differences	Net result for the financial year	Non-controlling interests (Note 14e)	Total equity
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
Refunding of Shareholder contributions (Note 14.d)	-	-	(612)	-	-	-	-	(612)
Distribution of result								
To Reserves	-	-	29,859	-	-	(29,859)	-	-
Dividends (Note 14.d)	-	-	-	-	-	-	(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
Balance at 1 January 2023	166,671	752,777	363,597	21,958	(83,820)	33,815	133,185	1,388,183
Total recognised revenue and expenditure for FY 2023	-	-	-	(19,856)	8,020	32,438	19,447	40,049
Shareholder contributions (Note 14.d)	-	-	1,028	-	-	-	-	1,028
Distribution of result								
To Reserves	-	-	33,815	-	-	(33,815)	-	-
Capital increase (Note 14.d)	-	-	-	-	-	-	1,941	1,941
Dividends (Note 14.d)	-	-	-	-	-	-	(14,205)	(14,205)
Balance at 31 December 2023	166,671	752,777	398,440	2,102	(75,800)	32,438	140,368	1,416,996

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2023.

Celeo Concesiones e Inversiones, S.L.
and subsidiaries

Consolidated Statement of Cash Flows for the financial year ended on 31 December 2023
(Thousands of euros)

	31.12.2023	31.12.2022
Cash flows from operating activities:		
Consolidated profit/(loss) for the year	45,234	52,698
Adjustments for		
Amortisations	61,265	61,461
Impairment and net result through disposal of tangible fixed assets and other intangible assets	-	(2,977)
Variation in provisions for risks and expenses and other provisions	7,979	538
Stake in profits/(losses) for the financial year from investments accounted for under the equity method (Note 10)	(15,431)	(29,775)
Impairment and net result through disposal of financial instruments and other fixed assets	-	-
Financial revenue (Note 20g)	(21,253)	(15,596)
Financial costs (Note 20h)	85,302	86,805
Exchange differences	(813)	2,045
Corporation tax	28,970	51,390
Resources from transactions	191,253	206,589
Variation in operating capital:		
Trade receivables and other accounts receivable	(38,987)	(15,963)
Inventory stock	(36)	12
Trade payables and other accounts payable	9,765	(5,484)
Variation in other current assets and liabilities	(14,463)	16,505
Gains tax paid	(9,758)	(9,141)
Net cash flows from/(used in) operating activities (I)	137,775	192,518
Cash flows through investment activities:		
Payments for the acquisition of group and associate companies and jointly controlled entities (Note 10)	(1,849)	(17,545)
Payments for the acquisition of financial assets (Note 11)	(6,564)	(14,105)
Payments for the acquisition of tangible fixed assets (Note 8)	(36,779)	(7,044)
Payments for the acquisition of intangible assets (Note 7)	(17,058)	(11,687)
Collection of dividends from associate companies (Note 10)	3,921	1,683
Collection of interest	17,011	11,154
Net cash flows from/(used in) investment activities (II)	(41,318)	(37,544)
Cash flows through financing activities:		
Cash flows through financial debt and other long-term debt (Note 15)	141,606	44,512
Interest paid	(76,875)	(78,808)
Repayment of financial debt and other long-term debt (Note 15)	(154,459)	(97,432)
Payments from lease liabilities (Note 9)	(3,994)	(2,718)
Dividends paid (Note 14)	(14,205)	(1,745)
Collections/payments derived from contributions/refunds of funds by non-controlling shareholders	1,941	-
Changes in cash through shareholder contributions	1,028	(612)
Net cash flows from financing activities (III)	(104,958)	(136,803)
Effect of variations in exchange rates on cash and cash equivalents	2,561	9,428
Net increase in cash and cash equivalents (I+II+III)	(5,941)	27,599
Cash and cash equivalents at start of period	168,366	140,767
Cash and cash equivalents at end of period	162,425	168,366

The attached explanatory notes form an integral part of the consolidated accounts for the financial year 2023.

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 2023 and 2022 is presented in Annex II.

The Controlling 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, with 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 framework 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 2023, 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 2023 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 2023, as detailed in Note 3.

The Directors of the Dominant Company believe that the consolidated annual accounts for the 2023 financial year, which were formulated on 21 March 2024, 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 2022 were approved by the General Shareholders' Meeting of Celeo Concesiones e Inversiones, S.L. held on 21 June 2023.

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 2023, the following mandatory rules and interpretations came into force to be applied in 2023, having already been adopted by the European Union, which, if applicable, were used by the Group in preparing these consolidated annual accounts:

- Amendments to IAS 1 and IFRS 2 Practice Statement: Information to be disclosed about accounting policies.
- Amendments to IAS 8: Definition of Accounting Estimate.

These new standards had no significant impact on the Group in the financial year 2023. 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 2024 or subsequently are:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of liabilities as current or non-current and as "Non-current liabilities subject to fulfilment of covenants"
- Amendments to IFRS 16 "Liability from the lease in a sale-and-leaseback";

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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:

- Amendments to IAS 7 and IFRS 7: Supplier financing agreements (reverse factoring);
- Amendments to IAS 21: Lack of interchangeability.

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 6, 7).
- 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 12).
- Impairment of financial assets: calculation on the basis of the expected loss (Notes 11 and 12).
- Recognition and valuation of provisions and contingencies: hypotheses to determine the likelihood of occurrence and the estimated amounts of outgoing resources (Note 16 and 18).
- Recognition and valuation of deferred tax assets: estimations and hypotheses used to evaluate the recoverability of tax credits (Note 19).

Although the estimates performed by the Directors of the Company were calculated in accordance with the best information available at 31 December 2023, 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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 (3.b)).
- Leases: classification of leases (Note 9).

e) **Comparison of information**

The information contained in these consolidated annual accounts for the financial year 2022 presents information for the financial year ended at 31 December 2023, purely and solely for comparative purposes.

f) **Consolidation scope variations**

The most significant variations occurring in the consolidation scope in the financial year 2023 were as follows:

- Nirivolo Transmisora de Energía S.A. took over the companies Reactiva Transmisora de Energía S.A. and Ruil Transmisora de Energía S.A.
- Estreito Transmissora de Energía, S.A. changed its corporate name to Opará Transmissora de Energia, S.A.

There were no changes in the consolidation scope in the financial year 2022.

The detail of the consolidated companies is enclosed in Annex I to these Explanatory Notes.

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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 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 the dependent companies Opará Transmissora de Energia, S.A., Goyo Transmisora de Energía, S.A. and Alwa II, SpA as they have a relatively insignificant interest in the true and fair view that the consolidated annual accounts must express.

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.

Non-controlling interests

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

CELEO CONCESIONES E INVERSIONES, S.L.

and subsidiaries

Consolidated Explanatory Notes

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 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.

CELEO CONCESIONES E INVERSIONES, S.L.

and subsidiaries

Consolidated Explanatory Notes

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 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.

Consolidated Explanatory Notes

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.

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

d) Transactions and balances in foreign currency

Transactions, balances and flows in foreign currency

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

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

Conversion of businesses abroad

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

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

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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 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

At 31 December 2023 and 2022 the Group does not have non-current assets or disposable groups of elements classified as held for sale.

g) Intangible assets

Goodwill

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

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

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

Other intangible assets

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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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: from 3 to 5 years in the case of "IT applications" and 50 years for intangibles associated with permits and licences connected with the transmission lines in Chile.

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

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

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

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

The cost of the tangible fixed assets includes the estimation of dismantling or removal costs, and refurbishment of the site where they are located, wherever these constitute obligations incurred as a consequence of their use, and for purposes other than the production of inventory stock. In this regard, since the Celeo Group has no obligation to meet significant costs in connection with the closure of its facilities, the attached consolidated statement of financial position does not include any provision whatsoever in this regard.

Subsequent costs

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

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

Amortisations

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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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

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

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

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

Impairment of assets

The Group evaluates and determines the losses and reversals of value impairment losses of 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.

Accounting records of the lessee

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

The Group has opted not to apply the accounting policies indicated below for short-term leases, and those where the underlying asset has a value of less than 5 thousand euros. At 31 December 2023 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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 9.21% and 10.56% for leases in Brazil, depending on the duration of the contracts, which is where most of the leases are subject to this standard are located.

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

The Group values 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 amortisation criteria indicated in the subsection for tangible fixed assets are applied from the start date of the lease up to the end of the useful life of the asset. The Group otherwise amortises the 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

Consolidated Explanatory Notes

view to an analysis of their possible impairment, the flows from the CGU to which they belong will be used.

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

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

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

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

k) Public authority concessions

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

Consolidated Explanatory Notes

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

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

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

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

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

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

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

Those financial assets that form a part of a business model the objective of which is to hold assets to receive contractual cash flows are managed to generate cash flows in the form of contractual collections over the lifespan of the instrument. The Group manages assets held in the portfolio to receive such specific contractual cash flows. To determine if the cash flows are obtained through the receipt of contractual cash flows from the financial assets, the Group considers the frequency, the value and the calendar of sales in previous financial years, the reasons for these sales, and the expectations with regard to future sales activity. Nonetheless, sales in themselves do not determine the business model,

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 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 2023 and 2022 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.

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

	Fair value at 31 December 2023			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current assets				
Derivative financial instruments (Note 15)	-	1,958	-	1,958
Current assets				
Derivative financial instruments (Note 15)	-	59	-	59
	-	2,017	-	2,017
Non-current liabilities				
Derivative financial instruments (Note 15)	-	12,672	-	12,672
Current liabilities				
Derivative financial instruments (Note 15)	-	4,578	-	4,578
	-	17,250	-	17,250

	Fair value at 31 December 2022			
	Thousands of euros			
	Level 1	Level 2	Level 3	Total
Non-current assets				
Derivative financial instruments (Note 15)	-	5,533	-	5,533
Current assets				
Derivative financial instruments (Note 15)	-	108	-	108
	-	5,641	-	5,641
Non-current liabilities				
Derivative financial instruments (Note 15)	-	12,942	-	12,942
Current liabilities				
Derivative financial instruments (Note 15)	-	3,441	-	3,441
	-	16,383	-	16,383

Financial assets and liabilities at amortised cost

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

Value impairment

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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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

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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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.

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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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.

n) Cash and other equivalent liquid assets

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

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

Consolidated Explanatory Notes

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
 - 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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

- 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:
 - o The customer receives and simultaneously consumes the benefits provided by the Company activity as it is performed.
 - o The Company produces or improves an asset that the customer controls as the asset is produced or improved.
 - o 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.
 - 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:
 - o The Company has transferred physical possession of the asset;
 - o The Company is entitled to demand payment for the asset;
 - o The customer has accepted the asset;
 - o The customer has the significant risks and benefits inherent in ownership of the asset; and
 - o The customer has legal ownership of the asset.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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.

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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

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

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

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

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

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

Valuation of deferred tax assets and liabilities

Deferred tax assets and liabilities are valued at the tax rates which will apply in the financial years when the assets are expected to be realised or the liabilities paid, based on the regulations and rates in force or approved and pending publication and following consideration of the tax consequences which will be derived from the manner in which the Group expects to recover the assets or settle the liabilities.

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

Consolidated Explanatory Notes

outcomes varies greatly, or the most likely outcome method, in the case of a binary outcome or one concentrated on one of value. In those cases where the tax asset or liability calculated under these criteria is greater than the amount presented in self-assessed tax returns, it is presented as current or non-current on the consolidated statement of financial position in accordance with the expected date of recovery or settlement, taking into account, where applicable, the amount of the corresponding late-payment interest on the liability, as this accrues on the income statement. The Group registers changes in facts and circumstances regarding tax uncertainties as a change in estimation.

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

Classification

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

r) Consolidated statement of cash flows

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

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

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

The net cash flows from investment activity are essentially the result of new investments in dependent companies, other intangible assets, tangible fixed assets, rights of use and concessions (see Notes 6, 7, 8, 9 and 11).

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

s) Segment reporting

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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 2023 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 15).

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 2023 and 2022, corresponding to the companies of the subgroup Celeo Redes and Celeo Fotovoltaico.

Liquidity risk:

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

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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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.

Meanwhile, the substations and transmission lines in Peru belong, in the case of Valle del Chira and Puerto Maldonado, to the CTS (Complementary Transmission System), which handles demand from certain tariff zones, while the recently awarded project, Miguel Grau - Frontera, belongs to the Guaranteed Transmission System (GTS), whose revenues are supported by the entire system. Tariffs are regulated by Organismo Supervisor de la Inversión en Energía y Minería (OSINERGMIN) and the process is coordinated by the Comité de Operación Económica del Sistema Interconectado Nacional (COES).

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 2023 and 2022 there were no overdue accounts receivable nor impaired balances (see Note 11).

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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

5. Distribution of Results

The proposal for the distribution of the Dominant Company's results for the financial year ended at 31 December 2023 to be presented before the General Shareholders' Meeting is as follows:

	Euros
Basis of distribution	
Profit for financial year	23,903,061.27
Distribution	
Legal reserve	2,390,306.13
Losses from previous years	21,512,755.14
	23,903,061.27

Application of the results of the Dominant Company for the financial year ended at 31 December 2022, approved by the General Shareholders' Meeting on 21 June 2023, comprised:

	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)

At 31 December 2023 and 2022 the non-distributable reserves amounted to a figure of 4,798,775 euros, 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.

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

6. **Goodwill**

The disclosure of the balance under the caption "Intangible assets - Goodwill" on the consolidated statements of financial position for the 2023 and 2022 financial years, in accordance with the companies giving rise to them, and the movement over the course of these financial years, is as follows:

2023 Financial Year

	Thousands of euros					
	Balance at 01.01.2023	Registration	Impairment	Deregistration	Other	Balance at 31.12.2023
Companies consolidated by full consolidation:						
Other businesses						
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	-	-	1,125
	1,125	-	-	-	-	1,125

2022 Financial Year

	Thousands of euros					
	Balance at 01.01.2022	Registration	Impairment	Deregistration	Other	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

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.

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

7. Other intangible assets

The movement occurring under this chapter of the consolidated statement of financial position in the financial year 2023 and 2022 was as follows:

	Thousands of euros			
	Computer applications	Electrical easement	Concessions, permits and licences	Total
COST:				
Balance at 01 January 2023	3,379	82,486	579,945	665,810
Additions	638	649	15,771	17,058
Withdrawals/Transfers	-	(3,467)	-	(3,467)
Conversion differences	(23)	(2,871)	(19,531)	(22,425)
Balance at 31 December 2023	3,994	76,797	576,185	656,976
CUMULATIVE AMORTISATION:				
Balance at 01 January 2023	(2,367)	-	(34,609)	(36,976)
Provisions (Note 20f)	(1,116)	-	(11,058)	(12,174)
Transfers	-	-	-	(1)
Conversion differences	(74)	-	1,441	1,367
Balance at 31 December 2023	(3,557)	-	(44,226)	(47,783)

Net cost at 01 January 2023	1,012	82,486	545,336	628,834
Net cost at 31 December 2023	437	76,797	531,959	609,193

	Thousands of euros			
	Computer applications	Electrical easement	Concessions, permits and licences	Total
COST:				
Balance at 01 January 2022	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 01 January 2022	(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 01 January 2022	501	72,679	518,626	591,806
Net cost at 31 December 2022	1,012	82,486	545,336	628,834

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

The chapter "Computer Applications" at 31 December 2023 and 2022, corresponds to the database management systems licences used by the Group. The additions in the financial year 2023 and 2022 correspond essentially to the implementation of the new ERP (SAP) 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. The inclusions in the financial year 2023 correspond essentially to the easements booked at Alto Jahuel Transmisora de Energía and Charrúa Transmisora de Energía (618 and 31 thousand euros, respectively). Inclusions in the 2022 financial year essentially corresponded to the easements booked at Celeo Redes Chile Limitada on behalf of the Nirivilo Transmisora de Energía, S.A. project (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. The inclusions in the financial year 2023 correspond essentially to the concession contracts for the lines Puerto Maldonado and Piura Nueva – Frontera and the Valle del Chira substation (15,729 thousand euros).

At 31 December 2023 the Group maintains computer applications of the Dominant Company in use, amounting to 59 thousand euros (18 thousands euros in 2022), which are fully amortised.

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated explanatory notes

8. Property, plant and equipment

The movement occurring under this chapter of the consolidated statement of financial position in the financial year 2023 and 2022 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 01 January 2023	245	1,174,311	1,055	528	111	106	3,839	1,180,195
Additions	887	1,329	129	77	174	10	34,173	36,779
Withdrawals	-	-	-	-	-	-	-	-
Transfers	-	(1,188)	113	(86)	-	-	3,211	2,050
Conversion differences	(22)	(6,292)	18	(21)	(10)	-	53	(6,274)
Balance at 31 December 2023	1,110	1,168,160	1,315	498	275	116	41,276	1,212,750
CUMULATIVE AMORTISATION:								
Balance at 01 January 2023	-	(152,757)	(148)	(161)	(14)	(65)	-	(153,145)
Provisions (Note 20f)	-	(46,830)	(84)	(110)	(16)	-	-	(47,040)
Withdrawals	-	1	-	-	-	-	-	1
Transfers	-	380	-	86	-	-	-	466
Conversion differences	-	877	(8)	11	3	-	-	883
Balance at 31 December 2023	-	(198,329)	(240)	(174)	(27)	(65)	-	(198,835)
Net cost at 01 January 2023	245	1,021,554	907	367	97	41	3,839	1,027,050
Net cost at 31 December 2023	1,110	969,831	1,075	324	248	51	41,276	1,013,915

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

	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 01 January 2022	228	1,135,185	1,024	413	97	333	432	1,137,712
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 01 January 2022	-	(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 01 January 2022	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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

The caption "Buildings, Technical Installations and Machinery" at 31 December 2023 and 2022 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 financial year 2023 corresponds essentially to the investments made at the Celeo Redes Chile, Ltda control centre for a value of 661 thousand euros (1,178 thousand euros in 2022, and investments made at the Sao Joao Do Piaui plants for a value of 600 thousand euros (3,140 thousand euros in 2022). The value of withdrawals during the financial year 2022 corresponds essentially to the deregistration of a number of electricity 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 results through disposal of fixed assets".

The Fixed assets in progress correspond essentially to the work in progress at Nirivilo Transmisora de Energía, S.A. (31,351 thousand euros), the investment plan required for the operation of the solar thermal plants, comprising 812 thousand euros (2,166 thousand euros in 2022), to the improvements at the Ancoa de Alto Jahuel Transmisora de Energía, S.A. substation (1,186 thousand euros), and improvements to the equipment of Celeo Redes Brasil.

The cost of tangible fixed asset elements fully depreciated and still in use at 31 December 2023 amounts to 621 thousand euros (698 thousand euros in 2022).

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.

9. Right of use assets and lease liabilities

The details and movements by right of use asset class during the 2023 and 2022 financial years were as follows:

a) *Nature of the lease agreements*

2023 Financial Year

	Thousands of euros			
	Land	Transport elements	Other	Total
Balance at 01 January 2023	23,063	610	6,055	29,728
Additions	66	966	148	1,180
Value adjustments	68	-	-	68
Transfers	-	-	(602)	(602)
Conversion differences	68	(48)	115	135
Balance at 31 December 2023	23,265	1,528	5,716	30,509
Cumulative amortisation at 01 January 2023	(3,352)	(519)	(2,917)	(6,788)
Provisions (Note 20f)	(886)	(409)	(756)	(2,051)
Conversion differences	-	(29)	(89)	(118)
Cumulative amortisation at 31 December 2023	(4,247)	(895)	(3,676)	(8,818)
Net cost at 31 December 2023	19,019	633	2,039	21,691

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 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

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

The "Additions" for the financial year 2023 correspond essentially to the leases of transport elements at Celeo Redes Chile (966 thousand euros).

2022 Financial Year

	Thousands of euros			
	Land	Transport elements	Other	Total
Balance at 01 January 2022	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 01 January 2022	(2,383)	(326)	(1,970)	(4,679)
Provisions (Note 20f)	(844)	(164)	(983)	(1,991)
Transfers	(126)	-	126	-
Conversion differences	1	(29)	(90)	(118)
Cumulative Amortisation at 31 December 2022	(3,352)	(519)	(2,917)	(6,788)
Net cost at 31 December 2022	19,711	91	3,138	22,940

b) Detail of lease payments and liabilities

The movement of lease liabilities during the financial year 2023 was as follows:

	Thousands of euros
Balance at 01 January 2023	27,679
Additions	1,248
De-registrations	-
Financial expenses	1,683
Payments	(3,994)
Balance at 31 December 2023	26,616

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

	Thousands of euros
Balance at 01 January 2022	26,652
Additions	2,055
De-registrations	-
Financial expenses	1,690
Payments	(2,718)
Balance at 31 December 2022	27,679

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

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

	Thousands of euros	
	2023	2022
Up to 6 months	403	295
From 6 months to 1 year	570	472
From one to two years	2,127	1,554
From two to three years	1,403	2,166
From 3 to 4 years	1,434	1,310
More than 4 years	20,679	21,882
Total	26,616	27,679

10. Investments accounted for under the equity method

At 31 December 2023 and 2022 the stakes in associate entities of the Group valued under the equity method (3.c) are as follows:

Company	Thousands of euros	
	2023	2022
Alfa Transmisora de Energía, S.A.	22,410	20,698
Transmisora Eléctrica de Quillota Limitada	6,562	6,139
CRC Transmisión Subgroup	165,267	178,148
Subgroup of Celeo Redes Expansões	110,378	95,083
Jauru Transmissora De Energia, S.A.	21,459	20,796
Total	326,076	320,864

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

The activity of companies consolidated under the equity method at 31 December 2023 corresponds to the operation of public electrical energy transmission services in Brazil and in Chile.

The movements occurring in the financial year 2023 and 2022 under this caption of the consolidated statement of financial position were as follows:

	Thousands of euros	
	2023	2022
Opening balance	320,864	254,636
Capital increase	1,849	17,545
Stake in profits/(losses) (Note 20b)	15,431	29,775
Conversion differences	(8,147)	20,591
Dividends collected	(3,921)	(1,683)
Closing balance	326,076	320,864

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

11. Non-current financial assets

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

	Thousands of euros	
	2023	2022
Debt service reserve account	18,365	20,987
Associate company loan (Note 22).	40,552	16,765
Other	7,555	20,534
	66,472	58,286

The item "Debt service reserve account" at 31 December 2023 and 2022 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 2023 and 2022 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 2023 and 2022 are registered at their amortised cost.

12. 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	
	2023	2022
Non-current		
Contract assets:		
Transmission line concessions in Brazil	1,038,785	1,011,083
	1,038,785	1,011,083
Current		
Contract assets:		
Transmission line concessions in Brazil	30,989	10,975
Trade receivables	46,711	32,383
	77,700	43,358

a) Transmission line public authority concessions in Brazil

At 31 December 2023 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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 2023 and 2022:

	Thousands of euros
	2023
2025	32,537
2026	32,606
2027	34,650
2028	36,821
2029 and following	902,171
Total	1,038,785

	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

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 within the normal course of business.

At 31 December 2023 and 2022 there were no overdue accounts receivable or impaired balances, the balances not yet due amounting to 46,711 thousand euros and 32,383 thousand euros, respectively.

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

13. 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	
	2023	2022
Other equivalent liquid assets	92,753	67,025
Cash and banks	69,672	101,341
Total	162,425	168,366

At 31 December 2023 and 2022 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.

14. Net Equity

a) *Capital stock*

At 31 December 2023 and 2022 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 2023 and 2022 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 2023 and 2022, is as follows (thousands of euros):

	1 January 2023	Variation in the market value	Settlement	31 December 2023
Through full consolidation				
Cash flow hedges:				
Interest rate swaps (IRS)	31,066	(5,538)	(9,195)	16,333
Other accounting hedges	(9,108)	(5,123)	-	(14,231)
Total adjustments to net equity through valuation	21,958	(10,661)	(9,195)	2,102

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

	1 January 2022	Variation in the market value	Settlement	31 December 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

c) Share premium

This reserve is freely available.

The share premium at 31 December 2023 and 2022 amounted to 752,777 thousand euros.

d) Other Reserves

Statutory reserve

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

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

At 31 December 2023 and 2022, the Dominant Company had not allocated to this reserve the minimum limit established by the Capital Companies Act.

Shareholder contributions

On 30 March 2023, it was made a non-reimbursable contribution to the capital stock of 2,014,000 euros by Elecnor, S.A. in order to provide the funds required to cover the agreement concluded between Integração Maranhense Transmissora de Energia, S.A., company with 51% indirect stake and Elecnor do Brasil, Ltda to put an end to the arbitral proceedings they were maintaining. Elecnor, S.A. has made this contribution in a higher percentage than its participation in the share capital (51%), accordingly, the Company has recognized a donation for such excess under the heading " Non-financial and other capital grants " of the Income Statement for the year (986,860 euros).

On 9 March 2022, following the collection pending from the sale of Tramperase, S.L.U., a refund 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 2022, for 490,034 euros.

