



# Limited Review Report on Elecnor, S.A. and subsidiaries

**(Together with the condensed consolidated interim financial statements and directors' report of Elecnor, S.A. and subsidiaries for the six-month period ended 30 June 2021)**

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



KPMG Auditores, S.L.  
Torre Iberdrola  
Plaza Euskadi, 5  
Planta 17  
48009 Bilbao

## **Limited Review Report on the Condensed Consolidated Interim Financial Statements**

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

To the Shareholders of Elecnor, S.A. commissioned by management

### **Report on the Condensed Consolidated Interim Financial Statements**

#### **Introduction**

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We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Elecnor, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the statement of financial position at 30 June 2021, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and the explanatory notes thereto for the six-month period then ended (all condensed and consolidated). The Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

#### **Scope of Review**

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We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

#### **Conclusion**

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Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2021 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.



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## **Emphasis of Matter**

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We draw your attention to the accompanying note 1, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2020. This matter does not modify our conclusion.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The accompanying consolidated interim directors' report for the six-month period ended 30 June 2021 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim directors' report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2021. Our work is limited to the verification of the consolidated interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Elecnor, S.A. and subsidiaries.

## **Other Matter**

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This report has been prepared at the request of management in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October 2015 and enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

*(Signed on original in Spanish)*

Cosme Carral López-Tapia

29 July 2021

<i>PRESIDENTE (No ejecutivo):</i>	D. JAIME REAL DE ASUA ARTECHE	D.N.I. 14.906.314-Z
<i>VICEPRESIDENTE:</i>	D. IGNACIO PRADO REY-BALTAR	D.N.I. 14.899.260-K
<i>CONSEJERO DELEGADO :</i>	D. RAFAEL MARTIN DE BUSTAMANTE VEGA	D.N.I. 788.886-D
<i>VOCALES::</i>	D. FERNANDO AZAOLA ARTECHE	D.N.I. 14.500.614-B
	D. MIGUEL CERVERA EARLE	D.N.I. 05.390.195-F
	Dña. ISABEL DUTILH CARVAJAL	D.N.I. 5.392.056-M
	D. JOAQUÍN GÓMEZ DE OLEA Y MENDARO	D.N.I. 16.038.401-H
	Dña. IRENE HERNANDEZ ALVAREZ	D.N.I. 00.811.866-N
	D. JUAN LANDECHO SARABIA	D.N.I. 16.025.693-Y
	D. SANTIAGO LEÓN DOMECH	D.N.I. 31.604.065-H
	D. MIGUEL MORENES GILES	D.N.I. 31.552.959-H
	D. GABRIEL DE ORAA Y MOYUA	D.N.I. 14.170.156-V
	D. RAFAEL PRADO ARANGUREN	D.N.I. 16.042.601-D
	D. EMILIO YBARRA AZNAR	D.N.I. 16.039.261-G
<i>CONSEJERO -VICESECRETARIO:</i>	D. CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO	D.N.I. 1.397.142-F

En cumplimiento de lo dispuesto por la Legislación vigente, todos los miembros que componen en el día de la fecha la totalidad del Consejo de Administración de la Sociedad ELEC NOR, S.A., han formulado los “Estados Financieros Intermedios Resumidos Consolidados e Informe de Gestión Intermedio” de ELEC NOR, S.A. y Sociedades dependientes que componen el Grupo ELEC NOR (consolidado) correspondientes al período de seis meses terminado el 30 de Junio de 2021.

Asimismo y de conformidad con el apartado primero, letra b) del Artículo 8 del Real Decreto 1362/2007, los miembros del Consejo de Administración de ELEC NOR, S.A., declaran que hasta donde alcanza su conocimiento, los “Estados Financieros Intermedios Resumidos Consolidados” del Grupo ELEC NOR (consolidado) correspondientes al período de seis meses terminado el 30 de Junio de 2021, han sido elaborados de acuerdo con lo establecido por las Normas Internacionales de Información Financiera adoptadas por la Unión Europea, aplicando los principios de consolidación, políticas contables y criterios de valoración correspondientes, y muestran la imagen fiel del patrimonio consolidado, de la situación financiera consolidada y de los resultados de las empresas comprendidas en la consolidación tomados en su conjunto, de los cambios en el patrimonio neto consolidado y de sus flujos de tesorería consolidados, y que el “Informe de Gestión Intermedio” del Grupo ELEC NOR (consolidado) correspondiente al período de seis meses terminado el 30 de Junio de 2021, incluye un análisis fiel de la evolución y resultados empresariales y de la posición de las empresas comprendidas en la consolidación tomadas en su conjunto, junto con la descripción de los principales riesgos e incertidumbres a los que se enfrenta el Grupo ELEC NOR (consolidado).

Las cuentas consolidadas vienen constituidas por los documentos anexos que acompañan a este escrito.

En Bilbao, a veintiocho de Julio de dos mil veintiuno.