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

e) Non-controlling interests

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 2023 and 2022:

	Thousands of euros	
	2023	2022
Integração Maranhense Transmissora De Energia, S.A.	34,229	31,130
Caiua Transmissora De Energia, S.A.	23,038	21,181
Cantareira Transmissora De Energia, S.A.	82,509	80,152
Dioxipe Solar, S.L.	592	722
	140,368	133,185

The movement occurring during the financial years 2023 and 2022 under this caption of the consolidated statement of financial position is detailed below:

	Thousands of euros
Balance at 01 January 2022	104,193
Stakes in profits/losses	18,883
Conversion differences	11,454
Dividends distributed	(1,745)
Other	400
Balance at 31 December 2022	133,185
Stakes in profits/losses	12,796
Conversion differences	6,795
Capital increases	1,941
Dividends distributed	(14,205)
Other	(144)
Balance at 31 December 2023	140,368

f) Conversion differences

The cumulative translation differences under net equity at 31 December 2023 and 2022 for each of the significant currencies are as follows:

	Thousands of euros	
	2023	2022
Brazil	(74,848)	(107,394)
Chile	(1,210)	23,164
Peru	258	410
	(75,800)	(83,820)

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

15. **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 2023 and 2022, and their classification, are as follows:

	Thousands of euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Assets				
Financial derivatives	1,958	59	5,533	108
Total assets	1,958	59	5,533	108
Liabilities				
Bonds and other tradable securities	697,146	17,609	625,899	113,349
Debts with credit institutions	736,852	64,919	737,421	42,365
Financial derivatives	12,672	4,578	12,942	3,441
Total Liabilities	1,446,670	87,106	1,376,262	159,155

At 31 December 2023 and 2022 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 instruments under the captions "Bonds and other tradable securities", "Bank borrowings" and "Derivative financial instruments" at 31 December 2023 and 2022 are as follows:

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

2023 Financial Year

		Thousands of euros					
Type	Company	Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current
Bonds and other tradable securities							
	Celeo Redes Operación Chile, S.A.	USD/UF	5.20% (USD) and 2.99% (UF)	2047	537,523	11,881	532,881
	Cantareira Transmissora De Energia, S.A.	BRL	HICP + 6.95%	2032	18,650	2,284	14,870
	Celeo Redes Transmissora De Energia, S.A.	BRL	CDI + 1.05%	2025	105,375	1,256	65,098
	Serra de Ibiapaba Transmissora De Energia, S.A.	BRL	HICP + 5.90%	2036	21,635	544	23,802
	Brilhante Transmissora de Energia, S.A.	BRL	CDI + 1.25%	2025	30,574	66	32,649
	Celeo Fotovoltaico, S.A.	EUR	3.948%	2038	41,600	1,578	27,846
						17,609	697,146
Bank borrowings							
	Celeo Redes Chile Expansión, SpA.	UF	TAB UF + 2.5%	2024	22,986	21,741	-
	São João de Piauí FV I S.A.	BRL	HICP + 2.1851%	2039	12,585	734	10,658
	São João de Piauí FV II S.A.	BRL	HICP + 2.1851%	2039	12,585	729	10,664
	São João de Piauí FV III S.A.	BRL	HICP + 2.1851%	2039	12,585	772	10,647
	São João de Piauí FV IV S.A.	BRL	HICP + 2.1851%	2039	12,585	735	10,661
	São João de Piauí FV V S.A.	BRL	HICP + 2.1851%	2039	12,585	734	10,669
	São João de Piauí FV VI S.A.	BRL	HICP + 2.1851%	2039	12,585	743	10,683
	Integração Maranhense Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2029	26,512	1,501	6,140
	Cantareira Transmissora de Energia S.A.	BRL	TJLP + 2.12%	2029	79,606	5,776	61,700
	Encruzo Novo Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2027	9,900	774	1,658
	Pedras Transmissora de Energia S.A.	BRL	TJLP + 2.21%	2024	8,021	246	-
	Caiuá Transmissora de Energia S.A.	BRL	TJLP + 1.97%	2029	15,778	1,065	4,361
	Coqueiros Transmissora de Energia S.A.	BRL	TJLP + 2.58%	2024	5,382	197	-
	Linha de Transmissão Corumbá S.A.	BRL	TJLP + 2.28%	2028	18,014	1,185	3,601
	Serra de Ibiapaba Transmissora De Energia, S.A.	BRL	HICP + 1.57%	2043	120,482	3,829	140,058
	Puerto Maldonado Transmisora de Energía, S.A.C.	USD	Libor + 1.35%	2026	27,149	-	24,177
	Celeo Redes, S.LU.	USD	Euribor + 1.35%	2026	4,525	1	4,263
	Dioxipe Solar S.L.	EUR	Euribor + 2.53%	2037	224,708	7,045	148,855
	Aries Solar Termoeléctrica, S.L.	EUR	Euribor + 1.35% and 2.46%	2031	331,637	17,112	278,057
						64,919	736,852
Financial derivatives							
ASSETS							
	Dioxipe Solar, S.L. (Tranches 2)	EUR	1.875%	2032	-	59	1,958
						59	1,958
LIABILITIES							
	Aries Solar Termoeléctrica, S.L.	EUR	5.18%	2031	183,801	3,688	12,275
	Dioxipe Solar S.L. (Tranche 1)	EUR	4.04%	2025	168,531	890	397
						4,578	12,672

(*) At exchange rate at close, in euros

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

2022 Financial Year

		Thousands of euros					
Rate	Company	Currency	Interest rate	Year of maturity	Nominal value (*)	Current	Non-current
Bonds and other tradable securities							
	Celeo Redes Operación Chile, S.A.	USD/UF	5.20% (USD) and 2.99% (UF)	2047	556,875	16,370	562,494
	Cantareira Transmissora De Energia, S.A.	BRL	HICP + 6.95%	2032	17,735	5,495	11,805
	Celeo Redes Transmissora De Energia, S.A.	BRL	CDI + 0.75%	2023	100,202	60,357	-
	Serra de Ibiapaba Transmissora De Energia,S.A.	BRL	HICP + 5.90%	2036	20,572	429	22,177
	Brilhante Transmissora de Energia, S.A.	BRL	CDI + 1.40%	2023	29,073	29,180	-
	Celeo Fotovoltaico, S.A.	EUR	3.948%	2038	41,600	1,518	29,423
						113,349	625,899
Bank borrowings							
	São João de Piauí FV I S.A.	BRL	HICP + 2.1851%	2039	11,968	711	10,892
	São João de Piauí FV II S.A.	BRL	HICP + 2.1851%	2039	11,968	703	10,904
	São João de Piauí FV III S.A.	BRL	HICP + 2.1851%	2039	11,968	745	10,882
	São João de Piauí FV IV S.A.	BRL	HICP + 2.1851%	2039	11,968	709	10,896
	São João de Piauí FV V S.A.	BRL	HICP + 2.1851%	2039	11,968	705	10,912
	São João de Piauí FV VI S.A.	BRL	HICP + 2.1851%	2039	11,968	716	10,909
	Integração Maranhense Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2029	25,210	2,265	7,168
	Cantareira Transmissora de Energia S.A.	BRL	TJLP + 2.12%	2029	75,699	5,033	63,314
	Encruzo Novo Transmissora de Energia S.A.	BRL	TJLP + 2.42%	2027	9,414	732	2,282
	Pedras Transmissora de Energia S.A.	BRL	TJLP + 2.21%	2024	7,627	1,003	230
	Caiuá Transmissora de Energia S.A.	BRL	TJLP + 1.97%	2029	15,004	1,290	5,091
	Coqueiros Transmissora de Energia S.A	BRL	TJLP + 2.58%	2024	5,118	319	185
	Linha de Transmissão Corumbá S.A.	BRL	TJLP + 2.28%	2028	17,130	1,407	4,490
	Serra de Ibiapaba Transmissora De Energia,S.A.	BRL	HICP + 1.57%	2043	114,567	3,677	128,401
	Puerto Maldonado Transmisora de Energía, S.A.C.	USD	Libor + 1.35%	2024	28,127	-	4,086
	Celeo Redes, S.LU.	USD	Euribor + 1.35%	2024	4,688	21	4,263
	Dioxipe Solar S.L.	EUR	Euribor + 2.53%	2037	224,708	6,519	157,421
	Aries Solar Termoeléctrica, S.L.	EUR	Euribor + 1.35% and 2.46%	2031	331,637	15,810	295,095
						42,365	737,421
Financial derivatives							
ASSETS							
	Dioxipe Solar, S.L. (Tranches 2)	EUR	1.875%	2032	-	108	5,533
						108	5,533
LIABILITIES							
	Aries Solar Termoeléctrica, S.L.	EUR	5.18%	2031	183,801	2,675	11,952
	Dioxipe Solar S.L. (Tranche 1)	EUR	4.04%	2025	168,531	766	990
						3,441	12,942

(*) At exchange rate at close, in euros

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

The detail by maturity date of the non-current part of the above financial liabilities is as follows for the financial years 2023 and 2022:

Debts maturing in	Thousands of euros
	2023
2025	166,318
2026	97,486
2027	69,516
2028 and following	1,113,350
Total	1,446,670

Debts maturing in	Thousands of euros
	2022
2024	74,131
2025	63,937
2026	65,877
2027 and following	1,172,317
Total	1,376,262

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 2023 and 2022 corresponds in the main to the project bonds issue intended to finance transmission lines in Chile, formalized by the company Celeo Redes Operación Chile, S.A. of the Celeo Redes subgroup on May 11, 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 2023 financial year, the main variation in this chapter corresponds to:

- the second bond issue in Celeo Redes Trasmisao de Energia, S.A., subsequently executing the guarantee package. The disbursement occurred with an agreed differential of 1.05% over CDI. The proceeds from the issue have been used to repay previous financing and for corporate uses.
- the extension of the debt of Brillhante Transmissora de Energia, S.A. until December 2025 and the spread has been modified from 1.40% to 1.25%.

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 2023, and no possible breaches thereof are expected in the future.

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.

During 2023 an addendum was signed to the bridging loan of Sociedad Puerto Maldonado Transmisora de Energía, S.A.C. amending the amount and duration of the tranche funding the costs of the projects Valle del Chira and Puerto Maldonado, and with a new tranche to fund the costs of Miguel Grau-Frontera. In addition, another bridging loan was issued at Celeo Redes Chile Expansión, SpA to cover the adjustments to the price of acquisition of Alfa Transmisora de Energía, S.A. and Transmisora Eléctrica de Quillota, S.A.

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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 the change in interest rates could have for the future cash flows of certain credits and loans financed with reference to a variable interest rate, associated with the financing of the projects of the dependent companies Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L. The notional value of the liabilities covered by interest rate hedges at 31 December 2023 is 256,882 thousand euros (279,106 thousand euros in 2022).

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 2023 financial year there was no circumstance requiring a modification of the hedge accounting policy to account for the derivatives compared with that initially adopted.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

16. Provisions

The detail of provisions for risks and expenses and their classification between current and non-current as of December 31, 2023 and 2022 is as follows:

	Thousands of euros			
	2023		2022	
	Non-current	Current	Non-current	Current
Others	537	8.203	737	24
Total	537	8.203	737	24

The movement and breakdown of provisions for risks and expenses of the Consolidated statement of financial position in 2023 and 2022 is as follows:

	Thousands of euros
	Others
Balance at 01 January 2022	223
Charges	642
Translation differences	8
Payments	(70)
Transfers	-
Reversals	(43)
Balance at 31 December 2022	761
Charges	8.494
Translation differences	(27)
Payments	(61)
Transfers	(378)
Reversals	(49)
Balance at 31 December 2023	8.740

The amount of these provisions corresponds, mainly, to claims by the Coordinador Eléctrico Nacional of Chile due to tariff changes occurred in financial year 2023 in relation to the Alto Jahuel Transmisora de Energía, S.A. and Charrua Ancoa Transmisora de Energía, S.A. projects.

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 subsections "Debts through purchases and services provided" and "Other current financial liabilities" essentially record debts with service providers used in the development of Group operations.

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. Guarantee commitments with third parties and contingencies

Guarantee commitments with third parties-

At 31 December 2023, the Group has bank guarantees and other guarantees related to the normal course of business for an amount of 503,364 thousand euros (443,611 thousand euros in 2022), of which 407,824 thousand euros are associated with bank finance (365,467 thousand euros at 31 December 2022), and

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

95,540 thousand euros for the execution and development of projects (78,144 thousand euros at 31 December 2022).

Contingencies

Celeo Group companies are party to legal and out-of-court disputes arising as part of the ordinary course of their business. The Group's Directors do not expect that, because of the outcome of these disputes, significant assets or liabilities may arise in addition to those already recorded in the attached Balance Sheet.

At the date of preparation of these consolidated annual accounts, the main contingent assets and liabilities of the Group in relation to these litigations and have not been recorded in the attached consolidated financial statements due to not meeting the criteria established in current accounting regulations are as follows:

Contingent assets

- Vila do Conte Transmissora de Energia, S.A: claims against General Electric for factory defects in current transformers (2,772 thousand euros). To date, this process is pending resolution.

Contingent liabilities

- Caiua Transmissora de Energia, S.A., and Integração Maranhense Transmissora de Energia, S.A.: claims from Agência Nacional de Energia Elétrica (ANEEL) and ONS due to delay in entry into operation of the transmission lines. As of December 31, 2023, these contingencies amount to 881 thousand euros and 672 thousand euros respectively. To date, this process is pending resolution.
- Brilhante Transmissora de Energia, S.A.: tax claims of 2016 arising from divergent interpretations on the basis of income tax calculation. As of December 31, 2023, this contingency amounts to 6,528 thousand euros. To date, this process is pending resolution.

Likewise, since 2014, this company maintain a dispute with Adecoagro, which requires joint compensation with ANEEL (joint and several liability) in relation to the non-interconnection of its transmission line to the Sistema Interligado Nacional (SIN) as it has not been able to connect to one of our substations. As of December 31, 2023, the contingency amounts to 13,805 thousand euros. To date, this process is in process and pending resolution.

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

19. Deferred taxes and income 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 2023 and 2022 are as follows:

	31.12.22	Transfers	Credit (charge) to results account	Credit (charge) to valuation reserve	Conversion differences and Other	31.12.23
Deferred tax assets						
Valuation of derivative financial instruments (Note 15)	2,686	-	-	1,627	-	4,313
Contract assets	3,877	(1)	2,519	-	219	6,614
Tangible/intangible fixed assets	1,962	-	(520)	-	(3)	1,439
Tax credits	37,474	4,102	3,603	-	197	44,836
Other deferred tax assets	1,562	-	63	-	7	1,632
	47,561	4,101	5,125	1,627	420	58,834
Deferred tax liabilities						
Contract assets	136,642	(1)	12,393	-	7,204	156,238
Tangible/intangible fixed assets	162,256	-	5,941	504	(6,260)	162,441
Other deferred tax liabilities	877	4,102	(276)	-	174	4,877
	299,775	4,101	18,058	504	1,118	323,556

	31.12.21	Transfers	Credit (charge) to results account	Credit (charge) to valuation reserve	Conversion differences and Other	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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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.

Income 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 2023, the Dominant Company had pending inspection by the tax authorities the financial years 2020 to 2023 for all taxes except for Corporation Tax, for which it has the financial years 2019 to 2022 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 2023 will therefore not be open to inspection until 25 July 2024.

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.

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

The table set out below establishes the determination of the expense accruing through Corporation Tax in the financial years 2023 and 2022, with the following result:

	2023	2022
Accounting results before tax	74,204	104,088
Non-deductible costs	11,966	11,023
Non-computable income	(11,000)	(7,499)
Equity method result (Note 10)	(15,431)	(29,775)
Other	(4,638)	120
Tax credits not capitalised and applied	5	-
Negative taxable bases not capitalised	25,043	13,488
Adjusted book result	80,149	91,445
Gross tax calculated at the local rate (*)	(26,513)	(29,928)
Deductions	156	136
Adjustments	(1,916)	(3,954)
Other	(697)	(17,644)
Income Tax charge accruing	(28,970)	(51,390)

(*) 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 2023 and 2022:

	2023	2022
Current tax		
For the financial year	(16,037)	(9,988)
Deferred tax		
Amount of the deferred tax charge (income) connected with the emergence and reversion of temporary differences.	(12,933)	(41,402)
Charge accruing from gains tax	(28,970)	(51,390)

At 31 December 2023, the negative taxable bases pending offsetting and with no expiry date amount to 465,593 thousand euros (503,296 thousand euros in 2022).

The Negative Taxable Bases pending offsetting at 31 December 2023 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.

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

20. Income and expenditure

a) *Net turnover*

The disclosure of this balance of the consolidated income statements for the financial years 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Services provided	13,032	11,229
Sales of goods and energy	278,848	295,346
Total	291,880	306,575

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 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Share in profits/(losses) of entities consolidated within ordinary operations under the equity method (Note 10)	15,431	29,775
Total	15,431	29,775

c) *Supplies*

The disclosure of this balance of the consolidated income statements for the financial years 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Subcontracts	(32,708)	(34,361)
Total	(32,708)	(34,361)

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.

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

d) Other operating costs

The disclosure of this balance of the consolidated profit and loss accounts for the financial years 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Leases	(2,072)	(1,645)
Repair and maintenance	(339)	(241)
Independent professional services	(7,430)	(10,032)
Insurance premiums	(3,061)	(2,629)
Supplies	(4,466)	(7,359)
Banking services	(1,370)	(1,271)
Taxes	(17,113)	(16,751)
Other expenditure	(10,790)	(4,133)
Total	(46,641)	(44,061)

The item "Supplies" at 31 December 2023 and 2022 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 2023 and 2022 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.

e) Personnel expenses

The disclosure of this balance of the consolidated income statements for the financial years 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Wages and salaries	(20,268)	(16,876)
Compensation	(2,647)	(64)
Social Security paid by the company	(3,881)	(2,724)
Other social benefit expenses	(2,999)	(1,362)
Total	(29,795)	(21,026)

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

f) Amortisations, impairment and provisions

The disclosure of this balance of the consolidated income statements for the financial years 2023 and 2022 is as follows:

	Thousands of euros	
	2023	2022
Provisions for amortisation of property, plant and equipment (Note 8)	(47,040)	(47,068)
Provisions for amortisation of intangible assets (Note 7)	(12,174)	(12,402)
Provisions for amortisation of right of use assets (Note 9)	(2,051)	(1,991)
Total	(61,265)	(61,461)

g) 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 11).

h) Financial expenses

At 31 December 2023 the financial expenses correspond to the application of the effective interest rate method to financial liabilities at amortised cost, except for 19,856 thousand euros net of tax effect of income corresponding to the transfer of accounting hedges to the income statement; (revenue of 22,498 thousand euros in 2022) (see Note 14.b).

21. Information on employees

The average number of persons employed in the course of the financial year 2023 and 2022 distributed by category is as follows:

	Average number of employees	
	2023	2022
Top Management	6	7
Management	14	13
Middle Management	89	78
Staff	522	460
Total	631	558

Of the Group's average workforce during 2023, eight employees had a temporary contract (seven in 2022).

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Likewise, the gender distribution at 31 December 2023 and 2022 of the personnel and Directors of the Group was as follows:

Categories	31.12.2023		31.12.2022	
	Men	Women	Men	Women
Board Members	6	-	5	-
Top Management	6	1	7	-
Management	12	4	10	3
Middle Management	77	15	73	11
Staff	433	109	396	110
Total	534	129	491	124

During the 2023 financial year the Group had three employees with disability greater than or equal to 33% (or equivalent local classification) (none in the 2022 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 2023 and 2022 were as follows:

2023 Financial Year

	Thousands of euros		
	External services and other expenses	Sales and other operating income	Financial expenses
Under the equity method:			
Celeo Redes Chile Transmisora SPA	-	99	-
Mataquito Transmisora de Energía, S.A.	-	1,254	-
Casablanca Transmisora de Energía, S.A.	-	42	-
Diego de Almagro Transmisora de Energía, S.A.	-	1,118	-
Jaurú Transmissora de Energía, S.A.	-	506	-
Alfa Transmisora de Energía, S.A.	-	7,732	-
Cachoeira Paulista Transmissora de Energía, S.A.	-	117	-
Parintins Amazonas Transmissora de Energia S.A.	-	236	-
Celeo Redes Expansoes, S.A.	-	649	-
Other companies:			
Elecnor. S.A.	-	8	5
Elecnor Servicios y Proyectos, S.A.U.	17,211	-	-
Aplicaciones Técnicas de la Energía, S.A.	4	-	-
Total	17,215	11,761	5

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

2022 Financial Year

	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	-
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	9,910	5

At 31 December 2023 and 2022 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:

2023 Financial Year

	Thousands of euros			
	Accounts Receivable			Accounts payable
	Trade receivables, related companies	Long-term loans in related companies (Note 11)	Short-term investments in related companies	Trade payables, associated and related companies
Celeo Redes Chile Transmisora SPA	-	-	5,422	-
Jaurú Transmissora de Energía, S.A.	30	-	-	-
Cachoeira Paulista Transmissora de Energía, S.A.	-	-	-	729
Parintins Amazonas Transmissora de Energia S.A.	29	-	-	-
Mataquito Transmisora de Energía, S.A.	79	-	-	-
Casablanca Transmisora de Energía, S.A.	11	-	-	-
Diego de Almagro Transmisora de Energía, S.A.	2	-	53	-
Alfa Transmisora de Energía, S.A.	1,796	40,552	574	-
Transmisora Eléctrica de Quillota, S.A.	410	-	-	-
Elecnor, S.A.	1	-	-	329
Elecnor Servicios y Proyectos, S.A.U.	3	-	-	11,204
Elecnor do Brasil, S.A.	13	-	-	27
Total	2,374	40,552	6,049	12,289

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

2022 Financial Year

	Thousands of euros			
	Accounts receivable			Accounts payable
	Trade receivables, related companies	Long-term loans in related companies (Note 11)	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

At 31 December 2023 and 2022, the item "Long-term loans in related companies" corresponds to the loan granted by Celeo Redes Chile Expansión, SpA to Alfa Transmisora de Energía, S.A. The mentioned loan was issued in September 2021 and has a duration of 30 years (September 2051). The interest rate is 5.5%.

The entry "Trade payables, associate and related companies" in 2023 corresponds in the main to the balance that the Spanish solar thermal plants have with Elecnor Servicios y Proyectos, S.A.U. for operation and maintenance services. In 2022 Integração Maranhense Transmissora De Energia, S.A. had a balance with Elecnor do Brasil for the completion of construction of the power transmission line which has been settled in fiscal year 2023.

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 2023 and 2022. 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 2023 and 2022 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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

22.3 Remuneration of Senior Management

During the 2023 financial year, the Executive Team of the Company accrued remuneration totalling 2,290 thousand euros (1,575 thousand euros in the 2022 financial year). The total remuneration indicators include the fixed remuneration and variable remuneration. Meanwhile, during the 2023 financial year contributions were made to the pension plans of the executive team in the amount of 256 thousand euros.

Likewise, at 31 December 2023 and 2022, the Dominant Company had not entered into any significant obligations with the executive team regarding advances, loans or guarantees.

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 2023 and 2022 invoiced the net professional service fees detailed below:

	Thousands of euros	
	2023	2022
KPMG Auditores, S.L.:		
For auditing services	176	170
For other accounting verification services	99	45
Total	275	215

The amounts detailed in the above table include the total fees for services rendered in 2023 and 2022, irrespective of the date of invoice.

Furthermore, other entities affiliated to KPMG International invoiced the Group during the financial years ended at 31 December 2023 and 2022 the net professional service fees detailed below:

	Thousands of euros	
	2023	2022
Other entities affiliated with KPMG International:		
For auditing services	379	407
For other accounting verification services	114	140
For tax consultancy services	33	28
Total	526	575

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 2023 and 2022 is as follows:

	Days	
	2023	2022
Average supplier payment period	31	19
Ratio of operations paid	20	17
Ratio of operations pending payment	51	19
	Amount in Thousands of Euros	
Total payments made	24,050	36,353
Total payments pending	10,712	6,039

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 as to invoices paid in a period less than the maximum established in the late-payment regulations is as follows:

	2023	2022
Monetary volume paid (thousands of euros)	17,235	29,871
% of monetary total of payments to suppliers	83%	77%
Number of invoices paid	3,894	1,998
% out of total number of invoices paid to suppliers	93%	78%

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.

Celeo has an Integrated Management System (referred to as the SIG in Brazil and Chile, and IMS in Spain and Peru), 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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 2023 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:

- The detail of the consolidated results account captions by segment at 31 December 2023 and 2022 is as follows:

2023 Financial Year

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2023
Net turnover	192,931	98,855	7,695	(7,601)	291,880
Supplies	(10,356)	(22,352)	-	-	(32,708)
Results from investments under equity method	15,431	-	-	-	15,431
Financial result	(43,214)	(20,533)	310	201	(63,236)
Minority interest result	(12,782)	(14)	-	-	(12,796)
Consolidated result of parent company	37,383	356	(3,301)	(2,000)	32,438

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

2022 Financial Year

	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
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 parent company	59,210	(21,627)	(1,147)	(2,621)	33,815

b) The detail of the assets and liabilities by segment at 31 December 2023 and 2022 is as follows:

	Thousands of euros				
	Transmission of electricity	Generation of electricity	Corporate	Intra-segment	Total at 31.12.2023
Assets					
Intangible assets	608,967	205	21	-	609,193
Goodwill	-	1,125	-	-	1,125
Tangible assets	376,321	637,249	346	-	1,013,916
Right of use assets	3,504	18,188	-	-	21,692
Investments accounted under equity method	326,076	-	-	-	326,076
Non-current financial assets	122,779	13,014	1,048,228	(1,117,548)	66,473
Trade debtors and other non-current assets	1,038,785	-	-	-	1,038,785
Derivatives	-	1,958	-	-	1,958
Assets through deferred taxes	14,964	44,585	(715)	-	58,834
Receivables	91,747	14,191	2,259	(2,680)	105,517
Remaining assets	131,926	30,914	19,960	(12,999)	169,801
Total assets	2,715,069	761,429	1,070,099	(1,133,227)	3,413,370
Liabilities					
Non-current financial liabilities	915,258	531,412	-	-	1,446,670
Lease liabilities	3,008	22,635	-	-	25,643
Other non-current liabilities	39,067	15,995	-	(33,225)	21,837
Deferred income tax liabilities	302,611	20,945	-	-	323,556
Current financial liabilities	52,346	34,760	-	-	87,106
Other current liabilities	55,126	50,143	2,469	(16,177)	91,561
Total liabilities	1,367,416	675,890	2,469	(49,402)	1,996,373

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

	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
Tangible assets	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
Assets through deferred taxes	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

• **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 undertakes these activities in Brazil, Chile, Spain and 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.

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 Sao 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 the year 2022 an agreement was finalised with a reseller for the remaining 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

CELEO CONCESIONES E INVERSIONES, S.L. and subsidiaries

Consolidated Explanatory Notes

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 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.

Order TED/171/2020 was published on 28 February 2020, updating the remuneration parameters for electrical energy production installations using renewable sources of energy, applicable from 1 January 2020 onwards (adjusted in Royal Decree 6/2022, published on 30 March 2022) and on 14 December 2022, Order TED/1232/2022 was published, with those applicable from 1 January 2023 onwards, updated on 30 June 2023, following the publication of Order TED/741/2023.

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. Lastly, 27 December 2023 saw the publication of Royal Decree-Act 8/2023, which among other measures establishes the IVPEE rate at 3.5% for the first quarter of 2024, 5.25% for the second quarter and 7% thereafter.

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 2023 and 2022:

CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries

Consolidated Explanatory Notes

Ordinary revenue

Country	Thousands of euros	
	2023	2022
Spain	87,940	87,555
Brazil	142,110	166,344
Chile	61,830	52,676
	291,880	306,575

Non-current assets

Country	2023					
	Thousands of euros					
	Intangible assets	Property, plant and equipment	Trade debtors and other non-current assets	Right of use assets	Deferred tax assets	Others
Spain	21	505,779	-	16,961	43,212	13,532
Brazil	10,481	135,472	1,038,785	3,971	7,355	147,259
Chile	576,151	372,554	-	759	8,108	234,840
Peru	22,540	110	-	-	159	-
	609,193	1,013,915	1,038,785	21,691	58,834	395,631

Country	2022					
	Thousands of euros					
	Intangible assets	Property, plant and equipment	Trade debtors and other non-current assets	Right of use assets	Deferred tax assets	Others
Spain	14	539,501	-	17,741	41,559	16,654
Brazil	10,538	133,053	1,011,083	3,947	4,581	147,321
Chile	610,919	354,493	-	1,252	1,318	221,833
Peru	7,363	3	-	-	103	-
	628,834	1,027,050	1,011,083	22,940	47,561	385,808

27. Events after the close

No events occurred between the close of the 2023 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.

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Page 1 of 8

Annex I: Detail of the Dependent Companies

2023 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 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%
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%

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

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Annex I: Detail of the Dependent Companies

2023 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 Energía, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	51,00%
Coqueiros Transmissora De Energía, S.A.	BRAZIL	KPMG	Operation of public service concessions for transmission of electrical energy	100.00%
Pedras Transmissora De Energía, 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%
Opará 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%

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

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Annex I: Detail of the Dependent Companies

2023 FINANCIAL YEAR	Registered office	Auditor	Activity	% Direct or Indirect Stake
Celeo Barreiras FV VII, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
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	PwC	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	PwC	Operation of public service concessions for transmission of electrical energy	100.00%
LT Triangulo, S.A.	BRAZIL	PwC	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.

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Annex I: Detail of the Dependent Companies

2023 FINANCIAL YEAR	Registered office	Auditor	Activity	% Direct or Indirect Stake
Consolidated investee companies Under the equity method (Note 10)				
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.

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Annex I: Detail of the Dependent Companies

2022 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 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%

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

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Annex I: Detail of the Dependent Companies

2022 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%
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%

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

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Page 7 of 8

Annex I: Detail of the Dependent Companies

2022 Financial Year	Registered office	Auditor	Activity	% Direct or Indirect Stake
Celeo Barreiras FV VII, S.A.	BRAZIL	***	Promotion, construction and operation of photovoltaic facilities	100.00%
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.

**CELEO CONCESIONES E INVERSIONES, S.L.
and subsidiaries**

Consolidated Explanatory Notes

Page 8 of 8

Annex I: Detail of the Dependent Companies

2022 Financial Year	Registered office	Auditor	Activity	% Direct or Indirect Stake
Consolidated investee companies Under the equity method (Note 10)				
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.

Celeo Concesiones e Inversiones, S.L. and subsidiaries

Summarised Financial Information of companies consolidated under the equity method

31 December 2023

(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	1,298,880	32,500	335,221	74,635	384,223
Non-current liabilities	1,241,681	1,946	239,348	24,410	257,595
Non-current financial liabilities (*)	930,178	-	232,806	10,140	90,567
Total net non-current assets	57,199	30,554	95,873	50,225	126,628
Current assets	96,722	1,925	42,559	6,834	43,705
Cash and cash equivalents	35,547	174	20,134	2,028	29,413
Current liabilities	41,873	1,925	31,306	7,261	35,519
Current financial liabilities (*)	13,353	-	4,775	2,556	9,507
Total net current assets	54,849	2,255	11,253	(427)	8,186
Net assets	112,048	32,809	107,126	49,798	134,814
Percentage stake	0.20	0.20	0.50	0.33	0.50
Stake in net assets	22,409	6,562	53,563	16,599	67,407
Book value of the stake (**)	22,410	6,562	165,267	21,459	110,378
Information on the income statement					
Ordinary revenue	82,264	2,459	14,787	(17,911)	51,965
Depreciation and amortisation	(24,328)	(1,177)	(3,243)	3,069	(8,688)
Interest income	1,806	166	168	(1,145)	4,992
Borrowing costs	(57,727)	-	(15,976)	2,723	(15,143)
Charge (income) from gains tax	18,879	(91)	(2,012)	2,712	(6,307)
Result for the financial year from ongoing activities	12,417	247	4,799	5,265	13,877
Result for the financial year	12,417	247	4,799	5,265	13,877
Dividends received	-	-	-	3,921	-

(*) 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 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
Percentage stake	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					
Ordinary revenue	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



2023 Management Report - Celeo Group

Corresponding to the financial year ended 31 December 2023

Contents

1.	Introduction.....	Page 2
2.	Business model and environment	Page 2
3.	Analysis of key figures for the year.....	Page 8
4.	Capital management policy.....	Page 9
5.	Financial risk management policy	Page 9
6.	Environment.....	Page 10
7.	Human Resources.....	Page 11
8.	Significant events after the close of the financial year	Page 11
9.	Prospects for the 2024 financial year	Page 11
10.	Capital stock and acquisition of treasury stock	Page 12
11.	Operations with related parties	Page 12
12.	Non-financial Reporting Statement	Page 12
ANNEX I	Page 13

1. Introduction

The Celeo Group achieved a consolidated net profit attributed to the Parent Company in the 2023 financial year of 32 million euros (34 million euros in 2022).

Sales amounted to 292 million euros, compared with 307 million euros in 2022. The EBITDA stood at 198 million euros, compared to 242 million euros in 2022. Both variations correspond essentially to the discounting of the Brazilian transmission line revenues through application of an IPCA rate of 3.94% (11.73% in 2022) and an IGPM rate of -4.47% (10.72% in 2022), recognised with the accounting criteria of the Brazilian concessions as described in Note 3 on the Annual Accounts.

During 2023, Celeo consolidated its presence in Peru by being awarded the third Concession Contract in the country, Piura Nueva-Frontera, a project comprising the expansion of an existing substation and the construction of 270 km of 500 kV line that will connect with Ecuador to exchange electrical energy.

In Brazil, of particular note was the award in June of Lot 6 in ANEEL's auction, Leilao 1/2023, consisting of a 357km double-circuit transmission line, the LT 500kV Xingó-Camaçari II. In the next auction of the year in December, Leilao 2/2023, Celeo won Lot 3, the LT 500kV Marimondo 2-Campinas project. This project consists of a 388km single-circuit line in the states of Minas Gerais and Sao Paulo.

In Chile, Celeo was awarded two new expansion works for the Hualqui and La Pólvara substations, as part of the International Public Tender for Expansion Works contemplated in Exempt Decree N°200/2022.

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, the Group 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 Sao Joao do 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 (ACL). Specifically, for the year 2022 a contract has already been finalised with a reseller for the remaining 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).

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.

Order TED/171/2020 was published on 28 February 2020, updating the remuneration parameters for electrical energy production installations using renewable sources of energy, applicable from 1 January 2020 onwards (adjusted in Royal Decree 6/2022, published on 30 March 2022) and on 14 December 2022, Order TED/1232/2022 was published, with those applicable from 1 January 2023 onwards, updated on 30 June 2023, following the publication of Order TED/741/2023.

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. Lastly, 27 December 2023 saw the publication of Royal Decree-Act 8/2023, which among other measures establishes the IVPEE rate at 3.5% for the first quarter of 2024, 5.25% for the second quarter and 7% thereafter.

2.1.5. 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.

2.2. Economic context

2.2.1. Brazil

In the presidential elections held in October 2022, Luiz Inácio Lula da Silva, leader of the Partido dos Trabalhadores (PT), won the presidency, his term lasting until 2026. The belief is that the government will face certain difficulties in achieving some aspects of its agenda, given the conservative nature of Congress.

The expectation is that Brazil's economic policy will be more expansive, and driven by the State under the government of Lula da Silva. Congress is conducting a tax simplification reform which will lead to the unification of federal, national and local taxes under one dual VAT rate. In the final vote on this tax unification reform, the Lower Chamber applied cutbacks to the

exemptions applied by the Upper Chamber. The belief is that this new regulation will increase total VAT above 27.5%. Furthermore, this trend aims to strengthen environmental policies to improve foreign investment and avoid divestment.

The country's new fiscal policy stands out for its more flexible structure, allowing expenditure to increase up to 70% of revenues. This framework expects to generate increases in GDP of 0.5 and 1% in 2025 and 2026, respectively. Likewise, the purpose of the budget for 2024 is to eliminate the deficit, which will only be achieved with additional revenues. Within this context, the assumption is that the government will not achieve its budgetary balancing targets in 2024, and debt will therefore amount to 86.4% of GDP in 2028. The belief is thus that the high level of debt remains, and will continue to be, the main source of macroeconomic risk, although a low level of external debt could evolve towards a breach of the inflation targets, more than a breach of external debt requirements.

Inflation is expected to reach the targets set by the BCB (Banco Central do Brasil) of between 1.5% and 4.5%, although general inflation (4.7% in December 2023) and underlying inflation (5.7%) are higher than the upper bound. The belief is that inflation will stand below 4% during 2024, but will remain far from the targets set from 2025 onwards, established as 3%.

After the grain harvest in the period 2022-2023 brought the trade surplus and current account deficit reduction to an estimated level of 1.4% of GDP in 2023, imports are expected to increase, taking the trade deficit up to 3% of GDP by 2028. However, the policy of more flexible consumption and investment by households will have a positive impact in mid-2024, improved by a cyclical upturn in the medium term. As for the forecast for the period 2025-2028, average growth of 1.9% is expected.

Despite the strength of the Brazilian Real in past months, in October 2023 signs of weakness began to emerge, since the data suggest that the Federal Reserve (or Fed) would keep high interest rates in place for longer than expected. Even if rates remain high over the coming months, the presumption is that the Fed is at the end of its restrictive cycle. Nonetheless, the forecasts suggest that the Brazilian Real may be weakened during 2024 as local interest rates fall, assuming an exchange rate of 5.15 R: 1 USD during the period 2024-2028.

Although Lula de Silva is speeding up the country's energy transition process, its high degree of dependency on fossil fuels, which account for 52% of the energy mix, will make this transition a challenge. Oil, gas and electricity consumption are expected to increase over the next 10 years, assuming a downturn in coal consumption.

Standard & Poor's (S&P) has had a rating for the country of BB for foreign currency in the long term, since December 2023.

2.2.2. Chile

The economic panorama of the country is expected to be expansive in 2024. Anticipated growth as a result of a reduction in inflation together with a change in credit conditions, has ultimately given a boost to both private consumption and investment.

The expectation is that the country will experience weak government under the presidency of Gabriel Boric. His proposals for reforms in institutional and fiscal terms have led to rejection, triggering a process of fragmentation in the government agenda. Despite the acceptance of certain social reforms, the more disputed measures concerning taxes and pensions have been rejected. Furthermore, on 17 December a constitutional reform instigated by the right was rejected, and this will probably boost the left-wing reform agenda in 2024.

The fiscal deficit will drop from 2.4% of GDP in 2023 to 2.2% of GDP in 2024, reflecting growth in sales revenues and income tax, against a backdrop of economic recovery and the establishment of a tax on the production of copper and lithium, as well as price setting for those ores deemed to be critical. The new copper mining levy will lead to a new increase in revenues, although this general growth will be offset by greater social expenditure (in particular on pensions), and public works project expenditure. The forecasts indicate that the fiscal deficit will fall consistently over the reference period to 1% of GDP by 2028, since it is likely that the next government will continue to maintain budgetary restraint and aim to avoid

tax rises. However, the forecast suggests that expenditure and revenues will be a higher proportion of GDP than prior to the pandemic. Chile will maintain access to goods markets and financial markets, and the ratio of public debt to GDP will remain low because of emerging market regulations.

The Central Bank of Chile ("BCCh") is expected to instigate one of the most aggressive banking flexibility cycles in 2024, reflecting deflation (two years in advance) in a context of inflation anchored at 3%. Monetary loosening began in July: between then and December (the period of the last cut in rates), the BCCh cut rates by 300bp. The expectation is that the BCCh will hold rates at 4.5% until the end of 2024, and will end the loosening cycle at 4% by the second half of 2025, which is what the body sees as "neutral interest". Rates will remain at 4% for the rest of the forecast period.

There is a risk that the BCCh may take more moderate steps in its rate loosening policy, in particular if the Chilean peso suffers significant downward pressure as the interest rate spread with the US dollar falls. Other factors that could slow down this loosening cycle are inflationary pressures connected with the El Niño meteorological phenomenon, or a possible increase in geopolitical tensions, such as the conflict between Israel and Hamas, which could lead to a spike in commodities prices.

In 2024, the country's GDP will grow by 1.8%, following on from estimations indicating "zero" growth in 2023. The Chilean economy will benefit from a rapid deflationary process which will increase real revenues and lead to a sharp drop in interest rates as the BCCh significantly reduces its rate-cutting policy, which will increase the growth of credit for consumers and investors. Another growth factor will be the dissipation of the political uncertainty connected with the end of the constitutional reform process, which will increase investor confidence. Strong exports thanks to the demand of minerals from Chile such as copper and lithium, amid the global drive to electrification and investment in renewable energy sources and green hydrogen, could also drive this growth. Forecasts indicate that the fiscal deficit will gradually and consistently fall over the course of the reference period, to a level of 1% of GDP by 2028, and the government is therefore likely to maintain its budgetary restraint policy, and aim to avoid tax increases.

The Chilean peso is expected to depreciate as a result of the aggressive rate-cutting policy promoted by the BCCh and the Fed's interest rate rises up until the end of 2024. The expectation in the medium term is that the Chilean peso will strengthen because of the reduced political uncertainty, and the increase in mineral exports.

Standard & Poor's (S&P) maintains a rating of A- for the country in foreign currency and in the long term.

2.2.3. Spain

The country is in the middle of a period of political uncertainty following the election held in July 2023, which resulted in a hung parliament. The socialist PSOE recently formed a coalition government, which is highly dependent on the Catalan and Basque separatist parties. The expectation is that this situation will prevent policies from being formulated, will slow down fiscal consolidation and hamper the reforms agreed with the European Union ("EU").

Despite remaining above the Euro zone average, economic activity is expected to slow down in 2024, because of the high interest rates and a weaker global environment. The recent interest rate rises by the European Central Bank (ECB) represent a challenge, causing a significant increase in the cost of finance for both companies and households. This political situation will delay the approval of the Budget for 2024, maintaining a high ratio of public debt to GDP.

Spain is expected to maintain a budget deficit of 3.5% of GDP in 2024, an improvement on the 4.1% in previous years. The political uncertainty resulting from the elections back in July brings in further doubts as to the process of passing the 2024 Budget. Furthermore, despite the gradual fall in the deficit to 3% of GDP by 2028, a high level of debt is expected to remain in place, with a modest correction to the ratio of 109.1% of GDP in 2023, to 107% in 2028.

The ECB is believed to have ended the most aggressive rate-setting cycle seen to date, even if interest rates remain at record levels until at least halfway through 2024. Despite a recent increase, the rate-setting policy would remain stable during this period. The ECB is also

apparently concerned about pay rises and expects deposit rates and refinancing interest to remain between 4 and 4.5% until halfway through 2024.

Economic growth in the country is expected to fall from 2.3% in 2023 to 1.2% in 2024, a level slightly higher than the Euro zone average. The reasons include the moderate inflation, high wage increases and the funds provided by the EU, supporting modest domestic demand. The strict monetary policy and a weakened external environment could limit strong growth. Between 2025 and 2028, average growth would amount to 1.8%, driven by private consumption and European funds.

An inflation correction to 3% as expected in 2024, from 3.4% in 2023, further increasing to 1.9% between 2025 and 2028. The tensions in the Red Sea which have led to an increase in transport costs will be temporary. However, this results in a risk of a spike in inflation on the supply side.

During the first half of 2023, the euro climbed against the US dollar, reaching \$1.11:€1 halfway through July. Nonetheless, uncertainty as to economic prospects for 2024 have led to a recent depreciation against the dollar, given the slowdown in Euro zone growth and the expected pause in monetary policy adjustments. These factors include a downward turn for the country in trade terms, because of increased volatility in energy prices and supply chain interruptions because of geopolitical tensions. However, a gradual appreciation of the Euro has been expected since early 2024, driven by the Euro zone's current account surplus.

Current account surplus forecasts stand at around 1.5% of GDP over the course of the forecast period, slightly lower than the average for the pre-Covid 19 decade. Despite a weakened external environment and consequent upturn in domestic demand, a balance of trade deficit is expected between 2024 and 2028. However, this trend would be partially mitigated by a recovery in profits from overseas tourism.

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

2.2.4. Peru

Peru is an export-focused economy, specialising in commodities such as copper. Its economy has grown recently, making the most of the advantages offered by an attractive business environment and prudent policy. However, its political instability jeopardises its general economic prospects.

Following the political conflict connected with Pedro Castillo in 2022, Dina Boluarte was elected president until 2026. However, she is expected to be forced to resign before the end of her term if her coalition collapses or protests against the government increase again.

The country's GDP is expected to grow by 1.8% in 2024, following the 0.5% contraction in 2023. The drop in inflation and interest rates could improve growth. However, company and consumer activity, already undermined by the El Niño phenomenon, political uncertainty concerning Boluarte and the poor business environment under the Castillo government, could hamper these prospects for growth.

Although the Sol gained ground against the dollar during the first half of 2023, it is currently depreciating because of the Fed's policies. The Sol will stand at 3.70S:\$1 by the end of the year, and maintain a strong exchange rate of 3.53S:\$1 in 2028 as the copper price rises and the Fed mitigates its pressure on interest rates. However, political instability and slow growth could mean that the Sol does not reach pre-pandemic rates of 3.31S:\$1.

According to estimates, the non-financial public sector (NFPS) deficit will contract from 2.7% of GDP in 2023 to 2.5% in 2024, thanks to the prospects for growth and rising metal prices. However, given the expenditure connected with economic support and the expected prevention and reconstruction policies resulting from El Niño, public expenditure will remain high.

The Central Reserve Bank of Peru (BCRP) is expected to maintain its monetary loosening policy, which began in September with an overall cut of 25bp in January and February, as inflation and inflation prospects were falling more quickly, and the

BCRP was concerned at the country's economic situation. Interest rate policy is expected to see the level shift from 6.5% at present to 5.25% by the end of 2024. There is, however, a risk that the El Niño phenomenon could push prices up more than expected, forcing the BCRP to slow the pace of its loosening cycle.

The deflationary trend is expected to continue until it establishes itself in a range above the 1-3% set by the BCRP, dropping from 3.6% in November 2023 to 2.8% by the end of 2024. The deflationary process could be maintained by a global downturn in agricultural commodities prices.

Standard & Poor's (S&P) maintains a rating of BBB for the country in foreign currency and in the long term.

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	2023	2022	Variation
Operating profit	137,440	177,342	-23%
EBITDA	198,252	241,780	-18%
Profit before tax	74,204	104,088	-29%
Net profit attributable to the parent	32,438	33,815	-4%
Net equity			
Net equity	1,416,996	1,388,183	+2%
Turnover			
Sales	291,880	306,575	-5%

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	2023	2022	Variation
Chile	61,830	52,676	+17%
Brazil	142,110	166,344	-15%
Spain	87,940	87,555	+0%
	291,880	306,575	-5%
Activities			
Transmission	193,025	204,793	-6%
Generation	98,855	101,782	-3%
	291,880	306,575	-5%

The change in 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.

Meanwhile, the substations and transmission lines in Peru belong, in the case of Valle del Chira and Puerto Maldonado, to the CTS (Complementary Transmission System), which handles demand from certain tariff zones, while the recently awarded project, Miguel Grau - Frontera, belongs to the Guaranteed Transmission System (GTS), whose revenues are supported by the entire system. Tariffs are regulated by Organismo Supervisor de la Inversión en Energía y Minería (OSINERGMIN) and the process is coordinated by the Comité de Operación Económica del Sistema Interconectado Nacional (COES).

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 and Peru), 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 2023 in accordance with the Group's Environmental Management.

7. Human Resources

Workforce

Celeo Group

At 31 December each year	2023	2022	Variation
Brazil	406	382	+6%
Chile	203	185	+10%
Peru	6	2	+200%
Spain	42	41	+2%
	657	610	+8%

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 2023 financial year, the Group's workforce had increased by 47 people (8%) compared with the close of the previous financial year, giving a total of 657 employees.

8. Significant events after the close of the financial year

No events occurred between the close of the 2023 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 2024 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 2024, 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 two auctions this year (March and September). The March auction, entitled "Leilão 1/2024", covers plans for the tendering of 15 lots totalling 6,464 km of new power lines, with an investment of 18.2 billion reais. The September auction is expected to be smaller size, with 5 lots and a investment of 4 billion reais. In the same way, growth opportunities are explored through acquisitions.

As for Chile, the CEN (National Electricity Coordinator) has plans for a new tender of new construction works with regional and national projects corresponding to the 2022 Expansion Plan. This tender includes projects with a total investment value around 905 billion dollars. The mentioned tender includes the expansion work "Laying of the second circuit of the 500kV Ancoa-Charrúa Line" whose investment will correspond to the Celeo group. In March, CEN also organizes the tender for Complementary Services for voltage control for short-circuit power contributions. Likewise, opportunities for organic growth will be studied through acquisitions of projects in operation.

Peru will continue the expansion of its transmission system with new tenders scheduled for 2024. Proinversión, an agency of the Ministry of Energy and Mines, responsible for tendering

investment projects, will be tendering major transmission projects during 2024. New "Hub" Substation (first stage) and 500 kV Poroma-Colectora link "Hub" extensions and associated substations. New San José "Hub" Substation (first stage) and 220 kV San José "Hub" Link – Distribution (Arequipa), extensions and associated substations (ITC Project) and New SE Marcona II and Link 138 kV Marcona II - San Isidro (Bella Unión) - Pampa (Chala), extensions and associated substations (ITC Project). 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 2024 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 2023 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 2023 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 2023, 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 31st December 2023

Index

1.	About Celeo	3
1.1.	Business model	3
1.2.	Our purpose and our values	6
1.3.	Main milestones in Celeo's history	7
1.4.	Resilient business aligned with global trends	8
1.5.	Presence in sector associations.....	10
1.6.	Solvency and sustainable growth	11
2.	Our sustainable management model	13
2.1.	Sustainability strategy.....	13
2.2.	Commitment to sustainability	15
2.3.	Relations with our stakeholders	20
3.	Good governance, ethics and integrity	22
3.1.	Corporate governance	22
3.2.	Risk management model	26
3.3.	Compliance system.....	28
3.4.	Fight against corruption and bribery	33
3.5.	Commitment to human rights.....	34
4.	Excellence and quality in our services	36
4.1.	Renewable energy generation and transmission	36
4.2.	Information security	39
4.3.	Our suppliers	40
4.4.	Key projects in 2023	42
5.	Our people	44
5.1.	Commitment to quality employment.....	44
5.2.	Continuous training and development.....	46
6.	Prevention culture.....	49
6.1.	Managing health and safety	49
6.2.	Accident rates.....	51
6.3.	Consultation and participation of employees in preventive activities	51
6.4.	Training for employees in health and safety in the workplace	52
6.5.	Health checks	52
7.	Committed to the planet	54
7.1.	Environmental management	54
7.2.	Efficiency of resources	55

7.3.	Climate change	57
7.4.	Biodiversity protection	60
7.5.	Environmental training and awareness raising	61
8.	Generators of value in our communities.....	63
8.1.	Social actions linked to project development	63
8.2.	Supporting development and social welfare.....	65
9.	About the report	67
9.1.	Scope	67
9.2.	Materiality analysis	67
Annex I.	Tables and indicators	70
	Indicators relating to «Our people».....	70
	Indicators relating to «Prevention culture».....	76
	Indicators relating to «Committed to the Planet»	78
Annex II.	Contents of Law 11/2018 of 28 December concerning non-financial information and diversity	81

1. About Celeo

1.1. Business model

The Celeo Group is a company that invests and participates in the development, investment and management of infrastructure assets, focused on the transmission and generation of renewable energy under public-private partnership programmes.

These assets and their operations are currently located in Spain, Brazil, Chile and Peru. In addition, we have main control centres located in Rio de Janeiro, Santiago de Chile and Lima and back-up control centres in case the main one is out of service.

From these centres, our professionals are responsible for operating the facilities remotely 365 days a year, responding to the needs of the electricity system and the requirements of the system operator (ONS in Brazil, CEN in Chile and COES in Peru), as well as providing support to the maintenance teams during contingencies and scheduled shutdowns. In addition, the Madrid office has its own staff, who supervise the production of the plants in Spain.

As a complementary activity to the core business, we also provide services to third parties through the control centres, which contract remote operation services for transmission lines, as well as maintenance services. In Chile, for example, we remotely operate TransChile's power lines.

As a one-off activity, we also offer commissioning services for installations and technical studies for expanding the network. We also offer third parties the use of fibre optic communications networks (OPGW) from the excess strands of the transmission lines. Of particular note in this service is the contract in Chile with Silica Network.

Furthermore, in addition to all these lines of activity, we continue to study new opportunities in other Latin American markets to promote the diversification of the company by entering other countries and developing new projects.

1.1.1 Business áreas

Our business areas comprise two main areas of work:

- Transmission: development and operation of power transmission line projects.
- Generation: business development and managing solar thermal and photovoltaic power plant assets.

Transmission

In recent years, we have managed to consolidate our position in this market in Brazil and Chile, as well as in Peru, a market we entered in 2021.

At present, in Brazil, we have the concession to develop and execute various projects for the construction, operation and maintenance of electricity transmission lines, whereas in Chile, we have continued with the development, execution and operation of various projects for the construction and operation of several owned transmission lines.

In the case of Celeo Peru, the Operations and Maintenance team has been reinforced with the aim of starting the operation of the SE (substation) Valle del Chira project, which became commercially operational in December 2023. Construction work was also completed on the control centre at the Lima offices, which is now operational and in communication with the COES Dispatch Centre.

The main new developments in 2023 include:

- The Parintins Amazonas Transmisora de Energía (PATE) project in Amazonas and Pará, which consists of 230 km of transmission lines with a transformation capacity of 900 MVA, was completed.
- The integration in Chile of Alfa Transmisora de Energía's assets, following the acquisition of Colbún Transmisión, and the transfer of control of Transquillota's assets in March.

- Approval of the environmental licence (Environmental Qualification Resolution - RCA for its acronym in Spanish) of the CASTE project, starting the construction of a new 220 kV double circuit line between Agua Santa-La Pólvora-Nueva Casablanca and Alto Melipilla.
- Construction of the new Casablanca substation, which includes 220/66 kV transformers and a capacity of 150 MVA.
- Commencement of construction of the RETE project, an installation at SE Maipo of a reactive compensation bank with 200 MVar of reactive injection capacity.
- Commencement of construction of the RUTE project, the construction of the new El Ruil substation, which has 66/15 kV transformers and a capacity of 20 MVA.
- Publication of Celeo's asset expansion projects, such as SE La Pólvora (CASTE) and SE Hualqui (MATE).
- Approval of the Pre-operational study by COES for the TL Puerto Maldonado Iberia project, which made considerable progress in obtaining easements, reaching 75 %.
- Organisation of the Citizen Participation workshops associated with the Environmental Impact Study to explain the project to the Communities within the project's area of influence.
- First Project and Engineering Workshop in Madrid, in which experiences and knowledge in project management in the different countries were shared and technical criteria were unified and standardised.

Transmission

At 31st December each year

Breakdown	2023				2022				2021			
	Brazil	Chile	Peru	Total	Brazil	Chile	Peru	Total	Brazil	Chile	Peru	Total
Kilometers in operation	4,730	1,420	2	6,152	4,500	1,413	0	5,913	4,317	1,405	0	5,722
MVAs in operation	10,525	2,804	60	13,389	9,475	2,804	0	12,279	9,475	1,746	0	11,720
Kilometers in construction	745	621	430	1,796	230	621	160	1,011	413	576	160	1,149
MVAs in construction	0	1,010	20	1,030	900	1,010	80	1,990	900	1,080	80	2,060

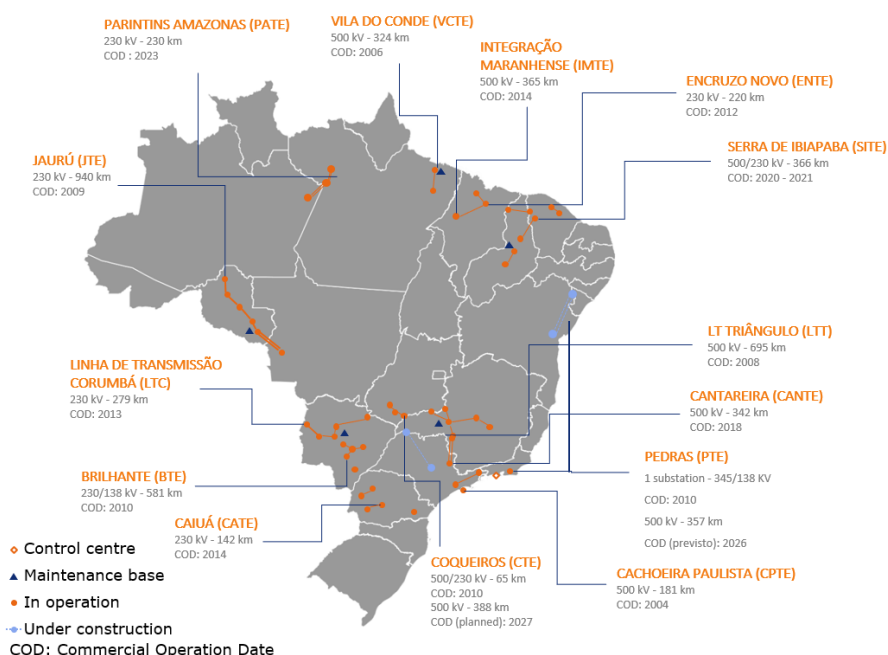


Figure 1. Celeo's electricity transmission in Brazil

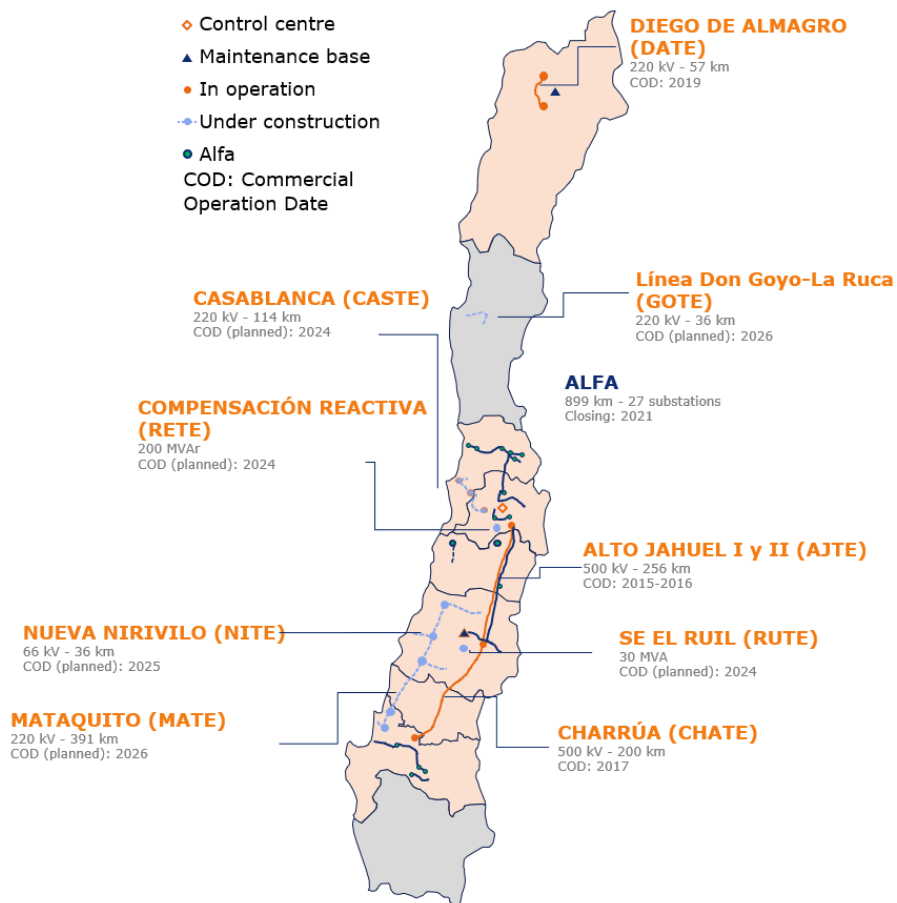


Figure 2. Celeo's electricity transmission in Chile



Figure 3. Celeo's electricity transmission in Peru

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).