**Elecnor, S.A. and Subsidiaries**  
**Consolidated Summary Statement of Financial Position**  
**at 30 June 2021 and 31 December 2020**  
(Thousands of Euros)

Assets	30/06/2021	31/12/2020
<b>Non-current assets:</b>		
<b>Intangible assets- (Note 4)</b>		
Goodwill	24,952	24,853
Other intangible assets	15,935	16,338
	<b>40,887</b>	<b>41,191</b>
<b>Right-to-use assets</b>	<b>52,101</b>	<b>49,902</b>
<b>Property, plant and equipment (Note 6)</b>	<b>792,150</b>	<b>755,835</b>
<b>Equity-accounted investees (Note 7)</b>	<b>524,636</b>	<b>479,970</b>
<b>Non-current financial assets (Note 5)</b>	<b>49,235</b>	<b>46,640</b>
<b>Deferred tax assets</b>	<b>82,127</b>	<b>80,555</b>
<b>Total non-current assets</b>	<b>1,541,136</b>	<b>1,454,093</b>
<b>Current assets:</b>		
<b>Inventories</b>	<b>12,652</b>	<b>5,892</b>
<b>Customer contract assets</b>	<b>350,926</b>	<b>338,880</b>
<b>Trade and other receivables (Note 5)</b>	<b>708,234</b>	<b>743,284</b>
<b>Trade receivables from related companies (Note 5)</b>	<b>25,615</b>	<b>32,317</b>
<b>Public entities, receivable</b>	<b>58,364</b>	<b>35,967</b>
<b>Current income tax assets</b>	<b>6,863</b>	<b>7,624</b>
<b>Other receivables (Note 5)</b>	<b>21,591</b>	<b>16,612</b>
<b>Current investments in related companies (Note 5)</b>	<b>1,089</b>	<b>141</b>
<b>Other current financial investments (Note 5)</b>	<b>23,254</b>	<b>9,594</b>
<b>Derivative financial instruments (Note 5)</b>	<b>445</b>	<b>830</b>
<b>Other current assets</b>	<b>13,694</b>	<b>9,463</b>
<b>Cash and cash equivalents</b>	<b>427,780</b>	<b>391,628</b>
<b>Non-current assets held for sale</b>	<b>305</b>	<b>306</b>
<b>Total current assets</b>	<b>1,650,812</b>	<b>1,592,538</b>
<b>Total assets</b>	<b>3,191,948</b>	<b>3,046,631</b>

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year periods ended on 30 June 2021.

**Elecnor, S.A. and Subsidiaries**  
**Consolidated Summary Statement of Financial Position**  
**at 30 June 2021 and 31 December 2020**  
(Thousands of Euros)

Equity and Liabilities	30/06/2021	31/12/2020
<b>Equity (Note 9):</b>		
<b>Equity attributable to equity holders of the Parent</b>		
Capital	8,700	8,700
Own share	(22,051)	(21,899)
Other reserves	936,805	887,047
Translation differences (Note 9.c)	(309,627)	(345,957)
Valuation adjustments to equity	(38,594)	(25,126)
Profit/loss for the year attributable to the Parent	37,610	78,303
Interim dividend paid in the year	-	(4,987)
	<b>612,843</b>	<b>576,081</b>
<b>Non-controlling interests</b>	<b>22,594</b>	<b>23,855</b>
<b>Total equity</b>	<b>635,437</b>	<b>599,936</b>
<b>Non-current liabilities:</b>		
<b>Government grants</b>	<b>5,145</b>	<b>5,218</b>
<b>Provisions for liabilities and charges</b>	<b>55,946</b>	<b>53,325</b>
<b>Financial liabilities for the issuance of bonds and other marketable securities (Note 8)</b>	<b>30,660</b>	<b>32,331</b>
<b>Financial liabilities on loans and borrowings (Note 8)</b>	<b>665,956</b>	<b>766,463</b>
<b>Derivative financial instruments (Note 8)</b>	<b>9,457</b>	<b>10,676</b>
<b>Lease liabilities (Note 8)</b>	<b>45,568</b>	<b>43,484</b>
<b>Other non-current liabilities</b>	<b>14,478</b>	<b>14,343</b>
<b>Deferred tax liabilities</b>	<b>25,768</b>	<b>26,381</b>
<b>Total non-current liabilities</b>	<b>852,978</b>	<b>952,221</b>
<b>Current liabilities:</b>		
<b>Provisions for liabilities and charges</b>	<b>66,123</b>	<b>76,755</b>
<b>Financial liabilities for the issuance of bonds and other marketable securities (Note 8)</b>	<b>215,523</b>	<b>78,018</b>
<b>Financial liabilities on loans and borrowings (Note 8)</b>	<b>56,831</b>	<b>41,377</b>
<b>Derivative financial instruments (Note 8)</b>	<b>29,003</b>	<b>7,455</b>
<b>Lease liabilities (Note 8)</b>	<b>12,483</b>	<b>12,090</b>
<b>Trade payables to associates and related companies (Note 8)</b>	<b>12,953</b>	<b>2</b>
<b>Trade and other payables- (Note 8)</b>		
Trade payables for purchases or services	503,624	548,451
Advances from customers	120,873	113,618
	<b>624,497</b>	<b>662,069</b>
<b>Customer contract liabilities</b>	<b>451,815</b>	<b>430,974</b>
<b>Current income tax liabilities</b>	<b>54,855</b>	<b>40,373</b>
<b>Other payables-</b>		
Public entities, payable	68,772	47,495
Other current liabilities (Note 8)	110,678	97,866
	<b>179,450</b>	<b>145,361</b>
<b>Total current liabilities</b>	<b>1,703,533</b>	<b>1,494,474</b>
<b>Total liabilities and equity</b>	<b>3,191,948</b>	<b>3,046,631</b>

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year periods ended on 30 June 2021.