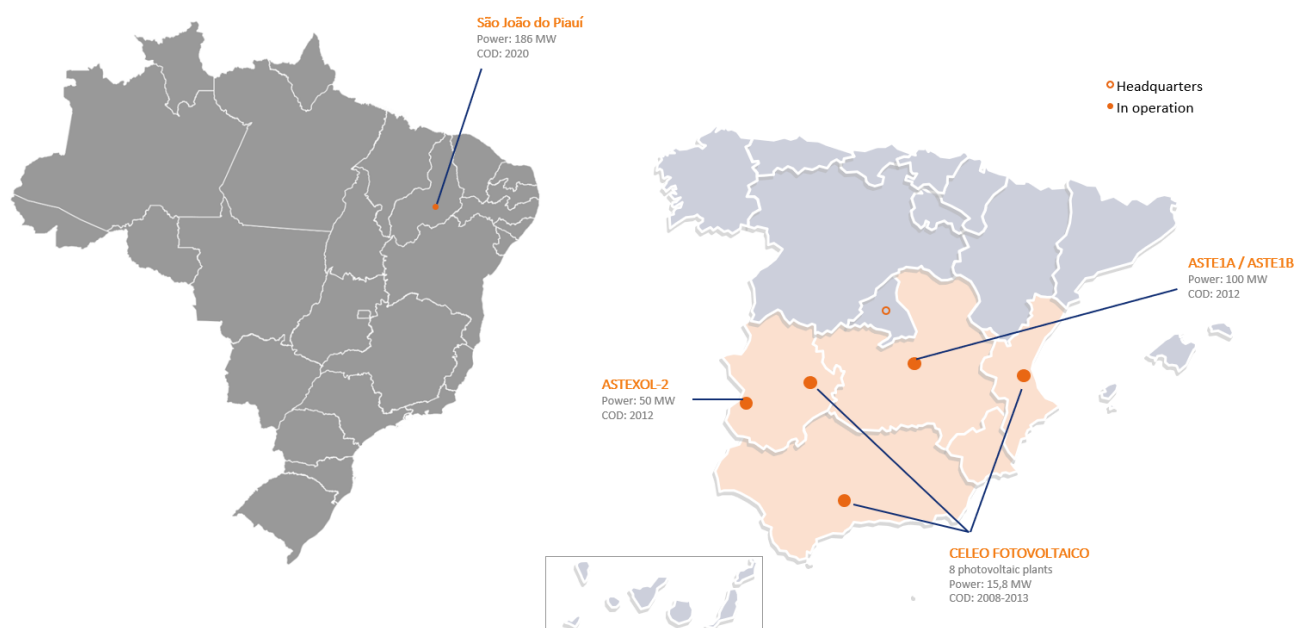


Figure 4. Celeo Group's renewable energy generation

Generation: Installed capacity

At 31st December each year

Breakdown	2023			2022			2021		
	Spain	Brazil	Total	Spain	Brazil	Total	Spain	Brazil	Total
MWp Photovoltaic	18	224	242	18	224	242	18	224	242
MW Solar thermal	150	-	150	150	-	150	150	-	150

1.2. Our purpose and our 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

- Respect for life and the environment: health and safety is a core 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 surrounding environment necessary to have a full life.
- Customer and stakeholder focus: we are committed to satisfying 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 promote honesty, respect and transparency throughout the company to build 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-kilowatt 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, SA (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, SA. 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 more than 2,000 km of transmission lines and 39 transmission substations located throughout the country.

In addition, we entered the Peru transmission market that same year through the award of the 138kV Puerto Maldonado-Iberia Transmission Line and the 220/60kV Valle del Chira Substation project. The latter project became operational in December 2023, making it our first completed project in the country.

In 2022, projects such as the award of the Don Goyo concession contract in Chile, the commissioning of the new autotransformer bank at the Cumbre substation (Chile) and the start-up of the La Pólvora substation in Chile were noteworthy.

During 2023, Celeo consolidated its presence in Peru by being awarded the third Concession Contract in the country, Piura Nueva-Frontera, a project comprising the expansion of an existing substation and the construction of 270 km of 500 kV line that will connect with Ecuador to exchange electrical energy.

In Brazil, of particular note was the award in June of Lot 6 in ANEEL's auction, Leilao 1/2023, consisting of a 357 km double-circuit transmission line, the TL 500 kV Xingó-Camaçari II. In the next auction of the year in December, Leilao 2/2023, Celeo won Lot 3, the TL 500 kV Marimbondo 2-Campinas project. This project consists of a 388 km single-circuit line in the states of Minas Gerais and São Paulo.

In Chile, Celeo was awarded two new expansion works for the Hualqui and La Pólvora substations, as part of the International Public Tender for Expansion Works contemplated in Exempt Decree N°200/2022.

With respect to projects under construction, the most relevant developments in 2023 were the commencement of commercial operations of the PATE project (LT 230 kV Oriximiná-Juruti-Parintins) in Brazil and the obtaining of the RCA environmental licence for the CASTE project in Chile.

1.4. Resilient business aligned with global trends

1.4.1. Sector context

Every year, the Celeo Group identifies and considers the main global and sectorial factors and trends that may affect the future development and performance of our activity, thus enabling us to adapt to the different crises and adversities that may arise.

Spain

Generation, transmission, distribution and commercialisation activities are carried out in the Spanish electricity sector, while transmission and distribution are regulated activities (generation and commercialisation 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 Spanish Electricity Grid (REE).

Due to the election year, the capacity tenders at the nodes for new projects that were expected for 2023 were not called in the end.

No new SREER-specific remuneration auctions have taken place either. The administrative milestones set out in RD 23/2020 for connection projects were postponed.

During 2023, the Ministry published the updated parameters for 2023 - 2025 under Ministerial Order TED/741/2023. R_{inv} (remuneration on investment) and R_o (remuneration for operation) have been updated for the regulatory semi-period 2023-2025, based on the Ministry's estimate of the electricity market price.

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 and participates in regulatory changes that may have an impact on the Company. The regulatory resolutions that entered into force in 2023 include the following:

- Regulatory Resolution No. 1077/2023, which establishes the criteria for the approval of a business control transfer plan whose company is in the implementation or expansion process, as an alternative to the termination of the concession.
- Regulatory Resolution No. 1073/2023, which establishes the procedures and criteria necessary to determine and pay for operating restrictions due to the shutdown of photovoltaic generating plants.
- Regulatory Resolution No. 1069/2023, which requires the presentation of a financial guarantee in order to apply for access.

- Regulatory Resolution No. 1065/2023, which establishes the requirements and procedures for adherence to the exceptional treatment mechanism in the management of generation concessions and contracts for the use of the transmission system.

Throughout the year, regulatory resolutions were also published with the aim of keeping the grid procedures of the National Electricity System Operator (ONS) up to date to comply with sectoral improvements.

We are 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 monitored the review of revenues of the power transmission concession contracts with a review date of 2023.

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. Furthermore, in 2022, the "Project for the storage of renewable energies and electromobility" was approved, which seeks to increase the share of renewable energies in the electricity matrix and promote the promotion of electromobility with incentives to migrate to this type of technology.

During 2023, the Senate has been discussing the Energy Transition Bill, which proposes a series of measures to achieve this goal. Among the measures proposed, which include that tenders for expansion works should be carried out by the owners of the infrastructures, allow the development of urgent works required by the system and be able to modify the Value of Investment (VI) of the awarded expansion works, among other modifications.

This project also considers the possibility of tenders for storage systems, remunerated by the generating companies. Another proposal of the Bill contemplates the modification of article 7 of the LGSE, in such a way that it would be possible for the owners of National Transmission facilities to participate in the generation segment, with a limit that would be determined by the Court for the Defence of Free Competition. However, the government is considering whether to remove this proposal from the Bill.

Regarding tariff issues, the Preliminary Technical Report of the Qualification Study of the National Electricity System facilities for the four-year period 2024-2027 was published in November. This study aims to define whether the transmission sections will be part of the National, Zonal or Dedicated transmission systems.

Peru

The transmission system in Peru is a regulated market that is divided into a main national interconnected system (Sistema Eléctrico Interconectado Nacional - SEIN) and some isolated grids, and allows private participation and operates under a system of concessions.

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 a 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

The Celeo Group actively participates in industry associations active in each of the countries in which we operate, which represent and defend our interests as a Group. These also act as forums for sharing experiences, best practices and future challenges for the industry, among other aspects.

In 2023, the contributions made to these associations amounted to €221,691, and included the following:

Spain

- Spanish Association for the Promotion of the Solar Thermal Industry (PROTERMOSOLAR): Its members represent the sector's value chain and 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

- *Brazilian Association for Electricity Transmission Companies (ABRATE)*: 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.
- *Brazilian Photovoltaic Solar Energy Association: (ABSOLAR)*: Association that represents the photovoltaic sector in Brazil.
- *Brazilian Association for Waste Energy Recovery (ABREN)*: Association whose purpose is to promote the recovery of energy from waste.
- *Brazilian Association of Energy Storage Solutions (ABSABE)*: Association in charge of promoting the introduction of energy storage in the Brazilian electricity sector.
- *Brazilian Hydrogen and Sustainable Fuels Association (ABHIC)*: Association in charge of contributing to the regulation to promote the development of the hydrogen market and its derivatives; implementation and optimisation of market conditions; local technological development necessary for the hydrogen economy and sustainable fuels in Brazil.
- *Brazilian National Committee for the Production and Transmission of Electrical (CIGRE Brazil)*: A non-profit civil society that aims to promote the exchange and development of technical, technological and engineering knowledge in Brazil.
- *Associação Brasileira de Manutenção e Gestão de Ativos (ABRAMAN)*: A non-profit association operating nationwide, with the aim of uniting professionals, companies and institutions linked to the Maintenance and Asset Management area, it is the first institution in the segment in the country.

Chile

- Chilean Association for Renewable Energies Association (ACERA): Association that seeks the protection of the environment and a sustainable development for Chile, through the promotion of renewable energies.
- Association of Chilean Transmission Companies: Association that seeks to highlight the importance of electricity transmission in the Chilean economy and stimulate investment in this industry through the proposal of public policies.
- International Council on Large Electricity Systems (CIGRE): A global non-profit organisation that aims to become a technical benchmark and knowledge centre for the electricity sector in Chile.

1.6. Solvency and sustainable growth

At Celeo, we are characterised by a policy of financial prudence and our capital structure is defined by a commitment to solvency, with the aim of 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 31st December of each year in thousands of euros

	Variation (%)	2023	2022	2021
Operating profit	-23 %	137,440	177,342	135,599
EBITDA	-18 %	198,252	241,780	191,780
Pre-tax profits	-29 %	74,204	104,088	59,915
Net profit	-4 %	32,438	33,815	29,859

Revenues by activity and geographical area

As at 31st December of each year in thousands of euros

Geographical areas	Variation (%)	2023	2022	2021
Spain	0 %	87,555	87,555	84,270
Brazil	-15 %	142,110	166,344	147,381
Chile	+17 %	61,830	52,676	46,617
Peru	-	-	-	-
Total	-5 %	291,880	306,575	278,268
Activities		2023	2022	2021
Transmission	-6 %	193,025*	204,793	176,514
Generation	-3 %	98,855	101,782	101,754
Total	-5 %	291,880	306,575	278,268

*Transmission revenues include corporate and intra-segment balances.

Other economic indicators

As at 31st December of each year in thousands of euros

	Spain			Brazil			Chile			Peru		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Pre-tax profits*	5,348	2,221	6,271	66,180	104,756	57,712	3,282	(2,575)	(3,986)	(606)	(313)	(82)
Tax on profits paid	(679)	(308)	(66)	(9,078)	(8,777)	(6,263)	0	(56)	0	0	0	0
Public subsidies received	0	0	0	0	0	0	0	0	0	0	0	0

**The 2022 figure has been modified due to a reclassification between Spain and Brazil.

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 sense, we have identified various sources of financing, to which the organisation turns depending on the characteristics and needs of each investment project.

During the 2023 financial year, *Celeo Redes Transmissora de Energia* (CRTE) closed its second debenture issue, amounting to BRL 350 million, refinancing the debt it had incurred in 2018.

Brilhante Transmissora de Energia (BTE) extended the maturity of the financing in the form of debentures, in the amount of BRL 180 million that it had taken out in 2022, to December 2025.

In the case of Peru, Puerto Maldonado Transmisora de Energía, at the end of the 2023 financial year, extended its bridge loan to cover the amount of investment for the works required until the Puerto Maldonado line comes into commercial operation, and to include the new Miguel Grau-Frontera project awarded in July.

With regard to the obligations assumed under the financial contracts, these were fulfilled normally during the 2023 financial year, and in the cases where annual rating agency reviews were applied, these were satisfactory.

2. Our sustainable management model

As part of our commitment to responsible, transparent and sustainable management, the Celeo Group is committed to a business model based on a balance between the expectations of our stakeholders and our economic, social and environmental performance.

We have a Sustainability Policy, which is based on five pillars around which our activity is structured: quality, occupational health and safety, environment, compliance and social responsibility.

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 • Continual improvement • 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"> • Ethical culture and zero tolerance • The fight against fraud, corruption, passive and active bribery • Integrity in our activities • Responsibility • Continual improvement
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 strategy

In order to continue integrating ESG (environmental, social and governance) aspects into our business model and strategy and to continue to move forward in the continuous improvement of our performance in Spain, Brazil, Chile and Peru, in 2023 we continued to strengthen the ESG objectives set out in the Business Plan 2020-2024.

Main objectives:

- Review of the Stakeholder Engagement Plan at Group level.
- Implementation of the first Group-wide Health and Safety campaign.
- Certification of Celeo Spain under ISO 9001, 14001 and 45001.
- Spain's participation in GRESB for the first time.

In doing so, we are focusing on the integrated management system, risk management, information technology, the environment, occupational health and safety, stakeholders, and compliance and resilience.

Furthermore, we design and operate our assets in line with the best practices in sustainability. We are guided by the Equator Principles, which include the standards of the International Finance Corporation (IFC). These allow us to identify, assess and manage the environmental and social risks associated with project finance.

2.1.1. ESG Objectives

Our ESG objectives are set out in a corporate document called the Annual Budget and, together with the measures established, they are outlined in the relevant chapters (compliance, society, environment, etc.).

In addition, both Celeo Brazil and Celeo Chile draw up their own annual sustainability action plans and establish annual objectives and targets that depend on the direct participation of our employees. Compliance with these is linked to the payment of a bonus that recognises the organisation's effort and commitment to sustainability.

Below follows a breakdown of the objectives by country and degree of fulfilment:

ESG Objectives: Brazil		Compliance 2023	Compliance 2022
Environment	Achieve 80 % fulfilment in the quarterly audits containing the scope of waste separation by employees into the indicated containers.	100%	25 %
Social	Zero serious accidents Frequency rate (FR) less than 3 Severity rate (SR) less than 60.	100%	100%
	Average participation of at least 80 % of employees in the 5 "Happens in Sustainability" training courses.	100%	100%
Governance	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 2023 plan.	100%	100%
	Zero sanctions applied in relation to non-compliance with internal working time rules.	100%	100%
ESG Objectives: Chile		Compliance 2023	Compliance 2022
Social	Zero serious accidents Improve accident rate performance by 2023, by reaching accident frequency and severity ¹ rates of less than 5 and 20 respectively.	100%	-
	Achieve 100 % employee participation in training activities related to Sustainability and Compliance including test of the knowledge acquired.	100%	-
Governance	Achieve certification of all Alfa's facilities under the 9001, 14001 and 45001 standards.	100%	-
	Exceed the 90 th percentile on GRESB's Global Infrastructure or score of 90/100.	100%	-
	Implement the ISO Anti-bribery Standard during 2023.	100%	-
	Implementation of the cybersecurity training plan among all employees.	100%	-

¹ For this objective, the severity rate is calculated as (working days lost / hours worked) x 1,000,000.

2.1.2. ESG reporting and monitoring

In order to report and monitor our sustainability performance, we use different management and communication tools that allow us to have an integrated and global view of our sustainability performance:

- Quarterly corporate ESG indicator management tools, with environmental, personnel and health and safety indicators. During 2023, work was carried out on developing a new tool for managing environmental indicators.
- Training management tool for Spain and Peru.
- Management Report: quarterly report addressed to Celeo's Board of Directors, which includes an ESG section with the most relevant aspects of Spain, Brazil, Chile and Peru.
- 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 2021 in line with the requirements set out in Law 11/2018 of 28 December 2018 on non-financial reporting and diversity.

2.1.3. Sustainability committees

We have sustainability committees in Brazil and Chile, which are responsible for developing and monitoring the Group's sustainability principles at local level and incorporating them into its environmental, social and governance policies.

Both committees are made up of members of the local Executive Management team and the heads of Sustainability, Quality, Environment, Human Resources and Health and Safety.

Through regular meetings, they are responsible for monitoring the organisation's ESG objectives and performance.

In the case of Spain, the Corporate Management is responsible for leading and managing the performance and implementation of the integrated management system in Spain and Peru, as well as defining the risk management model and the company's quality and ESG objectives, among other functions.

Furthermore, General Management is also responsible for overseeing activities such as the preparation of the Group's 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 2023	Number of meetings in 2022
Celeo Chile	3	7
Celeo Brazil	6	5

2.2. Commitment to sustainability

2.2.1. The SDGs and Celeo's agenda

At Celeo, we are committed to fulfilling the 2030 Agenda of the United Nations. 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 aligned with the nature of our business, the strategic objectives, management processes and practices of companies in the sector.

With a view to providing a Group vision while maintaining the focus on local targets, the number of prioritised SDGs was unified and reduced in 2023, and more ambitious and concrete targets were established.

Consequently, the following SDGs have been defined and the goals for the coming years in Brazil and Chile have been updated, which not only has an impact internally, as many of them are related to the daily operations and functioning of the organisation, but also externally, through social and environmental projects.

Brazil

SDG	Global SDG targets	Targets	Compliance 2023	Comments
SDG 5 Gender equality	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	Have a woman in the management team in 2023	100 %	No new developments in 2023. In 2022, Celeo achieved all the targets set for this SDG. Except in the case of increasing the number of women in the area of Operation and Maintenance, which did not see any new hires in 2023.
		Increase the number of women in Operations and Maintenance by 50 % annually	100 %	
		Increase the number of women in Operations and Maintenance by 50 % by the end of 2026, using 2022 as a baseline year. (7 women to be hired between 2023 and 2026)	29 %	
		Enrol 4 women in electrical engineering for each new training cycle	100 %	
SDG 7 Affordable and clean energy	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 continue to work 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	100 %	
	7.3. By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all	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)		Participation in Auctions: - 1/2023 of 30/06/2023, in which Celeo acquired lot 6 - TL 500 kV Xingó - Camaçari II, C1 and C2 (CD) with 355km in length (each circuit). - 2/2023 of 15/12/2023, in which Celeo won lot 3 - TL 500 kV Marimondo 2 - Campinas, C1, CS, with 388 km.
SDG 8 Decent work and economic growth	8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a	Implementation of a programme to increase the level of education (by 2033 all Celeo staff should have completed secondary education)	100 %	Programme implemented in 2022.

SDG	Global SDG targets	Targets	Compliance 2023	Comments
	focus on labour-intensive sectors			
	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.	Hiring of local labour (25 % for new transmission projects; 50 % for new renewable generation projects)	0 %	There have been no projects with works from 2023 onwards for contracted renewable generation. For the two transmission projects contracted in the 2023 auctions, the target will be possible thanks to the contractor.
	8.3. Promote development through the creation of decent jobs, training and growth of micro-, small- and medium-sized enterprises, entrepreneurship and innovation	Conduct an ESG maturity diagnostic on 50 critical suppliers by 2023 and develop 2 suppliers per year by 2030	25 %	The consultant to carry out the development was selected in 2023. 10 suppliers will be covered in 2024.
	8.6. In 2020, reduce the proportion of youth not in employment, education or training by 3 % and by 10 % before 2030	Implement social projects with volunteer resources, train young people where there are contracted projects in 2020	100 %	First phase of the project completed. We will propose a new target for 2024.

Chile

SDG	Global SDG targets	Targets	Compliance 2023	Comments
SDG 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	Have at least 10 % of women in leadership positions (heads, deputy heads) by 2030	100 %	For 2023, an annual goal was defined to develop a Leadership Workshop with women from Celeo, to strengthen and develop their leadership skills, with the aim of providing them with the tools to undertake internal promotions. At the same time, these activities are intended to raise awareness among management of the need to fill available positions with women. The annual target was met satisfactorily.
Gender equality		Reach a workforce made up of 20 % female staff by 2030	13.7 %	In 2023, thirteen job offers were published at the Energía+Mujer fair.
		5.c. Approve and strengthen sound policies and enforceable laws to promote gender equality and the empowerment of	Raise awareness of Gender Equality in the organisation by implementing diversity and gender awareness talks	100 %

SDG	Global SDG targets	Targets	Compliance 2023	Comments
	all women and girls at all levels	To raise existing good practices in the sector by participating in the sector's working groups and compiling benchmark good practices	80 %	During the reporting period, Celeo participated in six Energía+Mujer events, a meeting for women in energy, and it collected data on Celeo pay equity and closed the year with a draft (benchmark) of good practices that Energía+Mujer is consolidating for 2024 actions.
SDG 7 Affordable and clean energy	7.1. By 2030, ensure universal access to affordable, reliable, and modern energy services	By 2030, to have expanded and upgraded the electricity transmission infrastructure, adding 3 projects in the northern part of the country to the portfolio	100 %	GOTE: - Incorporated company. - EPC contracts signed with electricity companies and Elecnor. - EIA of Substation extensions and transmission lines filed (24/05/2023, 24/08/2023, 24/03/2023). - Tenders submitted but not awarded to Celeo. - Participation in the sale process of SE Ana María in the vicinity of Antofagasta. - Meeting with mining company seeking to initiate process to sell transmission assets near Mejillones.
	7.2. By 2030, significantly increase the share of renewable energy in the energy mix	Increase the portfolio of renewable generation projects for sale or construction to 1,000 MW by 2023	100 %	- RCA Alwa II was obtained on 6 November 2023. - Land awarded for photovoltaic project and storage near Diego de Almagro. - It was decided to start with an engineering consultant rather than an environmental consultant to define the optimal size of the solar park.
SDG 8 Decent work and economic growth	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	To have digitised 100 % of Celeo's preventive management tools by 2030	50 %	Although the new tool to replace the current reporting platform was defined, it was not possible to materialise the migration during 2023, the stated objective for the period, as it was determined that this new tool has a scope also in the other subsidiaries of the group, thus delaying the project.
		To have implemented two innovation projects in preventive management by 2030	100 %	In 2023, the target for the period referred to the identification of two critical areas in which to implement innovation projects in preventive management was met. One will be in the quantification of the degree of zero tolerance towards occupational hazards and the other project will be applied to the driving of vehicles.
SDG 13 Climate action	13.2. Integrate climate change measures into national policies, strategies, and planning	To have carried out 6 studies on physical factors by 2030	100 %	During the course of 2023, the goal of conducting a study was met. In this case, it was "A Climate-change based comparison of ALOS PALSAR and LIDAR to evaluate the impact of flooding on Electric Power Transmission Infrastructure", referring to the evaluation of possible flooding impacts on the electricity transmission towers located on the banks of the confluence between the Tinguiririca and Claro rivers in the valley. This study contributes to the understanding of how to establish

SDG	Global SDG targets	Targets	Compliance 2023	Comments
				climate resilience strategies for our assets based on the results obtained from high-flow flood simulations.
		To have implemented 10 projects in transmission strips by 2030	N/A	Annual target starts next period.
	13.3. Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	Achieve a cumulative total of 600 direct hours (workshops + interventions)	100 %	During 2023, the target of 176 direct hours for the period was met.
		Associated with the implementation of programmes in 10 schools near our operations	100 %	During the course of 2023, the goal of implementing the Environmental Education Programme (EEP) for five schools was met, three of which are located in the Biobío Region: Escuela Hogar Charrúa, Escuela Cristóbal Colón, and Escuela Agua Corta, and two of which are located in the Commune of San Clemente, in the Maule Region: Escuela Corel and Escuela Bajo Perquin.

2.2.2. Participation in sustainability initiatives

As a sign of our commitment to sustainability, we participate in various sustainability initiatives with the aim of consolidating our management and performance with regard to environmental, social and governance issues.

GRESB is an organisation dedicated to assessing and comparing the performance of the global funds and real estate and infrastructure portfolios in terms of 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 sixth consecutive year, Brazil and Chile have participated in the GRESB ranking, which includes us and considers us as "Sector Leader" for our performance. Furthermore, Spain participated for the first time in 2023, achieving an excellent result in the solar power generation sector in Southern Europe.

Subsidiary	Results 2023 ²	Results 2022
Celeo Brazil	5 stars, 98 points. 37 th worldwide (out of 681 participants) and 1 st in its sector in the Americas.	5 stars, 99 points. 14 th worldwide (out of 649 participants) and 2 nd in its sector in the Americas.
Celeo Chile	5 stars, 94 points. 133 rd worldwide (out of 681 participants) and 2 nd in its sector in the Americas.	5 stars, 100 points. 8 th worldwide (out of 649 participants) and 1 st in its sector in the Americas.

GRESB helps us to monitor market trends. This year's new developments related to the most important issues and best practices in sustainability have been included, including aspects such as net zero, diversity, equality, inclusion and the transitional climate risk study.

The United Nations Global Compact, as the global business sustainability leadership initiative, calls on companies and organisations to align their strategies and operations with ten principles on human

² In the case of Spain, the results are not public as they have benefited from the grace period.

rights, labour standards, environment and anti-corruption, as well as with the United Nations mandate to promote the SDGs among businesses.

Celeo Brazil and Celeo Chile have been partners of the Global Compact since 2018, which allows us to participate in thematic groups, involve employees in discussion forums and develop projects and activities where we exchange experiences with other organisations, thus being at the forefront of the most relevant and current discussions on sustainability issues (human rights, compliance, energy or resilience) and identifying best practices to integrate into our ESG management.

With regard to other certifications and achievements in sustainability and going a step further in our commitment, in 2023, Celeo Spain completed the certification audit related to the Quality Management (ISO 9001:2015), Environmental Management (ISO 14001:2015) and Occupational Health and Safety Management (ISO 45001:2018) standards, carried out by AENOR, thus achieving the corresponding certifications.

2.3. Relations with our stakeholders

Another important part of our commitment to sustainable development is the relationship and involvement with our stakeholders, which is essential to the success of the organisation.

To this end, we have a stakeholder engagement model, the Stakeholder Engagement Programme (SEP), based on the AA1000 standard on Stakeholder Engagement. This programme facilitates the systematisation and building of lasting relationships and trust with stakeholders, and is already implemented in Spain, Brazil and Chile. In Peru, the SEP has been prepared for implementation in 2024.

In 2023, the SEP procedure was revised to simplify and clarify the methodology for carrying out the SEP and to encourage areas to engage in a more streamlined and efficient manner.

This programme also allows each country to establish different action and communication plans with its priority stakeholders according to the needs and expectations identified and the level of engagement desired.

We also promote and 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, which allows us to identify their needs and expectations.

Celeo stakeholders	Expectations
Investors, partners and shareholders	<ul style="list-style-type: none"> • Economic results of the company • Appropriate risk profile • Fulfilment of the company's growth forecasts, business plan and improvement initiatives • Sustainability best practices
Employees and trade unions	<ul style="list-style-type: none"> • Competitive working conditions • Professional development • Good working environment
Private customers	<ul style="list-style-type: none"> • Efficient provision of services
Financial institutions (banks, insurers and regulators)	<ul style="list-style-type: none"> • Financial return on financed capital and comply with prevailing legislation • Favourable environment for executing services in terms of integrity, security and trust • Best market practices on environmental and social issues, a favourable credit risk analysis and a good corporate integrity programme in place
Suppliers of goods and services	<ul style="list-style-type: none"> • Create and maintain a long-term partnership with Celeo • Customer satisfaction
Contractors	<ul style="list-style-type: none"> • Favourable environment for executing services in terms of integrity, security and trust • Maintain long-term relationships with Celeo • Customer satisfaction
Community (landowners, civil society, media, etc.)	<ul style="list-style-type: none"> • Fulfil the territorial agreements • Prevent incidents during Celeo activities • Comply with regulations

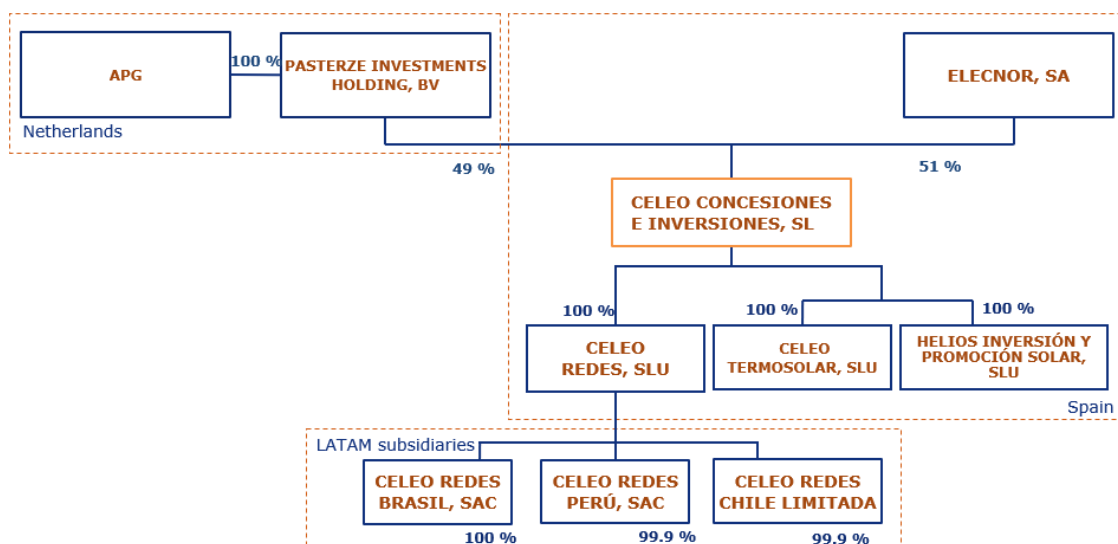
	<ul style="list-style-type: none"> • Good ESG practices
Associations	<ul style="list-style-type: none"> • Maintain a long-term relationship with Celeo • Customer satisfaction • Promote Celeo's improvements in sustainability • Promote best market practices • Comply with applicable regulations • Defend the interests of the sector
Regulators (sectoral, socio-environmental) and NGOs	<ul style="list-style-type: none"> • Availability, quality, continuity of the energy supply and compliance with the prevailing legislation • Environmental performance of the company • Quality of service
Competitors	<ul style="list-style-type: none"> • Maintain a cordial relationship with Celeo • Cooperate with Celeo during O&M activities

3. Good governance, ethics and integrity

3.1. Corporate governance

3.1.1. Corporate structure

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



Elecnor SA acts as the parent company of a business group made up of more than 60 companies located in more than 50 countries. It is a leading international Spanish corporation in the integration of renewable energy concessions, sustainable infrastructure projects and essential services for the energy transition and digitalisation of cities. It has more than 23,000 professionals and is structured along three main strategic lines: concessions and own projects, essential services and sustainable projects.

With more than 60 years of growth, the efficiency, diversification, financial soundness and the commitment of its people are the Elecnor Group's levers for generating value and expansion.

As the largest pension service provider in the Netherlands, APG handles the pensions of 4.8 million members. APG provides executive advice, asset management, pension administration, pension communication and employer services. APG works for pension funds and employers in education, public administration, construction, cleaning, housing associations, sheltered employment organisations, medical specialists and architects. APG manages approximately EUR 569 billion (December 2023) in pension assets. Employing more than 3,000 people, they work from Heerlen, Amsterdam, Brussels, New York, Hong Kong, Shanghai and Beijing.

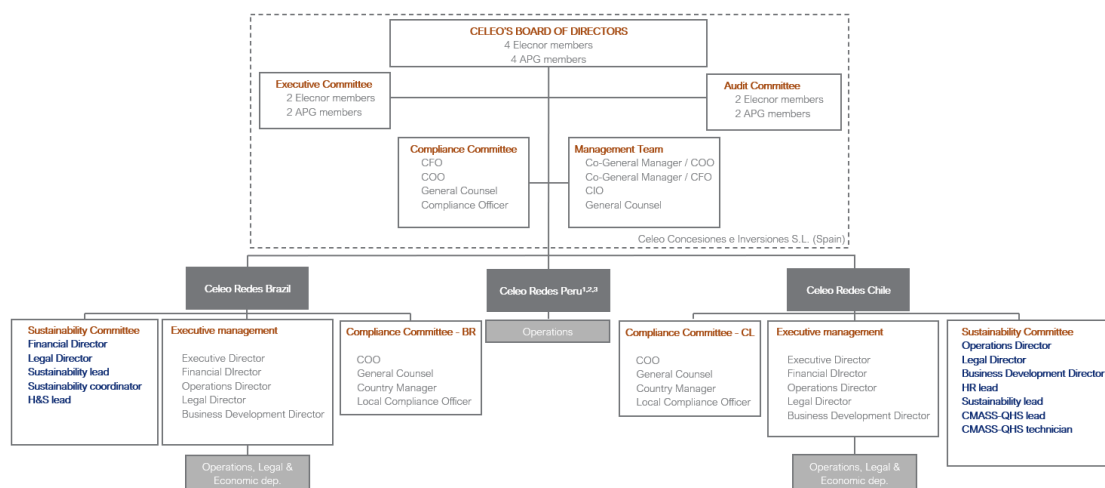
The Group's Spanish subsidiaries include Celeo Redes SLU, through which it channels its investments in Brazil, Chile and Peru; Helios Inversión y Promoción Solar, SLU, where its photovoltaic assets in Spain are located; and Celeo Termosolar, SLU, which operates the Group's Spanish solar thermal plants.

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.

Celeo Redes S.L.U. also has three subsidiaries in other countries: Celeo Redes Brazil SA, Celeo Redes Chile Limitada, and Celeo Redes Perú, SAC, through which its investments in Brazil, Chile and Peru are managed, 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.

3.1.2. Administrative, management and supervisory bodies



1. At the end of 31 December 2023, there is no Executive Management and therefore management is carried out from Celeo Concesiones e Inversiones S.L.
 2. At the close of 31 December 2023, there is no local Sustainability Committee and therefore management is carried out by Celeo Concesiones e Inversiones S.L.
 3. At the end of 31 December 2023, there is no local Compliance Committee and therefore management is carried out by Celeo Concesiones e Inversiones S.L. 3

Composition

The Board of Directors is the most senior governing body of the Group. As at 31 December of 2023, its composition was as follows:

Celeo Group's 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
Eduardo Pinyol Escardó	Member	29/09/2023	Proprietary	Elecnor
Vacant⁴	Member	-	Proprietary	APG
Vacant⁴	Member	-	Proprietary	APG

³ Two of APG's four appointments on the Board of Directors are vacant.

⁴ These vacancies are pending appointment by APG.

Roles and responsibilities

The Board of Directors is the body 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 formulates 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.

The Board promotes Celeo's voluntary participation in and submission to GRESB on environmental, social and governance issues. This highlights the awareness of the governing bodies of the importance of integrating sustainability into the company.

During 2023, the Board met on eleven occasions.

Experience and training

The members of the Board of Directors have knowledge and experience in the field of sustainable investments, infrastructure as well as ESG related 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 Celeo's Board of Directors.

Appointment and selection

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 Articles of Association. 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.

Remuneration and benefits

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

Committees

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. Furthermore, 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
Vacant	Member	APG

During the 2023 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, the General Counsel 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 2023, 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.

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.

Management Team	Position
Santiago Carlos Oraa Gil	Co-General Manager/Chief Financial Officer
Jaime Luis Sáenz Denis	Co-General Manager/Chief Operations Officer
Ángel Ortega Cutillas	Chief Investment Officer
Alberto Ferrández Barturen	General Counsel

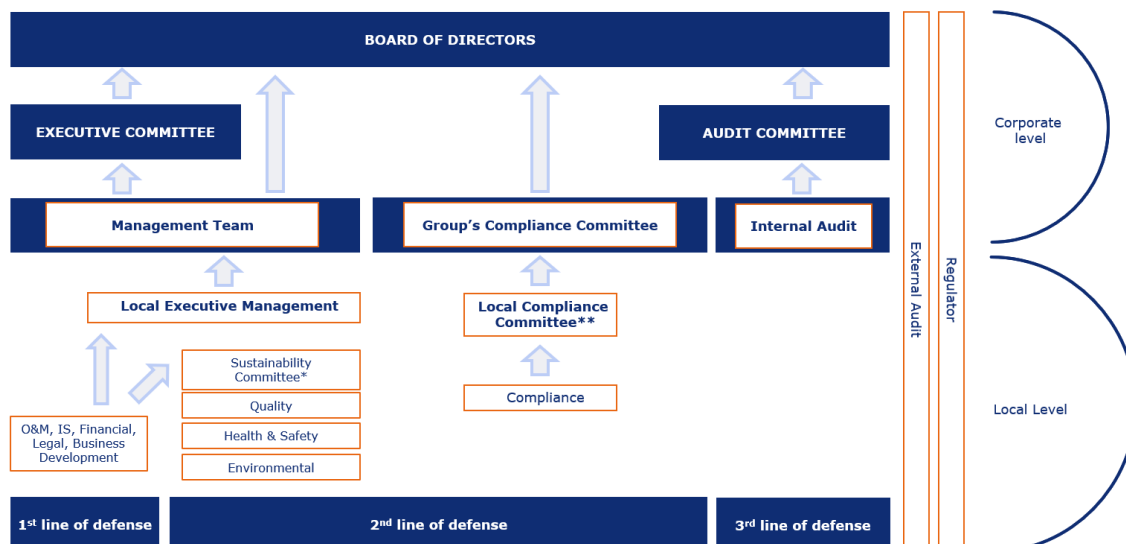
This team has extensive experience and knowledge of the Group, as well as of the business and sector in which we operate. The members of the Management Team have undergone training on critical issues for the company, such as compliance or sustainability.

Finally, the Board of Directors is responsible for assessing the performance of the Management Team by analysing and reviewing the Group's annual targets.

In the case of Brazil and Chile, their Executive Management is responsible for the management and organisation of their respective companies in their daily operations, and both report periodically to the *Management Team*.

3.2. Risk management model

At Celeo Group we have a Risk Management Model, which is structured in three 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.

**In Celeo Peru, the functions of the Committee correspond to the Spanish Compliance Committee.

- **Operations departments:** these are responsible for risk management and for implementing corrective actions for process or control deficiencies. It is the responsibility of the Operations, Financial, Legal, Information Security 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.

In this model, the internal auditor, external auditors, regulators and other external actors are seen as additional lines of defence, providing extra assurance to the organisation's stakeholders.

Moreover, this risk management system considers 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:
 - a. 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.
 - b. 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.
 - c. Operational risks: these are associated with the provision of the service, facilities and compliance with the obligations of the stakeholders.
 - d. Resilience risks: climate change issues that may affect Celeo's service availability or business sustainability. They are divided into three main categories and should be prioritised using at least the guidelines of the Celeo Group Resilience Plan, depending on its applicability in each subsidiary.
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 specific risk matrices, drawn up by each control area, with the approval of the Sustainability and Compliance Committee in the case of the Compliance risk matrix.

These serve 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.

Regarding risk management, below follows the main developments during 2023:

- 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.
- 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 on asset management.
- 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 on Anti-bribery Management Systems.
- The risk management procedure was renamed the risk and opportunity management procedure and it will be the first year that the matrix of opportunities will be drawn up from Spain at the corporate level of the company, including the risks and opportunities of Spain and Peru.
- 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, Astexol and Siberia plants have been updated.

3.3. Compliance system

The Celeo Group has a Compliance system comprising compliance programmes in Spain (including Peru), Brazil and Chile.

These programmes are aimed at fostering a culture of ethics and compliance within the organisation 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.

These programmes are based on the Celeo Group's Code of Ethics, which is common to the four jurisdictions in which we operate.

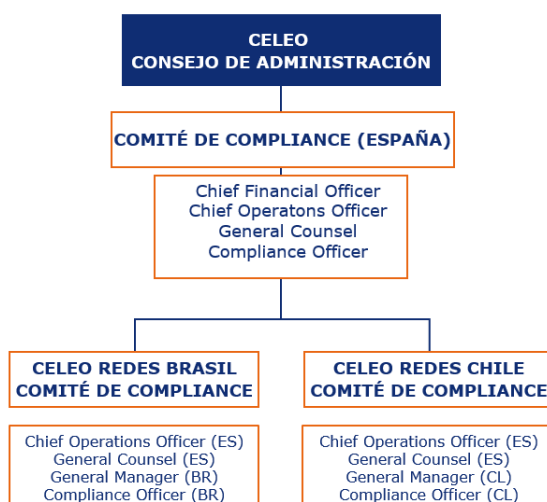
Likewise, the Group's Compliance Policy sets out our compliance principles: culture of ethics and zero tolerance; combating fraud, corruption, active and passive bribery; integrity in its activities; responsibility and continuous improvement.

The elements that make up the Compliance Programme are, for example:

- the Code of Ethics and the Compliance Policy, which are common to the entire Celeo Group. Additionally, local policies have been approved in Brazil and Chile, drawing on the Group's policy and adapting them to the requirements of ISO 37001 in order to obtain certification of their respective programmes.
- Compliance Manual: explanatory document in which the Compliance Programme is grouped, structured and regulated 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. This set of policies has been designed and adapted to the different jurisdictions in which we operate, and there are now specific versions adapted to the legislation applicable in each of our subsidiaries.

3.3.1. Compliance Committees

For the correct application of the Compliance System, we have a Corporate Compliance Committee (Spain) and Compliance Committees in Brazil and Chile, whose powers and functions conform to the specific 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 and subsidiary compliance issues.

The local Compliance Committees are made up 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, who are also members of the Corporate Compliance Committee.

For reasons of size and resources, there is no Compliance Committee in Peru, so any relevant issues in this jurisdiction are dealt with directly by the Corporate Compliance Committee (Spain).

In the case of Spain, the 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. The functions linked to the Compliance Committee ensure compliance with and development of the programme applicable in Spain, as well as supervising and guiding the rest of the Committees. Its main functions include the following:

- Supervise, monitor and control the implementation and evolution of the Celeo Group compliance system.
- Monitor and collect up-to-date information from local Compliance Committees.
- 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 current financial year, the Corporate Compliance Committee held two meetings at which the following matters, among others, were discussed:

- The update on relevant issues in the Brazilian and Chilean jurisdictions.
- Approval of Spain's annual Compliance Plan.
- The report on communications received through the Transparency Channel.
- The analysis and proposals to address the points for improvement identified in the GAP analysis of the Compliance Programme in relation to the ISO 37001 and UNE 19601 standards carried out.
- Collaborative projects in the field of Corporate Social Responsibility and presentation of the estimated budget for 2024.

3.3.2. Transparency and communication channels

In terms of communication and information, the Group website (<https://www.celeogroup.com>) has a section dedicated to the specific transparency channel for each country, applicable to all our professionals and stakeholders.

This web channel guarantees anonymity and 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

During the 2023 financial year, various communications were received through the Celeo Group's transparency channels.

No. of communications - Transparency Channel	2023	2022	2021
Spain and Peru	65	39	52
Brazil	102	98	99
Chile	82	38	40
Totals	249	175	191

A total of 65 communications were registered in Spain and Peru. Compliance communications from Peru are channelled through the same email address as that provided for Spain. These communications are detailed below:

- In the case of Spain, a total of 26 communications were recorded: 15 records; 11 enquiries and 0 complaints. None of them were anonymous.
- In the case of Peru, a total of 6 communications were recorded: 3 records; 3 queries and 0 complaints. None of them were anonymous.
- Both in Spain and in Peru, a total of 33 records were also received, corresponding to information forms on meetings with public officials held by Spanish and/or Peruvian employees.

Furthermore, the transparency channel in Spain has received: (i) 2 communications related to Chile, and (ii) 2 communications related to Brazil. In all cases, the complaints were forwarded to the competent Compliance area in Chile and Brazil, respectively, and were included in the internal records for follow-up, investigation and subsequent resolution.

In the case of Celeo Brazil, a total of 102 communications were registered: 74 documentary proof; 11 queries, 17 complaints. Of these, 17 were anonymous.

Celeo Chile received a total of 82 communications: 67 documentary proof; 12 queries; and 3 complaints or reports. Of these, 5 were anonymous.

Regarding the level of resolution, all communications have been addressed and resolved, with the exception of one communication received via the Brazilian Transparency Channel, which is currently under investigation.

It should be noted that, from the reports received and after the corresponding investigations carried out, no case of fraud or bribery, including money laundering or conflict of interest, has been identified that would imply a breach of our Compliance Systems or of the legislation in force.

We act in compliance with the laws and prevailing regulations in the countries in which we operate, taking into account the specific nature and requirements 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.

During the reporting period, no cases or fines for significant non-compliance with laws and regulations were recorded.

3.3.3. Compliance actions

During 2023, various Compliance actions were carried out in Spain, Brazil, Chile and Peru:

In Spain:

- Updating, reinforcing and implementing certain improvements within our Compliance Programme, such as:
 - make progress in the development of a model Know Your Client (KYC) form for the contracting of third parties and individuals;

- review and assessment of the findings detected in the GAP Analysis for the certification of our programme to ISO 37001 on anti-bribery management systems and UNE 19601 on criminal compliance management systems carried out in 2022, mainly focused on integrating the existing controls into our IMS tools;
- work on a reinforced procedure for the engagement of third parties (for agency and consultancy cases); etc.
- Regular reporting and specific follow-up with the Chilean and Brazilian Compliance Officers on new developments or relevant issues to be raised and discussed in the Corporate Compliance Committee.
- The Compliance Officer in Spain has been given access to the transparency channels in Brazil and Chile, in order to follow up and comply with the recommendation of the auditors who carried out the internal audit of our system, thus reducing possible conflicts of interest and avoiding the channel's inoperability due to the absence of its manager.
- Celeo's participation in the Spanish Compliance Association (ASCOM), of which it has been a member since 2022, participating in events, forums, conferences and training sessions provided by the organisation.
- Updating of the space provided on the intranet with new Compliance content for employee information, as well as a specific space on the website for third parties.
- Training and awareness-raising campaigns, including recurrent information pills.

In Brazil:

- We have continued to work on strengthening the Compliance Programme and the anti-Bribery management system.
- We achieved ISO 37001 certification and had our first maintenance audit.
- We made a series of improvements to the Corporate Integrity Programme (CIP), such as the development of a SWOT (Strengths, Weaknesses, Opportunities, and Threats) matrix on anti-bribery, the updating of the stakeholder matrix, and the review and signing off of the Celeo Brazil operational diagram, to name but a few.
- We also held the Annual Corporate Integrity Programme Training at the end of the year, a face-to-face training for all employees of the Rio de Janeiro office, delivered 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.
- We have made it possible to send attachments in anonymous messages on the Transparency Channel (canaldetransparencia.celeoredes.com.br).

In Chile:

- We drafted new versions of Chile's Crime Prevention Model, incorporating new offences in accordance with the new crime catalogues in force, and we also updated our Health and Safety Regulations.
- General training chats and ones aimed at new starters.
- We designed a process to disseminate the Crime Prevention Model, which this year included a test of the knowledge acquired to be taken by the entire company.
- We had a clean internal audit to verify our compliance with compliance procedures.
- We implemented the Anti-Bribery Management System, which also involved changes to various internal company procedures, with the aim of submitting it for certification under the ISO 37001 standard, which will be implemented during 2024.

In Peru:

- We have enabled the web Transparency Channel, linking it to the email managed directly by the Compliance Officer in Spain, so that both employees and stakeholders can communicate on compliance issues related to our activities in Peru.
- Personal on-boarding training sessions have been carried out with each new member hired in Peru, to explain the main Compliance documents for their review, according to each new

employee's area of activity, as well as showing them short anti-corruption information videos.

- Work is underway to implement specific improvements to strengthen the culture of ethics and compliance in this jurisdiction, as well as to increase the level of participation of the professionals.

3.3.4. 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 short video on anti-corruption and bribery, which we also sent to our professionals in Peru, 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 receive specific on-site training in Compliance, adapted to the risks associated with the position, lasting approximately 30 minutes and included in the on-boarding programme.

In Brazil, we have continued with the monthly training work through our internal newsletter "Corriente Continua" and email communications, reinforcing aspects of the Corporate Integrity Programme and the Anti-Bribery Management System 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, the value of the Corporate Integrity Programme and, finally, the importance of the Transparency Channel and the guarantee of non-retaliation. In addition, we provide training on the anti-bribery and anti-corruption policy and the anti-bribery management system for all Celeo Brazil employees. In 2023, we also conducted specific training on the different types of moral and sexual harassment.

In Chile, two training sessions were given on the functioning of the transparency and crime channel incorporated in the CPM and on the functioning and changes brought about by the anti-bribery management system. In addition, the programme of introductory talks for new employees continued. In addition, the Compliance Officer organised a knowledge test after the second annual lecture, which was made available to the entire company.

Specific training in compliance

Country	Standard training (topic)	Format	Attendees	Area responsible	Hours per attendee
Spain and Peru	Introduction to the Compliance System	Face-to-face/Online	*New starters (7 in 2023)	Compliance	0.5
Brazil	Audit 37001, CIP and Anti-Corruption Policy. Anti-Bribery Management System	Face-to-face/Online	All professionals	Compliance	1
	Introduction to the CIP	Face-to-face/Online	New starters in 2023 (77 in 2023)	Compliance	0.5
	SIPA – Moral and Sexual Harassment	Face-to-face/Online	All professionals	Compliance	1
	Annual CIP training	Face-to-face/Online	All professionals	Compliance	1
Chile	CPM Review, Transparency Channel	Online	All professionals	Legal	0.5
	Anti-bribery test	Online	All professionals	Compliance	0.5
	Anti-bribery system training	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.

3.4. Fight against corruption and bribery

At Celeo, we reject any practice that contravenes the anti-corruption and anti-bribery 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 a summary of the set of measures applicable in Spain and Peru, which are related to the equivalent specific regulations and procedures applicable in the subsidiaries in Brazil and Chile, adapted to the respective legislation.

We have 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, for example, 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 Compliance Officer 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.

Additionally, at local level, we have risk matrices (as indicated in section 3.2. Risk Management Model), which reflect the company's risks in this area, as well as the control, assessment and monitoring measures for their mitigation and control.

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, Anti-corruption and Anti-bribery 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 2023 financial year through this channel are discussed, together with the rest of the communications received via email, in section 3.3.2 above. Transparency and communication channels.

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

Regarding money laundering, according to our risk analysis in Compliance, it has been identified as a practically null risk due to our economic activity linked to generation and transmission, whose source of income comes from the electricity market in general and public institutions in particular. For this

reason, it was not considered necessary to adopt specific measures to prevent money laundering, beyond those applicable by law. Furthermore, no money laundering cases or complaints were reported during 2023.

With regard to training and awareness-raising in this area, and following the design and implementation of the Compliance Programme in Spain, a series of information and training campaigns were carried out for the entire workforce, which specifically included an explanation of the control elements implemented with regard to anti-corruption and anti-bribery.

In addition, Celeo's new recruits receive specific on-boarding training on the Compliance Programme, geared towards their area of activity. Celeo employees also have access on the intranet to training sessions and information pills on anti-corruption and anti-bribery, which include recordings, presentations, etc.

As a result, all members of the governing body and all employees have received anti-corruption training and have been made aware of the organisation's anti-corruption policies and procedures⁵. In the case of the Group's partners and other stakeholders, they have access to certain policies and regulations that form part of our Compliance System in a space provided on the website (Code of Ethics, Compliance Policy and Anti-corruption and Anti-bribery Regulations), as well as information on and access to our Transparency Channel.

At Celeo, participation in significant operations associated with the company's economic activity (tenders, M&A, joint ventures, etc.) is subject to prior assessment and approval by the Management Team and subsequently, where appropriate, by the Board of Directors, with the main characteristics and potential associated risks being identified and addressed.

3.5. 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.

We have a Code of Ethics, which adheres to the Universal Declaration of Human Rights and which 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.

The ethical standards are transferred to new employees after their incorporation, with access to the Code of Ethics and the aforementioned policies in on-boarding training sessions.

As indicated in the chapter on sustainability management, Celeo Brazil and Chile are signatories to 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 SDGs.

Each country has risk matrices, as mentioned in section 3.2. Risk management model, which reflect the company's human rights risks. We have carried out a full assessment and monitoring of all high-risk operations.

Moreover, we have implemented due diligence processes in the engagement of suppliers, in which certain indicators linked to Compliance and Human Rights are taken into consideration for their authorisation. For instance, in Spain, during the approval process of a new supplier, prior to engagement, information is requested on its compliance system, such as the existence of a code of ethics and anti-corruption policies, adherence to the Global Compact or links with Fair Trade or other social initiatives, etc.

⁵ Celeo's Compliance Programme in Spain was approved by the Board of Directors in 2020, to whom the main regulations, codes and policies that comprise it have been shared. In addition, the Board is informed on a quarterly basis about the most relevant developments and circumstances throughout the group. In Peru there is no specific local governing body, as these matters fall under the remit of the governing body in Spain.