## Elecnor, S.A. and Subsidiaries

### Consolidated Income Statements

corresponding to the six-month periods ended 30 June 2021 and 30 June 2020 is shown below

30 June 2021 and 30 June 2020

(Thousands of Euros)

	(Debit) Credit	
	30/06/2021	30/06/2020
<b>Continuing operations:</b>		
Net turnover (Note 13)	1,333,020	1,013,755
Changes in inventories of finished goods and work in progress	(121)	373
Self-constructed assets (Note 6)	7,265	15,932
Materials consumed	(650,205)	(479,269)
Other operating income	9,728	4,922
Personnel expenses	(412,475)	(329,323)
Other operating expenses	(187,332)	(143,087)
Net profit/loss on the sale of non-current assets	413	1,533
Expense for amortisation, depreciation, impairment and charges to provisions	(28,049)	(33,604)
Profit/loss from equity-accounted investees (Note 7)	11,985	6,741
<b>Operating income</b>	<b>84,229</b>	<b>57,973</b>
Finance income	1,861	2,317
Finance expenses (Note 8)	(22,264)	(16,049)
Translation differences	(897)	8,018
Impairment and profit/loss on disposal of financial instruments	-	3
<b>Profit/loss before taxes</b>	<b>62,929</b>	<b>52,262</b>
Income tax (Note 10)	(23,773)	(16,330)
<b>Profit/loss from continuing operations</b>	<b>39,156</b>	<b>35,932</b>
<b>Profit/loss for the year</b>	<b>39,156</b>	<b>35,932</b>
Attributable to:		
Shareholders of the Parent	37,610	33,787
Non-controlling interests	1,546	2,145
<b>Earnings per share (in Euros)</b>		
Basic (Note 3.b)	0.44	0.40
Diluted (Note 3.b)	0.44	0.40

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year periods ended on 30 June 2021.



## Elecnor, S.A. and Subsidiaries

### Consolidated Summary Statements of Comprehensive Income for the half-year periods ended on 30 June 2021 and 30 June 2020 (Thousands of Euros)

	30/06/2021	30/06/2020
<b>CONSOLIDATED PROFIT/LOSS</b>	<b>39,156</b>	<b>35,932</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified to profit or loss</b>	-	-
<b>Items to be reclassified to profit or loss</b>		
- Cash flow hedges	(14,925)	(4,073)
- Translation differences of financial statements for businesses abroad	14,869	(51,549)
- Share of other comprehensive income of equity-accounted investees	24,981	(79,756)
- Tax effect	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>24,925</b>	<b>(135,378)</b>
<b>Total comprehensive income attributable to:</b>	<b>64,081</b>	<b>(99,446)</b>
a) Equity holders of the Parent	60,472	(96,581)
b) Non-controlling interests	3,609	(2,865)
	<b>64,081</b>	<b>(99,446)</b>

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year periods ended on 30 June 2021.

Elecnor, S.A. and Subsidiaries

**CONSOLIDATED SUMMARY STATEMENT OF TOTAL CHANGES IN EQUITY  
FOR THE HALF-YEAR PERIODS ENDED ON  
30 JUNE 2021 AND 30 JUNE 2020**

(Thousands of Euros)

	Capital	Accumulated reserves	Own shares	Interim dividend paid in the year	Cash flow hedge	Translation differences	Net profit/loss for the year	Non-controlling interests	Total Total Equity
<b>Balances at 01 January 2020</b>	<b>8,700</b>	<b>790,867</b>	<b>(21,963)</b>	<b>(4,987)</b>	<b>(13,569)</b>	<b>(179,813)</b>	<b>126,377</b>	<b>31,708</b>	<b>737,320</b>
Distribution of profit/loss:									
Reserves	-	97,504	-	-	-	-	(97,504)	-	-
Supplementary dividend	-	-	-	-	-	-	(23,886)	(2,942)	(26,828)
Interim dividend	-	-	-	4,987	-	-	(4,987)	-	-
Transactions with own shares (net) (Note 10)	-	(159)	71	-	-	-	-	-	(88)
Total recognised income and expense for the period	-	-	-	-	(8,067)	(122,301)	33,787	(2,865)	(99,446)
Other changes	-	(881)	-	-	-	-	-	(328)	(1,209)
<b>Balances at 30 June 2020</b>	<b>8,700</b>	<b>887,331</b>	<b>(21,892)</b>	<b>-</b>	<b>(21,636)</b>	<b>(302,114)</b>	<b>33,787</b>	<b>25,573</b>	<b>609,749</b>
<b>Balances at 31 December 2020</b>	<b>8,700</b>	<b>887,047</b>	<b>(21,899)</b>	<b>(4,987)</b>	<b>(25,126)</b>	<b>(345,957)</b>	<b>78,303</b>	<b>23,855</b>	<b>599,936</b>
Distribution of profit/loss:									
Reserves	-	49,430	-	-	-	-	(49,430)	-	-
Supplementary dividend	-	-	-	-	-	-	(23,886)	(4,870)	(28,756)
Interim dividend	-	-	-	4,987	-	-	(4,987)	-	-
Transactions with own shares (net) (Note 10)	-	167	(152)	-	-	-	-	-	15
Total recognised income and expense for the period	-	-	-	-	(13,468)	36,330	37,610	3,609	64,081
Other changes	-	161	-	-	-	-	-	-	161
<b>Balances at 30 June 2021</b>	<b>8,700</b>	<b>936,805</b>	<b>(22,051)</b>	<b>-</b>	<b>(38,594)</b>	<b>(309,627)</b>	<b>37,610</b>	<b>22,594</b>	<b>635,437</b>

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year periods ended on 30 June 2021

**Elecnor, S.A. and Subsidiaries**  
**CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR PERIODS ENDED ON**  
**30 JUNE 2021 AND 30 JUNE 2020**

(Thousands of Euros)