Finally, each country has a Transparency Channel set up within its Compliance Programme, through which queries and complaints can be received and processed concerning human rights, for instance, and they also have a procedure for the management of this channel, which regulates the resolution and response process to be followed. In the case of Peru, this channel is integrated into the Spanish one.

In 2023, we received no complaints of human rights violations and no cases of discrimination were recorded.

4. Excellence and quality in our services

4.1. Renewable energy generation and transmission

One of our objectives is to maintain our position as 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 (IMS) for quality, environment and occupational Health and safety. In Brazil, Chile, and Spain this framework is certified under ISO 9001 - Quality management, ISO 14001 - Environmental management and ISO 45001 - Health and safety management systems. In addition, the corporate department is working to include the Peruvian assets within the Spanish certification perimeter in the coming years.

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. In Peru, the operation and part of the maintenance of the assets is outsourced.

To ensure the efficiency and quality of the business, we have a Maintenance Plan 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. The excellence of our operations is assessed through asset availability, measured by total forced off-line hours.

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)

At 31 st December each year			
	2023	2022	2021
BTE	99.98 %	99.96 %	99.95 %
BTE II	100.00 %	100.00 %	99.98 %
CATE	99.79 %	99.85 %	100.00 %
CANTE	99.99 %	100.00 %	99.99 %
CTE	99.99 %	99.99 %	100.00 %
CPTE	100.00 %	100.00 %	100.00 %
ENTE	99.99 %	99.98 %	100.00 %
IMTE	99.98 %	99.93 %	99.99 %
JTE	99.99 %	99.97 %	99.99 %
LTC	99.98 %	99.99 %	99.98 %
LTT	99.99 %	99.98 %	99.98 %
PTE	100.00 %	100.00 %	100.00 %
SITE	99.97 %	99.99 %	99.99 %

VCTE	99.97 %	100.00 %	100.00 %
PATE	99.98 %	N.A.	N.A.

From the Brazilian Operations Department, we have once again achieved the goals set for 2023. Among the activities carried out during this financial year, we would like to highlight the following:

- Completion of the retrofit of VCTE's protection and communication control systems and of the relocation project of tower 469 of TL 230KV Anastácio - Corumbá (LTC concession).
- Replacement of insulator chains on 116 structures on the Anastácio-Sidrolândia TL (BTE concession) to reduce downtime caused by wind. In addition, we started the project to replace the lightning conductors of the 230kV Encruzo Novo-Miranda II TL (ENTE concession).
- Start-up of the PATE project.
- The issuance of three internal requirements for Accessing Projects, Sectioning and Technical Instructions for Line Crossings was initiated.

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 2023, this ratio stood at 0.22 %.

In the case of Chile, it is necessary to comply with the standards of the Technical Standard for Safety and Quality of Service (NTSyCS), which limits the maximum number of hours of forced disconnection per installation, as well as the frequency of forced disconnections, all within a time window of five years of operation. In the last year, the availability ratio for HFOR was 99.94 %.

Availability (Chile)

	At 31 st December each year		
	2023	2022	2021
AJTE	99.97 %	99.98 %	99.87 %
CHATE	100.00 %	99.93 %	99.93 %
DATE	100.00 %	99.77 %	99.69 %
ALFA	99.69 %	98.83 %	N.A.
CASTE	100.00 %	100.00 %	N.A.
MATE	100.00 %	100.00 %	100.00 %

In Peru, the availability of lines and substations in the national electricity system is established as the main monitoring KPI, however, not all unavailability is associated with a penalty.

The unavailability of Celeo Redes Peru totalled zero unavailable minutes. The only failure rates that existed were due to external agents connected to our installation that caused us to disconnect our line switchgear on the 60 kV side. It is not considered an unavailability of SE Valle del Chira, as it is accounted for under the assets of the distribution company ENOSA.

Availability (Peru)

	At 31 st December each year		
	2023	2022	2021
PMTE- VdC	100.00 %	N.A.	N.A.

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 (MWh)			
At 31 December each year			
	2023	2022	2021
Solar thermal (Spain)	263,792	211,163	268,844
Photovoltaic (Spain)	22,028	22,496	24,929
Photovoltaic (Brazil)	409,304	418,892	294,997

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 1 MW. Every two years (carried out in 2023), 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 Siberia Solar photovoltaic plant, the generation evacuation restrictions due to limitations in the Spanish Transmission Grid (REE) have continued during 2023, as they did in 2022.

In August 2023 in Brazil there was an incident in the electricity transmission grid, this event had a major impact on the country and the responsible body is making changes to the system to reduce the risk of possible recurrences. Due to ongoing studies, there was a drastic limitation in production of photovoltaic and wind power plants from September onwards, which has had an impact on our São João do Piauí plant.

In the case of Spain and Chile, because they are regulated markets and due to the nature of their activities, no customer complaints are received.

In the case of Celeo Brazil, the customer ONS was asked to provide a declaration certifying that the facilities are being operated according to the established standards. In this declaration issued in 2023, no non-conformities were declared.

In October, we held a technical conference on Operation and Maintenance in Chile, in the city of Santiago. In summary, 50 Celeo employees from Spain, Brazil and Chile participated in person, in addition to the participation of more than 240 colleagues via streaming. During these sessions, 28 presentations were given and our teams had the opportunity to review and discuss important operational milestones, share lessons learned, showcase technological innovations and review progress in asset management, in addition to a visit to the Nueva Casablanca substation under construction, associated with the CASTE project.

Finally, reference should be made to technical losses through transmission lines. 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

Within the efficiency and quality of our operations, an important part is innovation. Investment in innovation for process development is a key issue for the Celeo Group, as it contributes to the improvement of the operation and maintenance of our assets.

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 continued to work with the Brazilian Association of Electricity Transmission Companies (ABRATE), where we worked with LTT 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.

No new R&D projects were developed in Brazil during 2023, but work and investment continued on existing projects, and the objective is to close contracts for new projects until January 2024. The investment made in 2023 amounted to EUR 37,904, earmarked for the continuation of the SIASE T project.

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

- Regarding the pilot plan initiated in the previous financial year, the following updates were carried out in 2023 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.
 - Herbicide application activity continues in selected areas of the facilities.
 - This is carried out selectively in areas of fast-growing, non-native vegetation. This activity is complementary to other strip maintenance activities such as industrial shredding and seeks to reduce the reproduction rate of the vegetation.
 - No herbicide application has been carried out in the transmission lines, but it is planned to continue during 2024.
- 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 project continued throughout 2023 for the maintenance activities carried out.

4.2. Information security

Due to the nature of our business model and activity, responsible information management is a fundamental and critical part of Celeo's business. 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.

On the other hand, since 2020, we have had a corporate working group formed by the heads of Information Security (IS) in Spain, Brazil and Chile, responsible for defining a corporate IS Plan following the principles of the ISO 27001 Information Security Management Systems (ISMS) Certification standard. This plan focuses 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.

As part of our Information Security Strategic Plan 2021-2023, the SOC/SIEM service for Brazil was included in 2023 and a study of its global implementation for Celeo has commenced.

Furthermore, audits were carried out on the corporate networks through Ethical Hacking exercises of the corporate network with a general Group scope and with the aim of validating the corrections already applied last year through the phishing and training campaigns, as well as employee training and awareness-raising.

We have continued to implement measures to address the risks detected, such as a project to improve the security perimeter, including new equipment and security rules in the Spanish photovoltaic assets.

Celeo Chile is also continuing with the implementation of the NERC-CIP (*North America Electric Reliability Corporation-Critical Infrastructure Protection*) standard for the national electricity sector.

In addition, during 2023 the following training was added to reinforce workers' information security skills:

- Social Engineering can fool us all (1 hour), with the participation of 198 workers. This course highlights how attackers use social engineering to gain access to sensitive information and how to avoid falling into these traps.
- Malicious Internet Addresses (1 hour), with the participation of 178 workers. It teaches how to identify and avoid malicious links and websites.
- The importance of information security (1 hour), with the participation of 182 workers. A course that highlights the importance of protecting information in the business environment.
- Phishing: A crime by e-mail (1 hour), with the participation of 179 workers. This module focuses on the identification and prevention of phishing attacks.
- Data Protection (RGPD) (1 hour), with the participation of 171 employees. Training focused on compliance with the General Data Protection Regulation and its relevance in protecting personal and business information.

These additional training sessions aim to strengthen the company's security culture and better prepare employees to face today's cybersecurity challenges.

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

No substantiated complaints regarding breaches of customer privacy were received in 2023.

No cases of data leakage, theft or loss were identified in Brazil, Chile or Peru. In the case of Spain, although there was also no leakage, theft or loss of company data, one case was identified, corresponding to an external supplier that manages confidential information. An analysis of the scope of the situation was requested and the Spanish Data Protection Agency (AEPD) was informed.

4.3. Our suppliers

In order to ensure and facilitate efficiency, quality and sustainability in our services and assets, it is very important to maintain a responsible relationship with our supply chain, ensuring that it is as sustainable as possible.

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.).

Brazil, Chile and Peru also have a strategic alliance with Elecnor for the construction of transmission lines and solar farms, and in Spain for the operation and maintenance solar thermal and photovoltaic assets.

In line with our commitment to a responsible and sustainable supply chain and with a view to a more efficient and optimal management, we classify our suppliers according to the region in which they operate, encouraging collaboration with local and neighbouring suppliers. 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 functioning or the safety of the facilities and equipment, as well as other key aspects for Celeo.

Key indicators on suppliers

As at 31 December 2023

Country	Number of suppliers	Number of critical suppliers	Purchases made (€)	Local purchases (%)
Spain	224	-	35,798,812	97%
Chile	1,837	27	156,702,456	98%
Brazil	1,019	172	32,900,379	99%
Peru	121	-	13,978,399	100%

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, procurement is managed from each country, without centralised management, through the implementation and awareness-raising of our procurement and service contracting procedure.

No operations were significantly affected in terms of supply during the reporting period.

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.

In 2023, we sought to improve the strategy in the recurring procurement process for goods and services by identifying opportunities to establish long-term contracts with suppliers that already have a partnership relationship with Celeo, in order to maintain the best procurement conditions, greater possibility for negotiating prices, autonomy of the areas for managing contracts and timeliness throughout the life of the contract. Thus, Celeo Brazil also contributes to the development of suppliers and the generation of local jobs.

For 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.

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

This means that 100 % of new suppliers in 2023 passed selection filters according to environmental and social criteria.

Furthermore, all suppliers are assessed for environmental and social impacts, and none have been identified as having significant potential and actual negative environmental or social impacts.

With respect to the monitoring and auditing process, we have a number of specific processes in place for the audit and inspection of our assets in Spain. These have been approved and properly implemented. In addition, from the moment they are approved, all the suppliers we have worked with will be included in the List of Approved Suppliers with "Historical" status.

In Peru, due to field work, subcontractors are subject to occupational health and safety and environmental inspections, depending on the nature of the work they carry out.

In Spain, inspections (IMS-Operations) are carried out on Celeo's assets. For solar thermal plants they are six-monthly and for photovoltaic plants they are annual.

4.4. Key projects in 2023

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 work with Elecnor Servicios y Proyectos S.A.U. and its subsidiaries in the different countries where our projects are located as a strategic partner for 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

- Xingó – Camçari II Project. The concession contract was signed in September 2023 and since then the relevant pre-construction procedures have been underway, with completion scheduled for 2026.
- Marimondo II – Campinas Project. It was awarded in 2023 and is scheduled for completion in 2027.

Chile

- CASTE Project. In February 2023, a favourable Environmental Qualification Resolution (RCA) was obtained, so construction of the project started the following day with the project expected to be successfully energised in 2024.
- MATE Project. The environmental process continued during the year 2023, where a Complementary Addendum had to be drawn up. We are currently drawing up the Extraordinary Addendum, which is the last stage of the environmental process. A favourable RCA is expected in 2024 and construction is expected to start.
- NITE Project. The SE Constitución expansion works have been commissioned and construction of the line is expected to start in 2024.
- RETE Project. Construction started in April 2023 and is currently in the final stage of construction. Commissioning is expected in the first half of 2024.
- RUTE Project. The environmental permit was obtained in May 2023 through a Relevance Consultation and construction started in September 2023.
- GOTE Project. In June 2023, the Project Award Decree was published, thus initiating the official project deadlines. We are currently immersed in the environmental and admissibility process for the Electricity Concession.

Peru

- Puerto Maldonado Iberia Project. The environmental licence is being processed and work continues on the project's easements. In the meantime, various activities such as participatory workshops, public hearings of the EIA-d (detailed Environmental Impact Assessment) have been conducted.

- Miguel Grau – Frontera Project. In the last quarter of the year, the concession contract was signed for the line that will connect to Ecuador. Its objective is to provide greater security to the energy supply, to ensure the availability of energy sources in the event of adverse weather conditions or major disasters, and to enable the import and export of energy flows at a competitive price.

5. Our people

5.1. Commitment to quality employment⁶

The well-being and psycho-social development of our employees continues to be an imperative 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.

To this end, we are committed to the creation of stable, long-term employment and to a career development model focused on attracting, retaining and engaging the best talent.

In 2023, our workforce increased with 145 new hires, reaching 652 employees at year-end. Of note is the increase in staff in Brazil, reaching 406 employees, in Chile, which exceeds 200, and in Peru, which was consolidated with 6 employees at the end of the year.

5.1.1. Well-being and work-life balance

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.

Work-life balance is an important issue in our company and we continue to promote flexibility. 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.

For example, in Brazil, computer equipment is automatically switched off one hour after the end of the working day to ensure that employees do not work more hours than they would like to. The working week has also been reduced from 44 to 42 hours, after identifying in the "Celedo listens to you" engagement survey that this is a particularly relevant issue for the teams.

In Chile, work-life balance initiatives have been extended from the head office to the work centres in the field, in terms of flexible working hours, 1 day of teleworking, and the reduction of the working week from 45 to 42 hours. This measure is in line with the new Chilean law to reach a 40-hour working week, allowing up to 5 years for its implementation. The remaining hours will be eliminated during 2024 for all Celedo Redes Chile.

5.1.2. Remuneration policy and social benefits

At Celedo we have a remuneration methodology common to all four countries with a total remuneration approach, in which we contemplate fixed and variable remuneration, as well as benefit programmes and flexible systems, eligible depending on groups, in line competitively with similar companies; we ensure internal equity, remunerating positions that contribute in a similar way; and we offer fair remuneration in terms of individual contribution.

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

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

In both Brazil and Chile in 2023, remuneration studies (salaries and benefits) have been carried out to determine our competitive positioning with respect to the electricity companies similar to Celedo, with which we compete in the sectoral talent market. This study allows us to identify gaps or inequalities in remuneration on which to act in order to improve Celedo's competitiveness in the market, based on the knowledge of the best practices in the sector in each country.

⁶ For further information, see Appendix I. Tables and indicators - Indicators relating to Our people.

Additional benefits offered to our employees include health insurance, healthy breakfast and dental insurance, and each country is responsible for defining the benefits it considers most appropriate, taking into account its social and employment context. This enables us to remain competitive in the market and to retain our internal talent, while maintaining employee satisfaction.

5.1.3. Employee relations

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 the company and employees.

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.

In Spain and Brazil, 100 % of the workforce is covered by collective bargaining agreements, while Celeo Brazil is governed by the corresponding local legislation.

At present in Peru, the 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, as there is no specific agreement for Celeo Peru's activity.

New in 2023, the new collective bargaining agreement in Brazil has been negotiated in a harmonious and non-confrontational way, and shall be in force for two years until 2025.

In addition, during 2023, the Collective Bargaining process in Chile is conducted through the main trade union with a view to developing Celeo Chile's first Collective Bargaining Agreement. 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.

With regard to internal communication, we have different channels that allow us to stay connected and close to our employees, as well as to convey the company's culture, priorities and commitments to them. These include face-to-face activities (group meetings, regular meetings, awareness-raising talks, etc.) and the use of corporate e-mails, groups on the Teams platform or the corporate intranet, among others. We also highlight the "Corriente continua" (Continuous current) and "Más conectados" (More connected) newsletters published by Celeo Brazil and Chile, respectively.

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

- Celeo Meeting: on 30 November we held a corporate meeting at Celeo Spain, "Celeo History and Roadmap", as an event marking a new moment for the Organisation with the change in the top management in 2023. Thus, we have the remote presence of the Celeo Brazil, Celeo Chile and Celeo Peru teams, in addition to the actual presence of the Spanish teams.
- 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.
- Conversation Circles: monthly interactive remote chats with relevant content and information on the topic of Mental Health. Implemented in Celeo Brazil.
- The "Mente em Equilíbrio" (Mind in Balance) channel (Celeo Brazil), a psychological support centre for our employees in times of crisis, as well as for those seeking psychological help and support.
- During the first quarter of the year we shared the results of the 1st "Celeo listens to you" climate and commitment survey with all employees. It has helped us to identify actions that have been implemented throughout 2023 to help us be a better company and a great place to work.
- Celeo Chile Internal Communication Plan, strengthening communication channels and centralising the information load through the Human Resources area.
- Energised Meetings: a space for communication with Celeo Chile employees, where the pillars of Celeo and the ESG objectives are discussed openly, in addition to sharing experiences and progress in the different projects.

- Townhall Meeting: The General Manager shares results and achievements, current projects and upcoming challenges, with the aim of informing all employees of the progress made on Celeo Chile's strategic objectives.

5.1.4. Commitment to equality and diversity

One of the Group's main objectives and commitments in terms of equality is to increase the presence of women in our workforce and in positions of responsibility. It is well aware that we belong to a historically male sector with a low presence of women in management positions and on construction sites.

At Celeo Brazil we maintain the selection process preferentially for women in the area of Operation and Maintenance (an traditionally male dominated area as it requires specific technical profiles and intense physical work). We also continue to celebrate Women's Day with actions that highlight the role of women in the sector.

We also continue to celebrate Women's Day with actions that highlight the role of women in the sector and we hold seminars on negotiation, seeking to broaden knowledge on the subject and promote the empowerment of women in this field, in order to achieve greater qualification and efficiency and, therefore, the presence of the collective.

We 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 and promotion of our employees. We also promote dignity, integrity and diversity in the workplace and are committed to zero tolerance of any kind of harassment.

In 2023, various actions have been carried out in the field of equality, such as:

- Two meetings on leadership and women's empowerment.
- Training sessions on unconscious biases associated with gender.
- Participation bodies within the electricity industry such as "Energía+mujer".
- Boosting women's leadership: female leadership (Head of Community Relations and Social Investment and Head of Networks and Cybersecurity).

In terms of integration and accessibility, we also maintain our commitment to actively collaborate in the integration of functional diversity. Celeo Brazil developed in 2022, which was maintained in 2023 with the participation of 3 people in the staff. Meanwhile, in Spain, Chile and Peru, there are still no employees with disabilities on the workforce.

Although Celeo does not currently have a formal universal accessibility policy, we have various measures in place to promote access and mobility in our centres, such as the adaptation of lifts, some communal areas and toilets. Such is the case of the Celeo Brazil corporate office and commercial building, which have a physical structure that favours accessibility and mobility, with the adaptation of lifts and door standards for bathrooms and common areas that comply with accessibility standards.

In Chile in 2023, several diversity and inclusion initiatives have been launched to nurture a more inclusive culture, such as the development of a Diversity and Inclusion Policy and manual, the establishment of a Diversity and Inclusion Committee, and courses on diversity and inclusion.

5.2. Continuous training and development⁷

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.

⁷ For further information, see Appendix I. Tables and indicators - Indicators relating to Our people.

- 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 collect both a self-assessment from the employee and one from his or her manager, and based on the results, an Individual Development Plan is drawn up. This is based on the 70-20-10 approach: experience in their daily 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.

5.2.1. Training and development

Each country designs its annual training plans according to the needs detected and the business objectives. At Group level, we have an Onboarding Program that also includes training on some specific aspects such as ORP, Compliance, IT, Systems, etc.

This year in Spain it has focused on the deployment of a first pilot training plan, with development proposals based on active learning and experiential or specialised training. In addition, a range of training activities have been launched for high investment actions, such as MBAs or equivalent, with places approved after a rigorous assessment process, with the terms and conditions published and made known to all employees.

In 2023, we detected some training needs focused on soft skills, such as leadership, communication and collaboration, so we developed a Leadership Development Programme called in Brazil "Energised Leadership", focused on improving skills, involving all levels of leadership, whether in the field or in the office. Some of the topics covered in the office leadership academy were: violent communication, presentation techniques, Celeo's purpose, mission, vision and values, time management, emotional intelligence, to name a few. The field leadership academy covered topics such as: negotiation and conflict management techniques, public speaking and influence techniques, inspirational leadership, etc.

Celeo Brazil continues to strengthen its training for the Integrated Management System, technical and regulatory aspects and languages, through the implementation of training and coaching programmes for directors and managers; specific training modules for coordinators and supervisors; technical and operational training, and workshops for all employees.

One of the development themes covered in 2023 was "Supporting Mental Health" for employees, with the aim of supporting the emotional health of all the company's human capital.

We also organise the SIPAT (Internal Prevention Week), in which training, dynamic activities and games on various topics are carried out.

Finally, Celeo Brazil supports its employees in formal higher education or basic education courses, according to their needs.

In the case of Celeo Chile, the training plan for 2023 included training in cybersecurity, labour regulations, management and operation, inclusion, English (language), safety and handling of equipment. An important focus has been on training in SAP as a tool for more efficient information management. A Leadership Workshop was also developed: Leadership and Celeo Values, geared towards management, assistant management and heads of department, to improve the performance of the teams under their responsibility.

Operation and Maintenance Technical Conferences were held, offering an exchange of learning and knowledge between Brazil and Chile, sharing progress, challenges and lines of development in O&M matters. Similar activities were carried out by the Information Security and Health and Safety areas.

For Celeo employees working remotely, the training sessions were conducted online, and most of the sessions were recorded and made available to employees afterwards.

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.

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.

Of note in Spain in 2023 was the promotion of the Corporate Development Manager to Corporate Director (a newly created position in Spain), and the promotion of three professionals in various areas to positions of greater responsibility.

Brazil has favoured 20 promotions through annual recognition for good performance, 5 transfers of field personnel between substations and 13 promotions through internal recruitment.

In Chile, 15 employees have been promoted in different areas, with the aim of recognising talent and dedication, thus providing merit-based professional development and careers. It is worth highlighting the creation of the Sustainability, Projects and Information Security Deputy Manager positions, and the Community Relations and Social Investment, and Networks and Cybersecurity Manager positions, both headed by women.

Furthermore, there was an inter-country promotion, moving a Project Coordinator from Brazil to Chile to fill the position of Head of the Projects and Engineering Department in the Operations area, thus transferring his knowledge and experience from one country to another, providing an opportunity for professional growth, in recognition of the employees experience and commitment to the Company.

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

Celeo Brazil, Celeo Chile and Celeo Concesiones e Inversiones (Spain) have an Integrated Management System (IMS) in place, which encompasses Health and Safety in the workplace, thus complying with the relevant policies.

The Health and Safety Integrated Management System is structured and systematised in accordance with the ISO 45001:2018 Occupational health and safety management systems 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 2023, Celeo Brazil and Celeo Chile renewed the ISO 45001 certification of our assets, incorporating those acquired by Alfa in their entirety, and carried out various initiatives to continuously improve the Integrated Management System (IMS). In the case of Spain, we achieved certification in this year.

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. We also launched a new edition of the "Positive Energy" programme, which focuses on health and well-being and promotes values such as the promotion of emotional health, good nutrition and movement. It has a scoring system that tracks employee participation, and includes a sports nutritionist.

Furthermore, in order to motivate our teams, we have set up collaborative working groups and the employees with the best scores have been rewarded at the end of the year. Celeo Brazil also launched the "Rota Segura" (Safe Route) with the aim of promoting and recognising preventive behaviours and the responsible individual behaviour of our employees. The Programme is aimed at operational teams and aims to recognise and stimulate employee behaviour and performance through interdependence and individual behaviour on issues related to the prevention of accidents and occupational health. This analysis includes the analysis of reactive and proactive indicators and at the end of the year the outstanding teams are rewarded.

At Celeo Chile we launched the "I Buckle Up for Safety" campaign, with the aim of committing all those who drive company vehicles to responsible, preventative driving with full attention to road conditions. To do this, a diagram was designed, worker participation sessions were held to identify good and bad

driving practices, in which a 45-minute play recreated the consequences of negligent behaviour at work and while driving. We also held the 1st Meeting of Celeo Chile's Collaborating Companies, where we reinforced the implications of compliance with the Sustainability Policy and the commitments of the Occupational Health and Safety pillar.

In Celeo Spain, in accordance with local regulations, it has been decided that occupational health and safety will be managed by an external prevention service. There are also two health and safety coordinators in the office that ensure compliance with all safety measures at all levels throughout the company. With regard to the outsourced Operations and Maintenance 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 global #WeAreEnergy OHS campaign.

In 2023, the first person was recruited in Peru to form the IMS team, including Occupational Health and Safety (OHS), which began the development of the OHS System both at project and O&M level. During the construction phase of Valle del Chira, continuous OHS inspections were carried out of Elecnor, and during the O&M phase, Elecnor participated in the preparation of all the relevant documents to comply with local regulations and to be able to commence activities. In Peru, hygienic measurement and training activities are usually contracted out and we have an occupational physician. In addition, together with Spain, they have software for the identification and evaluation of legal requirements (OHS and Environment).

In addition, the first mandatory OHS audit was carried out at Ministry of Labour and Employment Promotion (MTPE) and an audit was carried out by the Ministry of Industry upon request at Aste 1A/1B, the results of which have been ratified in both cases. Furthermore, the accident audit was carried out in accordance with RD 840/2015, which is mandatory due to the nature of our assets.

During July 2023, an Occupational Health and Safety Week took place together with the IMS team to work on common aspects of the system, in which all subsidiaries participated. The main agreements were:

- Improve the channels of communication for work-related accidents and incidents between all countries in order to generate lessons learned between all areas of Celeo.
- Creation of a Consultation and Participation Channel for employees together with an intranet noticeboard in each country. The consultation and participation of workers is a critical element to continue with the certification.
- Improve HS Tool. This will be done through the new IMS tool.
- Creation of indicators.
- Creation of common definitions and procedures that apply to all areas of Celeo.

The first corporate campaign on Health and Safety at Work (Rules that save lives) and the first Celeo #WeAreEnergy Olympics in the fight against sedentary lifestyles were held in April.

6.1.2. 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 the required 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.

In Spain, Elecnor is responsible for managing Health and Safety issues at all plants.

In the case of Chile, we updated the Special Regulation for Contractors and Subcontractors (REECS for its acronym in Spanish) in 2023, which defines and applies a regulatory framework on Occupational Health and Safety matters with contractors and subcontractors.

In Peru, Occupational Health and Safety criteria are analysed in all vendor approvals. There is a person on the team who carries out inspections of the subcontractors in this area. In addition, the Regulations for Contractors and Subcontractors have been approved and are provided to the Contractors and Subcontractors so they can comply with them.

During the launching of the works, the coordination of business activities is carried out to analyse the Hazard Identification and Risk and Controls Assessment matrices and other possible risks that need to be analysed and procedures to be followed (e.g. work permits).

In Spain and Peru, environmental guidelines were drawn up in 2023 to be provided to subcontractors to ensure that they comply with environmental standards.

6.2. Accident rates⁸

In 2023, the main indicators for accidents involving own personnel were 1.27 (frequency indicator) and 0.05 (severity indicator), compared to 1.43 and 0.01 in 2022, respectively.

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 2023, no occupational diseases were recorded in the Group.

6.3. Consultation and participation of employees in preventive activities

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.