	30/06/2021	30/06/2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated profit/loss for the year before taxes	62,929	52,262
Adjustments to profit/loss:		
Depreciation and amortisation	40,194	33,076
Impairment and net profit/(loss) from disposals of property, plant and equipment a	(413)	(1,288)
Changes in provisions for liabilities and charges and other provisions	(12,145)	283
Capital grants taken to income	(89)	(187)
Share in (profit)/loss for the year of equity-accounted investees (Note 7)	(11,985)	(6,741)
Impairment and net profit/loss on disposal of financial instruments	-	(3)
Finance income	(1,861)	(2,317)
Finance expenses	22,264	16,049
Translation differences	897	(8,018)
Other income and expenses	573	1,303
<b>Funds generated from operations</b>	<b>100,364</b>	<b>84,419</b>
<b>Changes in working capital:</b>		
Trade and other receivables	289	82,767
Inventories	(6,760)	(2,181)
Trade and other payables	4,552	(91,901)
Changes in other current assets and liabilities	2,209	21,151
Income tax paid	(4,326)	(10,393)
<b>Net cash flows from operating activities</b>	<b>96,328</b>	<b>83,862</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES:</b>		
Payments for acquisition of Group companies, associates and jointly-controlled entit	(8,160)	(3,596)
Payments for acquisition of intangible assets and property, plant and equipment	(40,066)	(80,291)
Payments for acquisition of financial assets	(16,880)	(33,344)
Proceeds from disposal of financial assets, net	675	-
Proceeds from the sale of intangible assets and property, plant and equipment	611	2,062
Dividends received from associates	132	-
Interest received	1,861	2,317
<b>Net cash flows from (used in) investment activities</b>	<b>(61,827)</b>	<b>(112,852)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash inflows from financial debt and other non-current borrowings	781,902	533,564
Repayment of financial debt and other non-current borrowings	(755,737)	(406,512)
Dividends paid	(4,870)	(26,828)
Interest paid	(19,659)	(15,278)
Cash inflows due to disposal of own shares	1,459	869
Cash outflows due to purchase of own shares	(1,444)	(886)
<b>Net cash flows from (used in) financing activities</b>	<b>1,651</b>	<b>84,929</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>36,152</b>	<b>55,939</b>
<b>CASH AND EQUIVALENTS AT THE START OF THE PERIOD</b>	<b>391,628</b>	<b>325,116</b>
<b>CASH AND EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>427,780</b>	<b>381,055</b>

The accompanying Explanatory Notes 1 to 15 form an integral part of the Interim Summary Consolidated Financial Statements for the half-year periods ended on 30 June 2021.

# **Elecnor, S.A. and Subsidiaries**

Explanatory Notes to the  
summary consolidated half-yearly financial statements  
for the half-year period ended on 30 June 2021

## **1. Introduction, bases for presentation of the summary consolidated half-yearly financial statements and other information**

### **a) Introduction**

The company Elecnor, S.A., Parent of the ELECNOR Group, is a company incorporated in Spain in accordance with the Public Limited Companies Act. Its corporate object, according to its Bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.
- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.
- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.
- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.
- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Parent through investments in other companies with a similar statutory activity, both in Spain and abroad. The Elecnor Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.

The Company's registered office is located at Marqués de Mondéjar 33, Madrid (Spain). The Parent's bylaws and other related public information may be viewed on the website [www.elecnor.com/home-en](http://www.elecnor.com/home-en) and at its registered office.

In addition to the operations it carries out directly, Elecnor, S.A. is the head of a group of subsidiaries that engage in various business activities and which comprise, together with Elecnor, S.A., the Elecnor Group (hereinafter, "the Group" or the "Elecnor Group"). Therefore, in addition to its own separate annual accounts, the Parent is obliged to prepare the Group's consolidated annual accounts, which also include interests in joint ventures and investments in associates.

# **Elecnor, S.A. and Subsidiaries**

Explanatory Notes  
to the summary consolidated half-yearly financial statements

## **b) Bases for presentation of the summary consolidated half-yearly financial statements**

In compliance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the Law of an EU Member State and whose shares are listed on a market regulated in one of the States of the Union, have to file their consolidated annual accounts for the years commencing after 1 January 2005 in accordance with the International Financial Reporting Standards (hereinafter, IFRS) previously adopted by the European Union.

These summary consolidated half-yearly financial statements are filed in accordance with IAS 34 on Interim Financial Reporting and were drawn up by the Directors of the Group on 28 July 2021, all in compliance with the provisions of article 12 of Royal Decree 1362/2007.

Under the provisions of IAS 34, the interim financial reporting is only prepared with the intention of updating the content of the last consolidated annual accounts presented by the Group, placing emphasis on any new activities, events and circumstances occurring during the half-year period and without duplicating the information published previously in the consolidated annual accounts for 2020. Accordingly, for a proper understanding of the information included in these summary consolidated half-yearly financial statements, they should be read together with the consolidated annual accounts of the Group for the year 2020.

The Group's consolidated annual accounts for 2020 were authorised for issue by the General Shareholders' Meeting of the Parent at their annual general meeting held on 23 June 2021.

The information included in the explanatory notes, except where indicated otherwise, is expressed in thousands of Euros.

## **c) Material changes in accounting policies**

The accounting policies and methods used to prepare the summary consolidated half-yearly financial statements are the same as those applied to the consolidated annual accounts in 2020.

A number of new standards came into force on 1 January 2021, but they have no significant effect on the summary consolidated financial statements of the Group.

All accounting principles with a significant effect have been applied in the drawing up of the half-year summary consolidated financial statements.

## **d) Estimates made**

The consolidated profit/loss and the determination of consolidated equity are subject to the accounting principles and policies, assessment criteria and estimates used by the Directors of the Parent for the preparation of the half-year summary consolidated financial statements. The main accounting principles and policies and assessment criteria are indicated in Note 3 of the notes to the consolidated annual accounts for 2020.

The preparation of interim summary consolidated financial statements in accordance with IFRS-EU requires the application of relevant accounting estimates and making judgements, estimates and assumptions in the process of applying the Group's accounting policies.

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Although the estimates performed by the Parent company's Directors were calculated based on the best information available at 30 June 2021, it is possible that future events might oblige their modification in the next few years. The effect of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

In the preparation of these interim financial statements there were no significant changes in the judgements and accounting estimates used by the Directors of the Group compared to their consolidated annual accounts for the twelve months concluding on 31 December 2020.

### **e) Contingent assets and liabilities**

Note 23 of the notes to the consolidated annual accounts of the Group for the year ended 31 December 2020 shows information on the contingent liabilities on that date. There have been no significant changes in the Group's contingent liabilities in the first six months of 2021.

### **f) Comparative information**

The information contained in these half-year summary consolidated financial statements for the year 2020 is solely and exclusively shown for the purposes of comparison with the information relating to the six-month period ended on 30 June 2021.

### **g) Seasonality of the Group's transactions**

Given the business in which the Group companies are engaged, their transactions are not of a cyclical or seasonal nature to any significant extent. Accordingly, no specific breakdowns are included in these explanatory notes to the summary consolidated financial statements corresponding to the six-month period ended on 30 June 2021.

### **h) Relative importance**

In establishing the information to disclose in these notes on the different items of the financial statements or other issues, in accordance with IAS 34, the Group has considered the relative importance in connection with those summary consolidated financial statements of the six month-period ended on 30 June 2021.

### **i) Summary consolidated statement of cash flows**

The Group presents the summary consolidated statement of cash flows using the following expressions with the following meanings:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that make up for the entity's main source of ordinary revenue and other activities that cannot be classified as investing or financing activities.
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

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For the purposes of drawing up the summary consolidated statement of cash flow, cash in hand and demand bank deposits have been considered as "Cash and cash equivalents", and also any highly liquid short term investments that can be easily traded into cash amounts, subject to very little risk with regard to changes in value.

The funds generated from operations corresponding to the first six months of 2021 have increased compared to those generated in the first six months of the previous year as a result of the good performance of the services and projects business. The changes in working capital for the period has led to funds being generated, before considering the income tax paid, amounting to EUR 290 thousand (EUR 9,836 thousand for generation of resources in the first six months of 2020).

Payments for investment in the first six months of 2021 mainly relate to the investments made in this period in certain wind farms in Brazil (new wind farms in Brazil and Spain in the first six months of 2020) (see Note 6).

Likewise, the flows from financing activities reflect an increase in the period in the outstanding balance of the promissory notes issued in the Alternative Fixed Income Market, amounting to EUR 135 million (EUR 95 million in 2020), an increase in the financial debt to fund certain wind farms in Brazil for approximately EUR 17 million (EUR 51 million in 2020), the disbursement of EUR 50 million in relation to the debt arranged in 2020 through the Elecnor Eficiencia Energética 2020 Securitisation Fund and the repayment of EUR 134 million of the credit tranche of the syndicated loan arranged by Elecnor, S. A. (see Note 8).

### **2. Changes in the composition of the Group**

Appendix I of the consolidated annual accounts for the year ended 31 December 2020 shows relevant information on the Group companies that were consolidated at that date and on those measured using the equity method.

During the first six months of 2021 the corporate transactions have not had any significant impact on the interim summary consolidated financial statements of the Elecnor Group at 30 June 2021.

### **3. Dividends paid by the Parent**

#### **a) Dividends paid by the Parent**

The dividends approved by the Parent during the first six months of 2021 and 2020 are shown below:

	First six-month period 2021			First six-month period 2020		
	% of par value	Euros per Share	Amount (in thousands of Euros)	% of par value	Euros per Share	Amount (in thousands of Euros)
Supplementary dividend	274.55	0.2746	23,886	274.55	0.2746	23,886

#### **b) Earnings per share**

Basic earnings per share are calculated by dividing the Group's attributable net profit/loss for one year by the average weighted number of shares outstanding during that year, excluding the average number of treasury shares held.

## Elecnor, S.A. and Subsidiaries

### Explanatory Notes to the summary consolidated half-yearly financial statements

Details of basic earnings per share in the first six months of 2021 and 2020 are as follows:

	30/06/2021	30/06/2020
Net profit/loss for the six-month period attributable to the Parent (thousands of Euros)	37,610	33,788
Total number of shares outstanding	87,000,000	87,000,000
Less - Own shares	(2,320,108)	(2,320,133)
Average number of shares outstanding	84,679,892	84,679,867
<b>Basic earnings per share (Euros)</b>	<b>0.44</b>	<b>0.40</b>

At 30 June 2021 and 2020 Elecnor, S.A., the Parent of the Elecnor Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company, and therefore diluted earnings per share coincide with basic earnings per share.

#### **4. Intangible assets**

##### **a) Goodwill**

There have been no important changes under the heading "Intangible assets – Goodwill" on the asset side of the consolidated summary statement of financial position at 30 June 2021 compared to the same caption at 31 December 2020. The breakdown of this heading at 31 December 2020 according to the companies from where it originates is shown in Note 9 of the notes to the consolidated annual accounts for 2020.

The impairment analysis policies used by the Group on its intangible assets and, particularly, on its goodwill, is described in Notes 3 and 9 of the consolidated annual accounts for the year ended 31 December 2020.

In 2021, no modifications were considered in relation to the basic assumptions defined in the previous year, which ended on 31 December 2020, so it has not been necessary to update the impairment tests.

##### **b) Other intangible assets**

The heading "Other intangible assets" includes an approximate amount of EUR 8,051 thousand at 30 June 2021 (EUR 8,873 thousand at 30 June 2020) reflecting the estimated fair value, net of amortisation, of the Audeca contracts with public entities for road maintenance and upkeep at the date on which this company was acquired by the Elecnor Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals.