Meanwhile, in 2023, our health and safety committees continued their work in the work centres, with the renewal of these committees in the Maule work centre and at the head office. These new members have taken on the challenge of establishing a work programme to strengthen our safety culture with a view to the certification of their management by our mutual insurance company in 2024. We established health and safety committees in all Celeo Chile work centres. Each is made up of six company representatives and six employee representatives (three permanent and three additional representatives in each case).

⁸ For further information, see Appendix I. Tables and indicators - Indicators relating to Our people.

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 Quality, Environment and Health & Safety area, mailboxes, information screens, the Crime Prevention Model's whistleblowing channel or awareness-raising videos, among others.

In 2023, in Spain and Peru, a Consultation and Participation Channel for employees was created, together with a notice board on the intranet. This idea has been extended to other countries.

6.4. Training for employees in health and safety in the workplace

Training is key to achieving the highest level of health and safety protection in our operations. For this reason, 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 2023, we carried out the following training activities:

- The #WeAreEnergy campaign, an initiative aimed at preventing sedentary lifestyles, was launched globally.
- In Spain:
 - This year's training campaign was linked to one of the risks of the Global health and safety campaign "Rules that Save Lives". The training was on Mobility and Road Safety. The training of emergency personnel in offices has been updated.
 - Regulatory training on working at heights was provided to people in the operations area who are required to carry out inspections at solar thermal and photovoltaic plants.
- In Brazil, we organised the Health and Safety Week, which took place simultaneously in several regional offices, with lectures by experts on health and safety, behavioural and motivational topics which were simultaneously broadcast. They also included dynamic activities and group games.
- In Chile, we launched the health and safety campaign "I buckle up for safety", with the aim of maintaining an accident and occupational disease-free operation associated with our Life Saving Rule number 1 "Driving". This campaign was launched in the different areas and involved employees attending a play that aimed to identify the risks associated with unsafe driving-related actions and conditions, together with a behavioural diagnosis led by a team of psychologists who, through meetings with different teams of workers who attended these plays, provided a diagnosis of how employees deal with driving behaviour.
- In Peru, the training actions carried out were as follows: Golden rules for electrical work; Development of KPIs in Occupational Health and Safety management; Fundamental aspects for the development of Safe Work Analysis (SWA); Use and handling of fire extinguishers.

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.
- The first influenza vaccination campaign was carried out in Spain.
- 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 our employees with access to free medical care. In addition, we provide the "Mind in Balance" channel where employees have access to

medical professionals specialised in mental health issues, where they can refer this employee to specialised mental health monitoring.

- Meanwhile, at Celeo Chile during 2023, a mutual change was made to explore new services that support occupational health management, generating a joint plan focusing on the implementation of health protocols in the different areas, allowing for constant monitoring of workplace conditions and compliance with applicable requirements.
- Finally, in Peru, new hires undergo a compulsory medical check-up in accordance with Peruvian law.

7. Committed to the planet

7.1. Environmental management

Celeo has a strong and innate commitment to respecting and protecting the environment, which 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.

This policy is based on the application of the following principles:

- 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.

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.

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

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. In addition to the socio-environmental commitments derived from environmental licensing, during the construction process Celeo adopts the criteria of the International Finance Corporation (IFC) for projects developed in countries that are not signatories to the Equator Principles.

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 Spain was certified for the first time in 2023 under the ISO 14001:2015 Environmental Management standard for its solar thermal assets and the Siberia Solar photovoltaic plant.

Brazil has certified its EMS in accordance with ISO 9001:2015, ISO 14001:2015 and 45001:2018 with a scope of 100 % of its facilities.

In the case of Chile, 27 new facilities in the Aconcagua, Valparaíso, Maule and Biobío zones have been included in the scope of its quality, environment and health and safety certification in 2023, thus reaching 100 % certification of its assets in operation.

In addition, we are working to include both the activities and assets in Peru in the scope of the Celeo Concesiones e Inversiones certificate.

We currently have 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 19 people (11 in Brazil, 5 in Chile, 2 in Spain and 1 in Peru), who monitor compliance with the EMS.

Celeo performed annual investments to prevent and minimise its environmental impacts. In 2023, it invested a total of EUR 8,761,662.

In addition, the company is covered by an environmental liability policy in force until 31st December 2023, 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.

Investment in environmental management

As at 31 December of each year in euros

	2023				2022		
	Spain	Brazil	Chile	Peru	Spain	Brazil	Chile
Environmental management (OPEX)	48,437	1,944,314	826,292	20,032	35,050	1,463,868	1,005,127
Environmental management (CAPEX)	831,978	29,756	5,060,478	-	2,146,617	33,275	11,226
Total	880,415	1,974,445	5,886,770	20,032	2,181,667	1,497,143	1,016,353

7.2. Efficiency of resources

One of our environmental goals is to generate the least impact on our surroundings, promoting the efficient use of resources in our operations and activities. In order to achieve this, we carry out periodic monitoring and follow-up of consumption and establish 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 2023, electricity consumption was 27,091 MWh, an increase of 7 % compared to the previous year. Natural gas consumption has been reduced by 22 % in 2023 mainly due to a change of logic in the operation of the Astexol seal boiler and the maintenance shutdown at Aste 1A and Aste 1B., while consumption of fossil and renewable fuels amounted to 316,524 litres, mainly due to better control of fuel purchases for stationary and mobile sources in Brazil and the increase of the permanent fleet and maintenance activities in Chile.

Trend in energy consumption by type of source⁹

At 31 December each year

	2023	2022	2021
Electricity (MWh)	27,787	25,767	23,882
Natural gas (MWh)	14,685	18,893	18,551
Fuels (l)	510,835	316,524	340,128
- Fossil fuels (Gasoil + diesel)	434,973	240,638	284,319
- Renewables (ethanol)	75,862	75,886	55,809

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

⁹ For further information, see Appendix I. Tables and indicators - Indicators relating to Committed to the Planet.

and warehouses). The surplus is discharged into the grid. In 2023, 47 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 2023, 5 MWh for self-consumption were generated.

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

- Changing traditional light bulbs to LEDs in the solar thermal power plants ASTE1A and ASTE1B.
- 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.

7.2.2. Water consumption

At Celeo we encourage efficient and responsible water consumption in our operations, and how we manage water varies slightly from subsidiary to subsidiary. The largest water consumption is in solar thermal plants in Spain, which use this resource for cooling the plants, producing the steam needed for electricity production and cleaning the mirrors.

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

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

In the case of Celeo Brazil, the facilities (due to their location in rural areas) are supplied by 31 deep tube wells with the relevant environmental licences. According to the guidelines published by the World Resources Institute in the Aqueduct Water Risk Atlas, only 6.45 % of our projects in the region are located in medium-high water stress areas, these being the wells located in São João do Piauí (UFV-JSP) and Itaboraí-RJ (PTE).

Celeo Chile is mainly supplied by mains water. We have also identified that about 129.8 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. In 2023, we are pursuing the following key initiatives:

- At Celeo Brazil, after the successful implementation of the automated remote monitoring system for deep tubular wells, which started at the end of 2021, we were able to expand the system to 26 substations, with only the three PATE substations remaining, with installation scheduled for 2024. This system allows a more efficient control of water consumption, as well as contributes to compliance with the limits established in the Water Use Rights Concessions, as determined by the environmental legislation.
- At Celeo 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.

In 2023, 1,157,985 m³ of water has been consumed, of which 53 % comes from groundwater, 46 % is surface water, and the remaining comes from the water supply network.¹⁰

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

¹⁰ For further information, see Appendix I. Tables and indicators - Indicators relating to Committed to the Planet.

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 non-hazardous waste (paper, cardboard, plastic, organic waste and metals) from administrative activities. 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.

Meanwhile, at Celeo Chile we set the goal of not using plastic bottles. To this end, thermally insulated bottles are provided to field staff for storing and transporting water for their various activities, while dispensers are available for office staff.

In 2023, 650 tonnes of waste was generated, an 8 % less than in the previous 2023 financial year. Of these, 40 % is hazardous and the remaining is non-hazardous.

Regarding waste management, 621 tonnes of waste have been disposed of in some way, while the remaining waste has been stored.¹¹.

7.3. Climate change

At Celeo we are committed to the fight against climate change, contributing especially to the fight against climate change and the decarbonisation of the economy. We do so by generating electricity from renewable sources and transporting electricity, helping to avoid emissions from other sectors given the increasing installation of renewable energy in Europe and Latin America.

7.3.1. Resilience to climate change

Since the end of 2022, we are guided by our Resilience, Climate Change and Business Continuity Plan. It is based on our risk management model and provides a strategic view on how to manage the risks associated with climate and social factors that may be related to it. This 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.

Over the course of 2023 Celeo studied the alignment of the portfolio with the European Union Taxonomy in order to carry out the necessary studies and adaptations to our assets to ensure the best possible alignment of our assets. Thus, each subsidiary has assessed the risks and opportunities arising from climate change that have the potential to generate substantial changes in our operations, revenues and expenses.

We have standardised the study of physical climate risks in all our subsidiaries, including all Celeo assets under construction and in operation.

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.

Every 5 years at least, Celeo Brazil reviews studies on the impact of climate change, such as rising temperatures. These studies include the suitability of assets in operation and design reviews and minimum requirements for new assets. In accordance with the action indicated in the temperature rise

¹¹ For further information, see Appendix I. Tables and indicators - Indicators relating to Committed to the Planet.

report, by the year 2022, the installation of forced ventilation at the LTC reactors was completed, and in 2023 we finalised the installation at the LTT and VCTE concessions.

At Celeo Chile, we have prepared a scientific study that evaluates the flood flows under different climate change scenarios and their possible impacts on the electricity transmission structure located on the banks of the confluence between the Tinguiririca River and Claro River (VI Region, Alto Jahuel 2 x 500kV Project).

7.3.2. Carbon footprint

Since last year, the carbon footprint has been calculated centrally and verified at Group level in order to standardise reporting and to be able to manage emissions in the most appropriate way. For the first time, the Celeo Group's carbon footprint includes the Peru operations within the scope, once the first asset becomes operational.

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.

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 and vegetation control during operation. This category of emissions is highly variable from year to year, as it depends mostly on the volume of projects under construction and the biome in which they are located.

At Celeo, we manage the emissions generated by sulphur hexafluoride (SF₆). SF₆ is an inorganic chemical compound which, under normal temperature and pressure conditions, is an inflammable, colourless, odourless and non-toxic gas.

SF₆ 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. Celeo Chile, as well as Celeo Brazil, has an Improvement Action Plan at its units and operations to reduce leaks into the atmosphere. An inventory of SF₆ is available for all concessions, installations and even equipment. In 2023, total emissions of SF₆ into the atmosphere amounted to 81 kilograms.

Meanwhile, Celeo contributes to the decarbonisation of other sectors through renewable energy production and electricity transmission. Electricity from our photovoltaic and solar thermal plants fed into the grid in Spain during the year was 285.82 GWh, while the São João do Piauí photovoltaic plant (UFV-SJP) in Brazil generated 409.30 GWh. This renewable energy produced represents avoided emissions of 78,029 tCO₂e and 15,758 tCO₂e respectively.

In addition, Celeo makes use of passenger transport companies for its business trips which help to reduce the company's carbon footprint by offsetting the carbon footprint through reforestation. Also, at the Madrid headquarters, renewable energy has been contracted since May 2023.

Trend in emissions			
As at 31 December of each year and in CO ₂ eq			
	2023	2022	2021
Scope 1	6,247	43,847	57,618
Spain	2,814	3,509	3,855
Brazil	2,887	39,872	53,560
Chile	543	466	203
Peru	3	N/A	N/A
Scope 2 (with no transmission losses)	5,890	5,827	5,110
Spain	5,609	5,340	4,898
Brazil	53	208	472
Chile	217	279	41
Peru	11	N/A	N/A
Scope 3	820	875	476
Spain	185	162	148
Brazil	314	378	249
Chile	278	335	79
Peru	43	N/A	N/A
Total	12,957	50,639	24,949
Transmission losses*	123,124	307,588	138,984
Spain	N.A.	N.A.	N.A.
Brazil	44,403	50,406	97,669
Chile	78,721	257,182	41,315
Peru	N.A.	N.A.	N.A.

*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.

Scope 1 emissions were significantly reduced in 2023 due to the completion of the PATE project, which significantly influenced the land use change category. On the other hand, transmission losses have been reduced due to the decrease in the emission factors of the Brazilian and Chilean electricity systems and an improvement in the calculation of transmission losses of Alfa's assets.

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. This effort is in addition to the three electric vehicles in Celeo Chile's fleet.

In 2023, we will make this action a permanent pillar of our operations in Brazil, through the structuring of a visual identity in company vehicles to facilitate the communication of this initiative and others that make up Celeo's sustainable business management model.

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 reports.

- 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:

- Loss of vegetation due to clearance and pruning.
- Loss of habitats and accidents with fauna, as a result of vegetation clearance.
- Pollution associated with vehicle movement.

With regard to the fires that occur in Brazil, most of them are due to anthropic causes, i.e. human activities that have developed over time.

In both subsidiaries, a preventive approach is being developed, as the impact is greatest during construction, but also exists during operation, albeit 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 is using the transmission line structures and there is no evidence of significant impacts.

At present, during the operation phase in Brazil and Chile, no impacts on conservation units, species or endangered species have been observed.

Details of the species threatened by the projects¹² 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
Vulnerable	4	Citronella mucronata, Porlieria chilensis, Neoporteria castanea, Nothofagus glauca	AJTE and CHATE	Chile
	1	Austrocedrus chilensis	CHATE	Chile

It is important to note that significant environmental impacts, such as habitat loss and wildlife mortality, occur predominantly during the construction phase of projects, which involves the removal of vegetation for the construction of structures. These impacts are low during the operational phase, as we cut isolated individual trees that pose a risk to the operation of the venture. Therefore, as we

¹² With regard to the scope of the information reported, in this case, projects under construction are included.

had no projects under construction in Brazil in 2023, there were no impacts on wildlife and biodiversity to report.

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 impacts.

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. At present, this 15 % is equivalent to 40 hectares of reforestation, of which we have already planted 35 hectares. One of the projects involved in achieving this objective refers to "Restaura Caatinga", a project aligned with the Decade of Ecosystem Recovery (2021-2030), established by the United Nations. In addition to the reforestation of a semi-arid region, the Project develops activities in two other lines of action:

- Dissemination of sustainable technologies adapted to the Caatinga biome, incentive to research: the technique used in the reforestation was developed by Dr. Gislene Ganade, a researcher at the Federal University of Rio Grande do Norte, who was awarded the United Nations Convention to Combat Desertification "Champions of Brazil's Drylands" certificate. The reforestation promoted by Celeo was the first large-scale area where the technique was used.
- Community development through training of independent rural workers: 40-hour advanced course for the ecological restoration of Caatinga, for actors involved in the biome restoration chain; 40-hour training for seed collectors, addressing the collection, processing of seeds and identification of native species of Caatinga.

Reforestation, maintenance and follow-up activities continue to be carried out for Aste projects in Celeo Spain, as part of the Environmental Monitoring Plan. However, some plantations were found to be unsuccessful, so the Environment Council and regional authorities carried out a new check on the success of reforestation in 2023. After several visits by the responsible environmental bodies, it has been confirmed that almost all of the land meets the project criteria, with the exception of one area, where the replacement of the soil is still being carried out.

During 2023, several irrigation campaigns and tree surround reinforcement works have been carried out. Weeding operations are also carried out.

No new reforestation activities were carried out at Celeo Chile during 2023. Although forest areas were disturbed due to the construction of the CASTE project, planting activities are projected to start in 2024. However, work continues on the areas reforested in previous years that have not achieved their respective development objectives, with 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 2023, maintenance activities were carried out on 120 hectares with native species, of which 55 ha (2 compensation projects associated with AJTE) completed their maintenance work due to compliance with the deadlines and objectives of their respective environmental commitments.

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.

Celeo Brazil organises courses for the identification of environmental aspects and impacts, for the handling of hydrocarbons (oils, greases and fuels), as well as specific training on our Environmental Policy, and so on.

At Celeo Chile we are developing various internal initiatives to raise awareness of how to save water and energy. We also carry out training and awareness-raising sessions dedicated to the handling of hazardous substances and waste, in line with environmental regulations.

On the other hand, Celeo Spain provided training for employees from Spain and Peru on the company's global ESG issues, including the adaptation of projects in Brazil and Peru to IFC standards, improving their environmental and social performance.

8. Generators of value in our communities

Our social commitment is centred 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 reflects 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 such effects.

Following the approval at the end of 2022 of this strategy, which acts as an umbrella for all the subsidiaries' community relations procedures and strategies, new projects that are more transparent, more self-sustainable, and that meet real local needs and are developed in our areas of influence are in the pipeline.

The main impacts generated in the community because 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 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

At Celeo, we carry out different socio-environmental actions derived from the licences that favour our relationship with the planet and the people in the regions where we operate, such as citizen participation initiatives, awareness-raising workshops or specific consultations, to name a few examples.

Celeo Spain is in constant dialogue with the Local Councils of Castilla La Mancha for the Aste 1A and Aste 1B 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, and we highlight the *Integra Anti Queimadas Programme*, a stakeholder engagement initiative aimed at preventing forest fires, which we implement on a voluntary basis.

In 2023, several actions were carried out to address issues related to the environmental licensing process, safe coexistence on the right of way of the transmission lines and perceptions of the real and potential impacts generated by Celeo Brazil projects.

The actions were carried out in 39 participating municipalities in a total of 10 Brazilian states. Some of the results of the Programme's actions are highlighted below:

- 39 educational workshops that addressed the topic of Burning and Fires, safety around transmission lines, highlighting the risks of fire near TLs, the importance of fire breaks and fire monitoring, as well as alternatives to the use of fire for agriculture and waste management;
- Dissemination of the Celeo Ombudsman through educational materials;
- Broadcasting on radio stations to alert the population about important fire precautions.

Furthermore, through the Social Communication and Environmental Education Programmes, we organise educational and informative activities, both in person and through distance learning.

In total, actions of this type were promoted in 117 municipalities intercepted by the concessions, with emphasis on Conversation Circles, Educational Workshops, Critical Education Forum, Visits and Dialogues, addressing specific content for each region of the projects, such as biomes and the characteristics of the regions, clarifications on the Brazilian electricity system, rules for safe coexistence with transmission lines, Environmental Licensing Channels, Solid Waste and the Ombudsman's Office.

In 2023, IBAMA, the Brazilian federal environmental licensing agency, held the IV Forum on Socio-Economic Programmes in Federal Environmental Licensing, to certify the best programmes for mitigating socio-environmental impacts. Among the various programmes analysed, the JTE Environmental Education Programme was selected as a success story, with relevant results for local communities and innovative proposals in the sphere of socio-economic impacts.

Celeo Chile's Community Relations strategy specifies the lines of action to establishing a good relationship with the communities surrounding our facilities. This document acts as a local standard, which takes into account the particularities of each territory and community, making it possible to generate mutual trust for local development and collaborative work.

During 2023, the CASTE community relations plan was launched, which allowed us to have a permanent communication channel and a mechanism for receiving queries and complaints from the neighbouring community of the project during the construction phase. To ensure the effective implementation of this system, a diagnosis was first carried out to define the key actors which was then followed by a territorial deployment with the aim of publicising the CASTE project in detail and socialising the consultation and complaints mechanism. During the course of the year, 12 communities in the three communes where the project is located were informed through the delivery of brochures and informative meetings.

In addition, as an early part of the MATE engagement plan, meetings were held with authorities and communities within the project's area of influence. The main focus of these meetings was to provide information on the project and its progress.

Finally, the "Ancoa Informa" programme was developed as part of the Ancoa substation noise mitigation compliance programme together with Transelec. This includes all communication actions with the authorities and the local community regarding the progress made to reduce the noise emitted by the substation. To achieve this objective, informative meetings have been held, information has been provided in the form of brochures and to date three visits have been made to the substation. In addition, the programme includes social development actions with the residents of Rincón de Pataguas Oriente, one of the substation's neighbouring towns.

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 have carried out 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 2023, Celeo Brazil completed the Quilombola Component Study (ECQ) of the UFV-SJP Expansion concession and submitted the Final Report to INCRA (the body responsible for evaluating studies related to Quilombola components in Brazil). In addition, the Basic Indigenous Environmental Plan (PBAI) of the CAIUÁ concession was approved by the indigenous peoples and FUNAI (the body responsible for the evaluation of studies related to indigenous components in Brazil). Among the actions foreseen in the Plan, the activities of the Social Communication Programme, workshops for the drafting of architectural projects for multi-purpose cultural spaces, regularisation of indigenous associations and the building of prayer houses were initiated.

8.2. Supporting development and social welfare

Celeo remains committed to the communities in which we operate, going beyond the actions required by the legal frameworks of the regions in which we operate, with the aim of having a positive impact on culture, well-being and environmental education, etc.

We also make various 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 Spain, Celeo has developed a social needs assessment in its areas of influence. The aim of this study is to understand the social reality of the main communities in which Celeo is present in order to redirect social investment towards actions aligned with the Group's CSR Strategy. Throughout 2023, it has also carried out a number of social actions. Firstly, we invested €20,000 in the Padre Piquer Training Centre with the aim of financing the education of young people in the city of Madrid through scholarships. In addition, we made a donation of €10,000 to ECODES to collaborate with the project "Ni un hogar sin energía" (Not one home without energy). With this contribution we are helping to improve the energy efficiency of 100 households that are vulnerable to energy poverty.

In Brazil during 2023 we developed the continuity of two projects through the "Celeo in the Community" programme, with the repeat of the same projects from 2022:

- Quipá Project (second edition) - cultivating knowledge: in São João do Piauí (area of influence of the UFV JP Solar Power Plant), with the aim of strengthening and expanding opportunities already offered in 2022 to young people in the area. The project expanded the opportunities offered in livestock and beekeeping training in the communities of Picos and Saco Curtume. This project maintains the partnership of the Umbuzeiro Socio-environmental and Cultural Institute.
- ECOE Verde Project (second edition): in Atibaia, São Paulo State (within the CANTE area of influence) is an environmental education programme in municipal schools, involving children and adolescents, as well as local residents with workshops on sustainable and healthy cooking, vegetable gardens and talks on conservation and recycling. The project continues its partnership with a local social organisation based in Atibaia/SP, Espaço Crescer - Livre Atividade.

We have also participated in the "*Bahia sem fome*" programme, with a contribution of €49,381. This is a programme organised by the Government of the State of Bahia to fight hunger, and its main objective is to guarantee that people in situations of social vulnerability have access to food in the quality and quantity necessary to guarantee the human right to adequate and healthy food, as well as to promote food and nutritional security, thereby reducing the indices of severe food insecurity in the State.

In Chile, in the areas of investment, we continue with the Environmental Education Programme (PEA, for its acronym in Spanish) in schools and we generate projects in conjunction with the communities in our area of influence on issues related mainly to the environment and employability.

- Under the PEA, we have been carrying out programs with 5 schools: Corel, Charrúa, Bajo Perquin, Cristóbal Colón and Agua Corta. 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.
- Together with our communities, we carried out several investment projects, including a welding course in the town of Rincón de Pataguas, which is located near the Ancoa substation. This course was given by INACAP, Chile's leading technical vocational training institution, so that participants were able to certify their knowledge in order to have the possibility of generating a second income at a time when the labour supply in the field is decreasing. In addition, in November Celeo supported the Maule Marathon, a regional sporting event with a 10, 21 and 42 km competition, plus a 3.5 km family course.

Finally, regarding the forest fires that affected the central-southern area of Chile, we delivered supplies and equipment to firefighters in various municipalities in the country to deal with the various emergency situations.

In Peru, no social actions have been carried out beyond those resulting from socio-environmental licensing, but a diagnosis of social needs is expected to be carried out in 2024 in order to start making social investments in the country.

8.2.1. Projects linked to the tax incentive

At Celeo Brazil we continue to direct part of our tax contribution to projects that have an impact on culture and sport, and for the rights of children and the elderly. In 2023, five projects from the 2022 financial year were executed, and we selected five more projects to invest the 2023 incentivised resources, prioritising the execution of social initiatives in municipalities in the North and Northeast. Participation was carried out through an open call for selection, thus ensuring democratic and transparent participation in the process.

In 2023, it was possible to conclude all delayed projects, which had run into difficulties, either due to problems caused by the release of resources, regulatory bodies or even due to post-pandemic effects.

The ECOFALANTE project is also worth mentioning, with the aim of bringing to a selection of films that encourage reflection and debate on current issues of the Brazilian and global socio-environmental reality to the educational environment. The project was developed in several Brazilian states, but with the collaboration of Celeo. It was carried out in Parintins/AM, with free sessions open to the public in cultural spaces and educational institutions of the municipality. One theme that stood out was "black consciousness" and was attended by around 2,000 people.

As part of the selection process for the projects in which we will invest in 2024, we received 121 social impact projects through the Celeo Incentiva 2023 public call for proposals. The five pre-selected projects were approved at a meeting of the Sustainability Committee, with an investment of BRL 923,781.06.

8.2.2. Corporate volunteering

In 2023, we did not carry out any volunteering activities in Brazil, but we did develop an initiative to integrate and improve the knowledge of Celeo Brazil's projects through a raffle. The winners will be able to visit the Photovoltaic Plant - UFVSJ, located in São João do Piauí/PI, as well as social projects financed by the Group. Employees from the Rio de Janeiro office will be joined by employees working at the Photovoltaic Plant to learn about the social projects developed in this municipality.

In Chile, corporate volunteering was carried out at the Hogar San Carlos de la Fundación Las Rosas residential home, an institution that cares for the most vulnerable elderly people in the country. During the year, two boilers were donated to improve the institution's hot water system and two recreation days were organised for the residents. In addition, a voluntary Christmas campaign was held in December, where sixty gifts were collected by the employees. Celeo donated sixty more gifts through the 1+1 system, bringing the total to 120, which will be given to vulnerable families for Christmas.

9. About the report

9.1. Scope

This report (which forms 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, as well as the related GRI content.

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 2023 financial year. As shown in Appendix II, "Index of contents of Law 11/2018, of 28 December, on non-financial information and diversity", in the preparation process, the international standards of the Global Reporting Initiative (GRI) selected in its GRI Standards version have been followed as a reference, 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 Special Purpose Vehicle (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

To further advance our sustainability commitments and to keep up to date with sustainability requirements, we have conducted a new materiality analysis during 2023, a process that will allow us to align with the new European Corporate Sustainability Reporting Directive (CSRD), which calls for a dual perspective approach or assessment.

During this process, carried out during the first half of 2023, the new GRI 3: "Material Issues" standard was considered and the publicly available information from the European Financial Reporting Advisory Group (EFRAG) at the time of the analysis was taken as a reference.

The dual materiality exercise for Celeo includes the assessment from the dual perspective (impact materiality and financial materiality), which allows to anticipate and start responding to the new corporate reporting requirements in terms of sustainability.

The purpose of this analysis is to identify and prioritise ESG issues of significant importance to the organisation, which should be prominently integrated into both the business strategy and sustainability plans and reports. Dual materiality is the combination of:

- Impact materiality: A sustainability issue is material from an impact perspective if it relates to Celeo's performance or the potential significant impacts on people or the environment in the short, medium, or long term.
- Financial materiality: A sustainability issue is material from a financial perspective if it causes or may cause significant financial effects, i.e., it generates or may generate significant risks or opportunities that influence or may influence future cash flows and thus the enterprise value of the company in the short, medium, or long term.