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### 5. Financial assets

#### a) Composition and breakdown

The breakdown of the Group's financial assets at 30 June 2021 and 31 December 2020 is shown below, presented according to nature and category for the purposes of measurement:

	Thousands of Euros			
	30/06/2021			
	Assets designated at fair value through profit/loss	Hedge derivatives	Financial assets at amortised cost	Total
Equity instruments	1,842	-	-	1,842
Credits	-	-	8,166	8,166
Other financial assets	-	-	38,954	38,954
Derivatives	-	273	-	273
<b>Non-current financial assets</b>	<b>1,842</b>	<b>273</b>	<b>47,120</b>	<b>49,235</b>
Trade and other receivables	-	-	708,234	708,234
Trade receivables from related companies	-	-	25,615	25,615
Other receivables	-	-	21,591	21,591
Current investments in related companies	-	-	1,089	1,089
Other investments	-	-	23,254	23,254
Derivatives	-	445	-	445
<b>Current financial assets</b>	<b>-</b>	<b>445</b>	<b>779,783</b>	<b>780,228</b>
<b>Total</b>	<b>1,842</b>	<b>718</b>	<b>826,903</b>	<b>829,463</b>

	Thousands of Euros			
	31/12/2020			
	Assets designated at fair value through profit/loss	Hedge derivatives	Financial assets at amortised cost	Total
Equity instruments	1,971	-	-	1,971
Credits	-	-	7,994	7,994
Other financial assets	-	-	36,495	36,495
Derivatives	-	180	-	180
<b>Non-current financial assets</b>	<b>1,971</b>	<b>180</b>	<b>44,489</b>	<b>46,640</b>
Trade and other receivables	-	-	743,284	743,284
Trade receivables from related companies	-	-	32,317	32,317
Other receivables	-	-	16,612	16,612
Current investments in related companies	-	-	141	141
Other investments	-	-	9,594	9,594
Derivatives	-	830	-	830
<b>Current financial assets</b>	<b>-</b>	<b>830</b>	<b>801,948</b>	<b>802,778</b>
<b>Total</b>	<b>1,971</b>	<b>1,010</b>	<b>846,437</b>	<b>849,418</b>

The fair value of financial assets does not differ significantly from their book value.

## **Elecnor, S.A. and Subsidiaries**

### Explanatory Notes to the summary consolidated half-yearly financial statements

#### *Financial assets at amortised cost-*

##### **Credits-**

At 30 June 2021 this heading includes various subordinated loans and a VAT credit facility granted during 2012 to the company Gasoducto Morelos S.A.P.I. de CV amounting to a total of EUR 8,166 thousand (EUR 7,994 thousand at 31 December 2020), which accrue 7.5% interest and a maximum maturity date anticipated for 2033.

##### **Other non-current financial assets-**

##### Other-

At 30 June 2021 this heading includes the "Debt service reserve account" for the amount of EUR 17,298 thousand (EUR 16,161 thousand at 31 December 2020), which the Spanish and Brazilian subsidiaries engaged in operating wind farm must maintain in bank deposit accounts pursuant to the financing agreements they have entered into. The deadline for repaying those deposits coincides with the date for the total cancellation of the syndicated loans received by those companies (Note 8).

##### **Trade and other current receivables and Customer contract assets-**

At 30 June 2021 and 31 December 2020, the Group had no construction contracts with negative margins whose estimated loss is material (see Note 19 to the 2020 consolidated annual accounts).

#### **b) Impairment adjustments**

During the first six months of 2021 and 2020 no significant impairment was observed in the value of the financial assets of Elecnor Group.

The amount for current financial assets due and payable at 30 June 2021 has not varied significantly compared to the information reflected in the consolidated annual accounts at 31 December 2020.

## **6. Property, plant and equipment**

### **a) Changes during the period**

Additions in the first half of 2021 amounted to approximately EUR 37 million and relate mainly to investments in the construction of wind farms in Brazil totalling approximately EUR 17 million (EUR 63 million in the first half of 2020 from wind farms in Brazil and Spain).

Of the above additions, EUR 6 million relate to work carried out by the Group on its own property, plant and equipment (EUR 16 million in the first six months of 2020).

The exchange fluctuations of the Brazilian real have meant an increase of approximately EUR 27 million in the value of property, plant and equipment compared to the close of 2020.

Disposals of items of material assets, and also net earnings obtained from their sales during the first six months of 2021 and 2020, were insignificant.

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### **b) Impairment losses**

During the first six months of 2021 and 2020 there were no impairment losses on items of property, plant and equipment for any significant amount.

### **c) Commitments to purchase items of Property, plant and equipment**

At 30 June 2021 and 2020 the Group had no significant commitments to purchase items of property, plant and equipment.

## **7. Equity-accounted investees**

Changes that have taken place in the first six months of 2021 and 2020 under the caption of Equity-accounted investees are shown below:

	First six-month period 2021	First six-month period 2020
<b>Opening balance</b>	<b>479,970</b>	<b>580,567</b>
Acquisitions	-	3,598
Share in profits/(losses)	11,985	6,741
Contributions	8,160	-
Translation differences	23,525	(75,796)
Dividends received	(132)	-
Share in other comprehensive income	1,456	(3,960)
Other	(328)	(1,358)
<b>Closing balance for the period</b>	<b>524,636</b>	<b>509,792</b>

The appreciation of the Brazilian real against the euro in the first half of 2021 had a positive impact on the value of equity-accounted affiliates of approximately EUR 19 million (negative impact in the first half of 2020 of approximately EUR 85 million).

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**8. Financial liabilities**

**a) Composition and breakdown**

The breakdown of the Group's financial liabilities at 30 June 2021 and 31 December 2020 is shown below, presented according to nature and category for the purposes of measurement:

Financial liabilities: Nature / Category	Thousands of Euros		
	30/06/2021		
	Financial liabilities at amortised cost	Hedge derivatives	Total
Bonds and other marketable securities	30,660	-	30,660
Loans and borrowings	665,956	-	665,956
Lease liabilities	45,568	-	45,568
Derivatives	-	9,457	9,457
<b>Non-current financial liabilities</b>	<b>742,184</b>	<b>9,457</b>	<b>751,641</b>
Bonds and other marketable securities	215,523	-	215,523
Loans and borrowings	56,831	-	56,831
Lease liabilities	12,483	-	12,483
Trade and other payables	637,450	-	637,451
Derivatives	-	29,003	29,003
<b>Current financial liabilities</b>	<b>922,287</b>	<b>29,003</b>	<b>951,291</b>
<b>Total</b>	<b>1,664,471</b>	<b>38,460</b>	<b>1,702,932</b>

Financial liabilities: Nature / Category	Thousands of Euros		
	31/12/2020		
	Financial liabilities at amortised cost	Hedge derivatives	Total
Bonds and other marketable securities	32,331	-	32,331
Loans and borrowings	766,463	-	766,463
Lease liabilities	43,484	-	43,484
Derivatives	-	10,676	10,676
<b>Non-current financial liabilities</b>	<b>842,278</b>	<b>10,676</b>	<b>852,954</b>
Bonds and other marketable securities	78,018	-	78,018
Loans and borrowings	41,377	-	41,377
Lease liabilities	12,090	-	12,090
Trade and other payables	662,071	-	662,071
Derivatives	-	7,455	7,455
<b>Current financial liabilities</b>	<b>793,556</b>	<b>7,455</b>	<b>801,011</b>
<b>Total</b>	<b>1,635,834</b>	<b>18,131</b>	<b>1,653,965</b>

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### **Explanatory Notes to the summary consolidated half-yearly financial statements**

Lease liabilities mature between one and fourteen years for contracts for premises, and between one and twenty four years for contracts for leasing Solar PV plants.

In the first six months of 2021, the Parent issued 18 promissory notes on the Alternative Fixed Income Market for a nominal amount of EUR 709 million, leaving an outstanding balance at 30 June 2021 of EUR 205 million (EUR 70 million at 31 December 2020). None of the outstanding issues at 30 June mature in more than one year. The maximum amount under the promissory note programme is EUR 300 million of nominal outstanding amount at any given time (EUR 300 million at 31 December 2020).

As indicated in Note 17 to the consolidated annual accounts for the year ended on 31 December 2020, in 2020 the Parent Company set up a Securitisation Fund 'Elecnor Eficiencia Energética 2020, Fondo de Titulización', to which it assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this new structure, the Group obtained financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued 7-year bonds worth Euros 50 million, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). The Group drew down this financing in the first half of 2021.

In addition, during the first half of 2021 the Group reduced its syndicated debt by EUR 134 million relating to the credit tranche of the syndicated loan and increased its debt by issuing commercial paper in the Alternative Fixed Income Market for a net amount of EUR 135 million.

During the first six months of 2021 there were no further significant changes in either the amounts or the nature and composition of the financial liabilities which, as indicated in Note 17 to the consolidated annual accounts for the year ended on 31 December 2020, relate mainly to the loan and the syndicated loan, the credit facilities that certain Group companies have signed for funding the wind farms belonging to them, the issuance of bonds and other marketable securities and the financing contracts signed in 2017, 2018 and 2020 with European Energy Efficiency Fund S.A., Efficiency Solutions and Elecnor Eficiencia Energética 2020, Fondo de Titulización, respectively. The rest of the changes relate to the repayment of loans based on the established payment schedules and changes in credit facilities.

Furthermore, the appreciation of the Brazilian real led to an increase in "Loans and borrowings" in the first six months of 2021 of approximately EUR 13 million.

In addition, as indicated in Note 18 of the consolidated annual accounts for the year ended on 31 December 2020, the Elecnor Group uses derivative financial instruments to hedge the risks to which its business activities, transactions and future cash flows are exposed, mainly as a result of fluctuations in exchange rates, interest rates and energy prices.

#### ***Exchange rate-***

For exchange rate risk, the Elecnor Group has used derivatives during the first six-month period of 2021 mainly to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows relating to two types of transactions:

- Payments made relating to works and supply agreements denominated in a currency other than the functional currency for each subsidiary.

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### Explanatory Notes to the summary consolidated half-yearly financial statements

- Payments received from contracts for building work carried out abroad and denominated in a currency other than the functional currency for each subsidiary.

At 30 June 2021 and 31 December 2020, the total nominal amount of the exchange rate hedges was as follows:

Currency	30/06/2021	31/12/2020
Thousands of US Dollars (*)	154,646	7,961
Thousands of Chilean Pesos (*)	53,804,890	64,810,643
Thousands of Euros (*)	26,222	-

(\*) Figures expressed in the pertinent currency.

Of the nominal total hedged at 30 June 2021:

- EUR 7,110 thousand in sales insurance in US dollars to hedge future flows in that currency.
- EUR 61,475 thousand in purchases of Chilean pesos against US dollars to hedge future flows in that currency.
- EUR 2,081 thousand in purchases of US dollars against euros to hedge future flows in that currency,
- EUR 120,546 thousand in purchases of US dollars against Australian dollars to hedge future flows in that currency,
- EUR 26,222 thousand in purchases of euros against Australian dollars to hedge future flows in that currency,

Of the nominal total hedged at 31 December 2020:

- Euros 6,558 thousand corresponded to sales insurance in US Dollars to cover future payments to suppliers in US Dollars,
- EUR 72,655 thousand correspond to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean Pesos,

The equivalent Euro value of the nominal amount under exchange rate hedges at 30 June 2021 was approximately EUR 217,827 thousand (approximately EUR 79,213 thousand at 31 December 2020).