The process carried out for Celeo is detailed below:

1. IDENTIFICATION OF STAKEHOLDERS	A review and identification of stakeholders was carried out in order to draw up the final stakeholder map and prioritise their participation according to their importance and relationship with Celeo.
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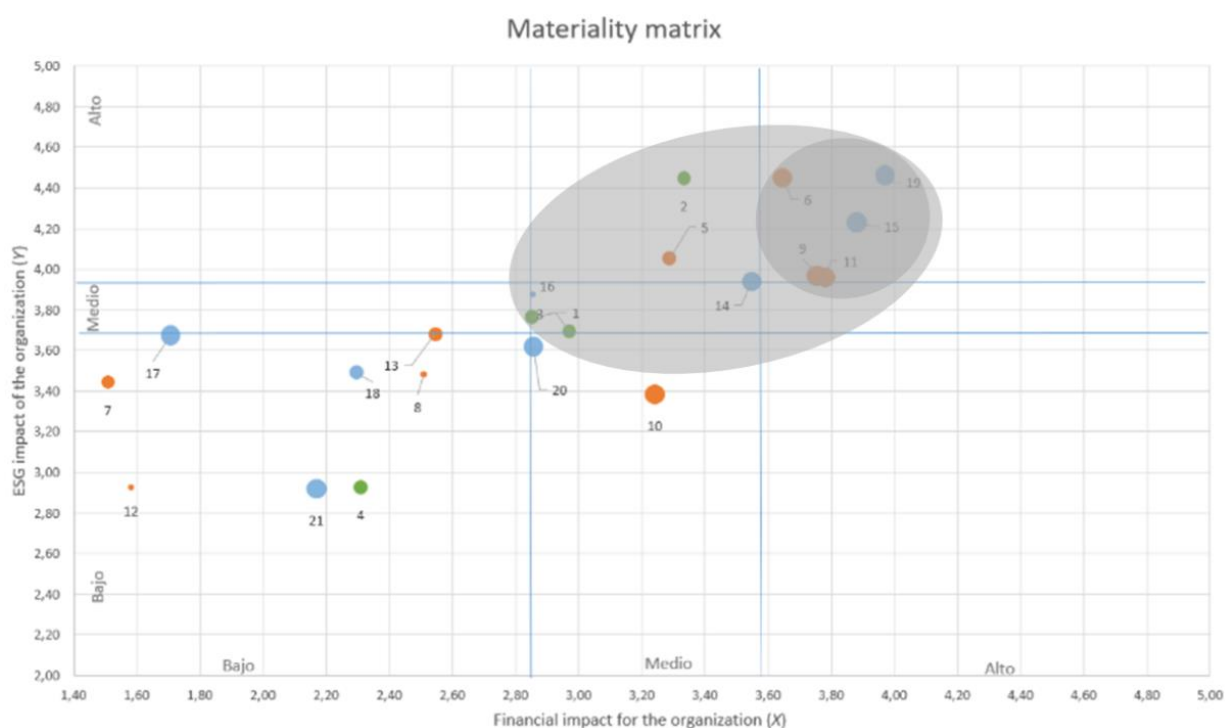
2. ANALYSIS OF THE ESG CONTEXT	<p>An analysis of global and sectoral ESG trends was prepared, including the main issues addressed by leading ESG organisations. A comparative analysis of four benchmark companies in the sector and/or regions in which Celeo is present was carried out, as well as an analysis of seven benchmark prescribers in sustainability, such as: <i>SASB (Sustainability Accounting Standards Board)</i>, <i>S&P Global Rating (Standard & Poor's Financial Services)</i>, <i>GRI (Global Reporting Initiative)</i> or <i>MSCI Index</i>, for example.</p> <p>Furthermore, a comprehensive risk analysis was carried out, covering Celeo's internal risks, value chain risks, sectoral risks and global risks. This concluded in a list of sustainability issues potentially relevant to Celeo, which were taken up for consultation.</p>
3. CONSULTATION WITH STAKEHOLDERS	<p>The issues identified during the context analysis phase were prioritised through different methods of stakeholder consultation, which included, for instance, the following:</p> <ul style="list-style-type: none"> - Workshop or participatory session. - Online surveys sent to individuals from nine stakeholder groups, resulting in 401 responses. - Six internal interviews with people or functional areas of reference for Celeo. <p>This made it possible to determine the degree of importance given to the issues consulted for each stakeholder group.</p>
4. REVIEW AND VALIDATION	<p>The results obtained during the consultation phase were treated statistically. The result of this process was reviewed and validated by Celeo through a session with the participation of management and heads of functional areas, who validated its coherence in relation to the company's strategy.</p>

The material issues of most relevance from a financial perspective and from an ESG impact perspective are reflected below.

19	Ethics, compliance and transparency	19	Ethics, compliance and transparency
15	Solvency and sustainable growth	6	Occupational health and safety
11	Communities and social action	2	Protection of biodiversity and the environment
9	Operational efficiency and quality of service	15	Solvency and sustainable growth
6	Occupational health and safety	5	Labour relations and quality employment

Below are the material issues with dual materiality, aligned with GRI and ESRS standards, of high relevance (shaded) and medium relevance (not shaded) for Celeo.

19	Ethics, compliance and transparency	GRI 2	ESRS G1	Governance
15	Solvency and sustainable growth	GRI 201	-	Governance
6	Occupational health and safety	GRI 403	ESRS S1	Social
9	Operational efficiency and quality of service	-	-	Social
11	Communities and social action	GRI 413	ESRS S3	Social
2	Protection of biodiversity and the environment	GRI 304	ESRS E4	Environmental
5	Labour relations and quality employment	GRI 401	ESRS S1	Social
14	Resilience and business continuity	-	-	Governance
1	Responsible use of resources (energy, water, materials)	GRI 301 GRI 302 GRI 303	ESRS E1 ESRS E2 ESRS E3	Environmental
3	Climate change and the energy transition	GRI 305	ESRS E1	Environmental
16	Good corporate governance	GRI 2	ESRS G1	Governance



Annex I. Tables and indicators

Indicators relating to «Our people»

Change in the workforce by year and country

At 31 st December each year		
	2023	2022
Spain	42	41
Brazil	406	382
Chile	203	185
Peru	6	2
Total	657	610

Change in the workforce by gender and age

At 31 st December each year				
	2023		2022	
	Men	Women	Men	Women
<35	189	63	185	68
35-50	296	65	261	55
>50	43	1	40	1
Total	528	129	486	124

Change in workforce by job location and country

At 31 st December each year				
	2023		2022	
	Structure	In the field	Structure	In the field
Spain	40	2	39	2
Brazil	141	265	135	247
Chile	85	118	80	105
Peru	4	2	2	-
Total	270	387	256	354

Change in workforce by gender and professional category

At 31 st December each year				
	2023		2022	
	Men	Women	Men	Women
Staff	433	109	396	110
Middle management	77	15	73	11
Management	12	4	10	3
Top Management	6	1	7	-
Total	528	129	486	124

Workforce by contract type

As at 31 st December 2023										
	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	26	16	319	81	175	28	6	-	526	125
Temporary	-	-	2	4	-	-	-	-	2	4
Total	26	16	321	85	175	28	6	-	528	129

Workforce by contract type

As at 31 st 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
Total	25	16	301	81	158	27	2	-	486	124

Workforce by contract type

As at 31 st December 2023										
	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Full-time	24	16	319	81	175	28	6	-	524	125
Part-time	2	-	2	4	-	-	-	-	4	4
Total	26	16	321	85	175	28	6	-	528	129

Workforce by contract type

As at 31 st 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
Total	25	16	301	81	158	27	2	-	486	124

Average workforce by country, contract type and gender in 2023

	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	25.2	15.7	309.5	76.7	163.2	29.5	4.0	-	501.9	121.9
Temporary	-	-	13	4.5	1.7	-	-	-	3.4	4.5
Total	25.2	15.7	310.8	81.2	164.9	29.5	4.0	-	504.9	126.4

Average workforce by country, contract type and gender 2022

	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Permanent	23.59	16.07	287.64	70.81	126.11	24.74	1.25	-	438.59	111.62
Temporary	0.67	-	1.04	3.87	1.69	-	-	-	3.40	3.87
Total	24.26	16.07	288.68	74.68	127.8	24.74	1.25	-	441.99	115.49

Average workforce by country, contract type and professional category in 2023

	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
Top Management	4.3	-	1.0	-	1.0	-	-	-	6.3	-
Management	5.2	-	4.6	-	4.00	-	-	-	13.8	-
Middle Management	-	-	37.8	-	49.7	-	2.0	-	89.5	-
Staff	31.3	-	342.8	5.9	138.0	-	2.0	-	514.1	7.6
Total	40.8	-	386.2	5.9	192.7	-	4.0	-	623.7	7.6

Average workforce by country, contract type and professional category in 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
Top Management	5.00	-	0.94	-	1.00	-	-	-	6.94	-
Management	4.50	-	4.00	-	4.00	-	-	-	12.50	-
Middle Management	-	-	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
Total	39.66	0.67	358.45	4.91	150.85	1.69	1.25	-	550.21	7.27

Average workforce by country, contract type and age in 2023

	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	4.3	-	25.2	-	13.0	1.2	-	-	42.8	1.2
35-50	22.6	-	221.3	-	105.0	0.5	1.1	-	350.0	0.5
<35	14.0	-	139.8	5.9	75.8	-	2.9	-	232.5	5.9
Total	40.0	-	386.2	5.9	193.8	1.7	4.0	-	623.7	7.6

Average workforce by country, contract type and age in 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
Total	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 in 2023

	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	4.3	-	1.00	-	1.00	-	-	-	6.3	-
Management	5.2	-	4.6	-	4.00	-	-	-	13.8	-
Middle Management	-	-	37.8	-	49.7	-	2.0	-	89.5	-
Staff	30.3	1.0	342.3	6.6	139.7	-	2.0	-	514.3	7.6
Total	39.8	1.0	385.7	6.6	194.4	-	4.0	-	623.9	7.6

Average number of employees by employment type and professional category in 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	-	0.00	-	454.75	5.41
Total	40.32	-	357.95	5.41	152.54	-	1.25	-	552.06	5.41

Average number of employees by employment type and age in 2023

	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	4.3	-	25.2	-	14.2	-	-	-	43.7	-
35-50	22.0	0.7	220.8	0.7	105.4	-	1.1	-	348.2	1.4
<35	13.6	0.3	139.8	5.9	74.8	-	2.9	-	231.1	6.2
Total	39.9	1.0	385.8	6.6	194.4	-	4.0	-	624.1	7.6

Average number of employees by employment type and age in 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
Total	38.72	-	357.95	5.41	152.54	-	1.25	-	552.06	5.41

Change in number of dismissals by gender

At 31 st December each year		
	2023	2022
Men	28	21
Women	9	10
Total	37	31

Change in number of dismissals by professional category

At 31 st December each year		
	2023	2022
Top Management	1	0
Management	1	0
Middle Management	18	3
Staff	17	28
Total	37	31

Change in turnover rate and employment termination

At 31 st December each year		
	2023	2022
New starters	151	203
Departures	103	93
Turnover %	7 %	18 %

Change in average remuneration by gender (eur)

At 31 st December each year		
	2023	2022
Men	32,270	29,987
Women	30,064	25,45

Change in average remuneration by gender and age (eur)

At 31 st December each year				
	2023		2022	
	Men	Women	Men	Women
>50	53,589	*	70,538	*
35-50	34,224	38,917	31,181	30,056
<35	24,158	22,022	20,147	21,588

*Data are not provided on the grounds of confidentiality.

Change in average remuneration by gender and professional category (eur)

At 31 December each year				
	2023		2022	
	Men	Women	Men	Women
Top Management	245,594	*	250,980	N/A
Management	136,982	120,222	123,283	*
Middle Management	54,788	48,390	50,225	50,262
Staff	22,312	25,477	19,267	23,115

* Data are not provided on the grounds of confidentiality.

Change in salary gap by professional category

At 31 December each year		
	2023	2022
Staff	-14 %	-20 %
Middle Management	12 %	0 %
Management	12 %	-
Top Management*	-	-

*Note: The total average remuneration for Top Management and Management categories is not recorded due to confidentiality reasons.

$$\text{Brecha salarial} = \frac{(\text{Salario medio hombres} - \text{salario medio mujeres})}{\text{Salario medio hombres}} \times 100$$

Training ratios

At 31 December each year				
	2023		2022	
	Training hours	Investment in training (€)	Training hours	Investment in training (€)
Spain	2,255	58,683	1,382	24,439
Brazil	67,637	494,376	43,585	215,345
Chile	10,708	176,253	8,600	221,632
Peru	31	0*	26	0
Total	80,631	729,312	53,593	461,416

*Celeo Peru's investment in training is assumed by Celeo Spain.

Training by professional category

As at 31 December 2023										
	Spain		Brazil		Chile		Peru		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Top Management	31	-	335	-	120	-	-	-	486	-
Management	101	92	521	421	242	-	-	-	864	513
Middle Management-	-	-	7,476	3,849	2,710	170	9	-	10,195	4,019
Staff	1,355	677	40,134	9,902	5,765	1,110	22	-	47,276	11,689
Total	1,486	769	48,466	14,172	8,837	1,280	31	-	58,821	16,221

Indicators relating to «Prevention culture»

Absenteeism hours (including accidents at work and occupational diseases) amounted to 18,112 in 2023 compared to 19,372 in 2022.

Indices for own personnel					
As at 31 December 2023					
Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain	0	0	78,400	0.00	0.00
Brazil	1	15	1,071,840	0,93	0.01
Chile	1	67	416,717	2,40	0.16
Peru	0	0	8,608	0.00	0.00
Total	2	82	1,575,565	1,27	0.05

Change in accident rates for own staff

At 31 December each year		
	2023	2022
Frequency index	1.27	1.43
Severity index	0.05	0.01

Frequency Index = (number of accidents with sick leave not including commuting/hours worked) x 10⁶
Severity Index = (number of days lost/hours worked) x 10³

Change in own staff frequency index by country

At 31 December each year				
	2023		2022	
	Men	Women	Men	Women
Spain	0	0	0.00	0.00
Brazil	1.21	0	0.00	0.00
Chile	0	16.88	7.18	0.00
Peru	0	0	0.00	0.00
Total	0,81	2,97	1.83	0.00

Change in own staff severity index by country

At 31 December each year				
	2023		2022	
	Men	Women	Men	Women
Spain	0.00	0.00	0.00	0.00
Brazil	0.02	0.00	0.00	0.00
Chile	0.00	1.13	0.03	0.00
Peru	0.00	0.00	0.00	0.00
Total	0.01	0.20	0.01	0.00

EPC (Brazil, Chile, Peru) and O&M (Spain) staffing indices

As at 31 December 2023

Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0	0	173,733	0.00	0.00
Brazil	0	0	595,153	0.00	0.00
Chile	3	35	443,149	6.77	0.08
Peru	3	7	217,003	13.82	0.03
Total	6	42	1,429,037	4.20	0.03

* Only data for O&M personnel for ASTE 1A, ASTE 1B and ASTEXOL solar thermal plants.

EPC (Brazil, Chile, Peru) and O&M (Spain) staffing indices

As at 31 December 2022

Celeo indices	Accidents with sick leave	Days lost	Hours worked	Frequency index	Severity index
Spain*	0	0	185,760	0.00	0.00
Brazil	0	0	3,229,984	0.00	0.00
Chile	0	0	137,667	0.00	0.00
Peru	0	0	32,640	0.00	0.00
Total	0	0	3,586,051	0.00	0.00

* Only data for O&M personnel for ASTE 1A, ASTE 1B and ASTEXOL solar thermal plants.

Subcontractor personnel indices (other)

As at 31 December 2023

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	1	5	234,300	4.27	0.02
Chile	3	67	211,287	14.20	0.32
Peru	0	0	22,204	0.00	0.00
Total	4	72	467,791	8.55	0.15

Subcontractor personnel indices (other)

As at 31 December 2022

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	0.00	0.00
Peru	N/A	N/A	N/A	N/A	N/A
Total	2	8	328,967	6.08	0.02

Training for employees in health and safety in the workplace

As at 31 December 2023

Country	Training hours	Main topics
Spain	193	Prevention of collective occupational risks, mobility and road safety.
Brazil	19,491	Electrical hazards and work at heights mainly
Chile	3,296	Electrical hazards, defensive driving, accident management, first aid and working at heights.
Peru	25	Fire control and firefighting, earthquake and seismic response, ergonomics
Total	23,005	

Indicators relating to «Committed to the Planet»

Electricity consumption by country

As at 31 December of each year and in MWh			
	2023	2022	2021
Spain	20,785	20,799	21,009
Brazil	6,055	4,844	2,770
Chile	894	124	103
Peru	53	N/A	N/A
Total	27,787	25,767	23,882

Change in fossil fuel consumption

As at 31 December of each year and in litres			
	2023	2022	2021
Spain	52,341	22,455	31,631
Brazil	249,746	156,596	188,912
Chile	207,724	84,042	63,776
Peru	1,024	N/A	N/A
Total	510,835	240,638	284,319

Change in water consumption by source

As at 31 December of each year and in m ³			
	2023	2022	2021
Water supply network consumption	5,249	3,139	2,067
Spain	211	204	160
Brazil	2.550	1,231	1,383
Chile	2.269	1,704	524
Peru	219	N/A	N/A
Consumption of subterranean water	620.535	750,313	1,085,085
Spain	616,261	746,093	1,081,089
Brazil	4.240	24	23
Chile	34	4,196	3,973
Peru	N.A.	N/A	N/A
Consumption of surface water (river)	532,201	518,185	492,429
Spain	532,201	518,185	492,429
Brazil	N.A.	N.A.	N.A.
Chile	N.A.	N.A.	N.A.
Peru	N.A.	N/A	N/A
Total	1,157,985	1,271,637	1,579,259

Change in waste generated by type and by country

As at 31 December of each year and in kg			
	2023	2022	2021
Hazardous	267,767	260,293	482,624
Spain	234,923	230,266	442,555
Brazil	30,636	29,780	39,754
Chile	2,208	247	315
Peru	0	N/A	N/A
Non-hazardous	382,701	448,456	502,176
Spain	349,691	421,919	490,519
Brazil	26,905	20,932	9,923
Chile	6,105	5,605	1,734
Peru	9	N/A	N/A
Total	650,468	708,749	984,800

Change in waste management

As at 31 December of each year and in kg			
	2023	2022	2021
Destination*	621,845	690,999	968,023
Hazardous waste	245,197	249,884	471,319
Non-hazardous waste	376,648	441,115	496,704
Stored**	35,082	17,750	16,777
Hazardous waste	25,568	10,409	11,304
Non-hazardous waste	9,514	7,341	5,473
Total	656,927	708,750	984,800

Total waste that has had a final disposal, through some form of treatment: recycled, reused, incinerated, etc. Waste temporarily stored prior to being delivered to the authorised waste management companies. Some waste may correspond to the previous financial years.

Change in waste processing

As at 31 December of each year and in kg			
	2023	2022	2021
Recycled	413,790	246,211	450,027
Incinerated	729	1,439	7,623
Landfill	207,327	443,349	510,374
Total	621,846	690,999	968,023

Change in transmission activity intensity ratio - Brazil and Chile

As at 31 December of each year and in tCO ₂ /km			
	2023	2022	2021
GHG intensity ratio			
Carbon footprint for Brazil and Chile	4,292	41,538	54,604
Size of the operation (Km of operational line)	6,152	5,913	5,251
Intensity*	0.70	7.02	10.40

Change in the intensity ratio of the generation activity

As at 31 December of each year and in tCO ₂ /MWh generated			
	2023	2022	2021
GHG intensity ratio			
Spain's carbon footprint	8,608	9,011	8,901
MWh generated in Spain	285,820	233,659	293,773
Intensity *	0.030	0.038	0.030

Other atmospheric emissions

As at 31 December of each year and in kg			
	2023	2022	2021
SO _x	237	142	121
NO _x	4,056	2,532	2,230
PM10	485	248	242
Others*	3,781	2,497	2,671
Total	8,559	5,419	5,337

*Others: emissions mainly include emissions of TSP, CO, VOC, NH₃, RCHO and THC.

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 (Latest version unless otherwise indicated)
General information			
A brief description of the business model including: its business environment, organisation and structure	Material	3-8	GRI 2-1 GRI 2-2 GRI 2-6
Markets in which it operates	Material	3-6	GRI 2-1
Objectives and strategies of the organisation	Material	6-8, 13-21	GRI 2-23 GRI 2-24
Main factors and trends that may affect its future evolution	Material	8-10	--
Reporting framework used	Material	66	--
Principle of materiality	Material	66-68	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	54-61	GRI 2-23 GRI 2-24 GRI 2-25 GRI 3-3
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	54-61	GRI 3-3
Environmental assessment or certification procedures	Material	54-55	GRI 3-3
Resources dedicated to the prevention of environmental risks	Material	55	GRI 3-3
Application of the precautionary principle	Material	54	GRI 2-23
Amount of provisions and guarantees for environmental risks	Material	55	GRI 3-3
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, 79	GRI 3-3 GRI 305-7

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Latest version unless otherwise indicated)
Circular economy and waste management and prevention			
Measures on the prevention, recycling, reuse and other forms of recovery and the disposal of waste	Material	56-57, 78	GRI 301-2 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4
Actions to combat food waste	Non-material	Non-material	GRI 3-2
Sustainable use of resources			
Water consumption and water supply in accordance with local limitations	Material	56, 77	GRI 303-1 GRI 303-3 GRI 303-5
Consumption of raw materials and measures adopted to improve the efficiency of their use	Non-material	Non-material	GRI 3-2
Direct and indirect energy consumption	Material	55-56, 77	GRI 302-1 GRI 302-2 GRI 302-3
Measures taken to improve energy efficiency	Material	55-56	GRI 302-4
Use of renewable energies	Material	55-56	GRI 302-1
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	57-59, 79	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures adopted to adapt to the consequences of climate change	Material	57-59	GRI 201-2
Medium- and long-term goals established to reduce greenhouse gas emissions and the resources employed.	Material	57-59	GRI 305-5
Biodiversity protection			
Measures employed to preserve or restore biodiversity	Material	60-61	GRI 304-1 (2016) GRI 304-2 (2016) GRI 304-4 (2016)
Impacts caused by activities or operations in protected areas	Material	60-61	GRI 304-1 (2016) GRI 304-2 (2016) GRI 304-4 (2016)

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Latest version unless otherwise indicated)
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	44-48	GRI 2-23 GRI 2-24 GRI 2-25 GRI 3-3
Employment			
Total number and distribution of employees by country, gender, age and professional category	Material	44, 69-72	GRI 2-7a 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	44, 69-72	GRI 2-7b
Number of dismissals by gender, age and professional category	Material	44, 73	GRI 401-1
Average remuneration and trend disaggregated by gender, age and professional category or equal value	Material	44-45, 73-74	GRI 2-19 GRI 3-3
Salary gap, the remuneration of equal jobs or the average of the company	Material	74	GRI 2-21 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	24, 44-45	GRI 3-3 GRI 201-3
Implementation of disconnecting from work policies	Material	44	GRI 3-3
Number of employees with disabilities	Material	46	GRI 405-1
Organisation of the work			
Organisation of working time	Material	44	GRI 3-3
Number of hours of absenteeism	Material	75	GRI 3-3
Measures aimed at facilitating the enjoyment of work-life balance and promoting the co-responsibility of such by both parents.	Material	44	GRI 3-3 GRI 401-3

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Latest version unless otherwise indicated)
Health and safety			
Occupational health and safety conditions	Material	49-53	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8
Workplace accidents, particularly their frequency and severity, as well as professional diseases, disaggregated by gender	Material	51, 75-76	GRI 403-9 GRI 403-10
Corporate relationships			
Organisation of corporate dialogue including procedures to inform and consult with personal and negotiate with them	Material	45-46	GRI 2-29
Percentage of employees covered by a collective bargaining agreement by country	Material	45-46	GRI 2-30
Overview of the collective bargaining agreements, particularly with regard to occupational health and safety	Material	45-46	GRI 403-4 GRI 403-8
Mechanisms and procedures used by the company to encourage workers' involvement in managing the company, in terms of information, consultation and participation.	Material	45-46	GRI 3-2
Training			
Training policies implemented	Material	32, 46-48, 52	GRI 404-2
Total number of hours of training by professional category	Material	32, 46-48, 52, 76	GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	46	GRI 3-2 GRI 405-1
Equality			
Measures adopted to promote equal treatment and opportunities between women and men	Material	46	GRI 2-23 GRI 2-24
Equality plans, measures adopted to promote the employment, protocols against sexual harassment and the grounds of gender	Material	46	GRI 2-23 GRI 2-24
Policy against all forms of discrimination and, where appropriate, the management of diversity	Material	46	GRI 2-23 GRI 2-24
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	34-35	GRI 2-23 GRI 2-24 GRI 2-25 GRI 3-3

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Latest version unless otherwise indicated)
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	34-35; 41-42	GRI 2-15 GRI 2-23 GRI 3-1a GRI 3-3a GRI 414-1 GRI 414-2
Reported cases of human rights infringements	Material	34-35	GRI 2-26 GRI 406-1
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	34-35	GRI 3-3
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	33-34	GRI 2-23 GRI 2-24 GRI 2-25 GRI 3-3
Measures adopted to prevent corruption and bribery	Material	32-34	GRI 2-26 GRI 205-2 GRI 205-3
Measures to fight against money laundering	Material	30-34	GRI 2-26 GRI 205-2 GRI 205-3
Contributions to foundations and non-profit organisations	Material	10, 64-65	GRI 2-28 GRI 201-1 GRI 203-2

Information required by Law 11/2018	Materiality	Location	Reporting criteria: GRI (Latest version unless otherwise indicated)
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	41-43; 62-65	GRI 2-23 GRI 2-24 GRI 2-25 GRI 3-3
The company's commitment to sustainable development			
The impact of the company's activity on employment and local development	Material	62-65	GRI 201-1 GRI 203-1 GRI 203-2 GRI 204-1
The impact of the company's activity on local and regional populations	Material	62-65	GRI 2-29
The relationships held with the actors of the local communities and forms of dialogue	Material	62-65	GRI 2-29
Association or sponsorship actions	Material	62-65	GRI 2-28 GRI 201-1
Outsourcing and suppliers			
Inclusion in the procurement policy of social, gender equality and environmental issues	Material	40-42	GRI 3-3 GRI 308-1 GRI 414-1
Consideration of social and environmental responsibility in relationships with suppliers and subcontractors	Material	40-42	GRI 3-3 GRI 308-1 GRI 414-1
Supervision and audit systems and results	Material	40-42	GRI 2-25 GRI 308-2 GRI 414-2
Consumers			
Measures for the health and safety of consumers	Material	38-41	GRI 3-3
Systems for claims, complaints received and their resolution	Material	38-41	GRI 3-3 GRI 416-2 GRI 415-1
Tax information			
Profits obtained by country	Material	11-12	GRI 207-1 GRI 207-2 GRI 207-4b
Tax on profits paid	Material	11-12	GRI 207-1 GRI 207-2 GRI 207-4b
Public subsidies received	Material	11-12	GRI 201-4



Celeo Concesiones e Inversiones S.L. and subsidiaries

Independent Assurance Report on the
Consolidated Non-Financial Information
Statement (NFIS)

31 December 2023



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

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Celeo Concesiones e Inversiones S.L. and subsidiaries for 2023

(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 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 2023, which forms part of the accompanying consolidated Directors' Report of the Group for 2023.

The NFIS 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 identified in the Annex II "Contents of Law 11/2018 of 28 December concerning non-financial information and diversity" included in 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 the 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" included in the aforementioned NFIS.

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 Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



Our firm applies the International Standard on Quality Management (ISQC) 1, which requires us to design, implement and operate 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 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 Group that participated in the preparation of the Report, 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 Group'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 2023 based on the materiality analysis performed by the Group and described in the "9.2. Materiality analysis" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2023.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2023.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2023 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.

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 2023 has not been prepared, in all material aspects, in



accordance with prevailing mercantile legislation and the 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" included in the aforementioned NFIS.

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 Auditores, S.L.

(Signed on original in Spanish)

Marta Contreras Hernández

8 April 2024