The breakdown of the maturities of the contractual cash flows for derivative financial instruments is shown below, which includes the nominal amounts in the case of financial instruments arising from exchange rate hedges at 30 June 2021 and 31 December 2020:

	30/06/2021					
	Maturity					Total
	2021	2022	2023	2024	2025 and thereafter	
Exchange rate hedge:						
USD sales (*)	5,650	2,800	-	-	-	8,450
Chilean Pesos purchases (*)	16,898,253	36,906,637	-	-	-	53,804,890
USD purchases (*)	74,246	71,950	-	-	-	146,196
EUR purchases (*)	15,798	10,424	-	-	-	26,222

(\*) Figures expressed in Euros in the pertinent currency.

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### Explanatory Notes to the summary consolidated half-yearly financial statements

	31/12/2020					
	Maturity					
	2021	2022	2023	2024	2025 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	7,961	-	-	-	-	7,961
Chilean Pesos purchases (*)	40,710,643	24,100,000	-	-	-	64,810,643

(\*) Figures expressed in Euros in the pertinent currency.

#### **Interest rate-**

For interest rate risk, the Elecnor Group has hedges aimed at mitigating the effect that any changes in exchange rates might have on the future cash flows of certain long term loans and credit facilities referenced to a floating interest rate, mainly associated to the loan tranche of the syndicated financing entered into by the Parent in July 2014. At 30 June 2021 and 31 December 2020, the total nominal value of the liabilities hedged by interest rate hedges amounted to EUR 267,783 thousand and EUR 267,847 thousand respectively.

The nominal amounts of the various derivative financial instruments described above, excluding exchange rate hedges, mature as follows:

	30/06/2021					
	Thousands of Euros					
	Maturity					
	2021	2022	2023	2024	2025 and thereafter	Total
Interest rate hedges	27,009	24,826	34,808	160,081	21,059	267,783

	31/12/2020					
	Thousands of Euros					
	Maturity					
	2021	2022	2023	2024	2025 and thereafter	Total
Interest rate hedges	34,036	29,158	39,390	162,893	2,370	267,847

#### **Energy price-**

In addition, the Group uses derivative financial instruments to hedge the risk of fluctuations in the Spanish daily market price based on its forecasts. Within the framework of these operations, the Group enters into swap contracts to ensure a fixed energy price for a specific number of Megawatt-hours (MWh), which are settled on a monthly basis. At 30 June 2021, the Group arranged derivatives to hedge the pool price of energy for a nominal 821,400 MWh (696,452 MWh hedged at 31 December 2020). The significant increase in the pool price in the first half of 2021 led to an increase in the value of these liability derivatives of approximately EUR 22 million.

Neither in the case of exchange rate hedges, interest rate hedges and energy price did any circumstances arise in the first half-year of 2021 or during 2020 that required changing the hedge accounting policy initially adopted for recognising the derivatives. Also, at 30 June 2021 and at 31 December 2020 the Elecnor Group has no derivatives that do not meet the conditions for being considered accounting hedges, nor has it maintained any during the course of the periods concluded on those dates.

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### 9. Equity

#### a) Issued capital

At 30 June 2021, the share capital of Elecnor, S.A. was represented by 87,000,000 ordinary bearer shares of EUR 0.10 par value each, fully subscribed and paid in.

The shares of Elecnor, S.A. are listed on the Spanish electronic trading system.

#### b) Own shares

Pursuant to the resolutions adopted successively by the shareholders at the General Shareholders' Meeting of Elecnor, S.A., various acquisitions of own shares of Elecnor, S.A. have been made in recent years for their progressive disposal on the market.

The breakdown and changes in own shares during the first half-year of 2021 and 2020 are as follows:

	No. of Shares	
	First six-month period 2021	First six-month period 2020
Opening balance for the period	2,320,942	2,320,809
Acquisition of own shares	135,615	100,619
Sale of own shares	(136,449)	(101,295)
<b>Closing balance for the period (Note 3.b)</b>	<b>2,320,108</b>	<b>2,320,133</b>

Changes in own shares during the first half-year of 2021 and 2020 in thousands of Euros are as follows:

	First six-month period 2021	First six-month period 2020
Opening balance for the period	21,899	21,963
Acquisition of own shares	1,444	886
Sale of own shares	(1,292)	(957)
<b>Closing balance for the period</b>	<b>22,051</b>	<b>21,892</b>

“Own shares” are shown as a reduction under the heading “Equity”.

In the first six months of 2021 and 2020, there was no significant profit/loss from selling own shares, which is recognised as a credit or debit to “Equity”.

All the own shares held by the Parent at 30 June 2021 and represented 2.67% of the total share capital of Elecnor, S.A. at that date (2.67% at 31 December 2020).



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### **c) Translation differences**

The cumulative translation differences recognised in equity at 30 June 2021 and 31 December 2020 for each of the main currencies are as follows:

Translation differences	Thousands of Euros	
	30/06/2021	31/12/2020
Brazil	(228,084)	(260,115)
Canada	(7,767)	(8,043)
Chile	(19,352)	(24,181)
USA	(2,202)	(1,720)
Argentina	(5,841)	(5,401)
Venezuela	(42,502)	(42,748)
Other	(3,880)	(3,749)
<b>Total</b>	<b>(309,628)</b>	<b>(345,957)</b>

The appreciation of the Brazilian real against the euro during the first half of 2021 from BRL 6.37/EUR at 31 December 2020 to BRL 5.91/EUR resulted in an improvement in translation differences of EUR 32 million (see Notes 6, 7 and 8).

### **10. Income tax**

Elecnor, S.A. pays tax in accordance with Spanish legislation contained in Royal Legislative Decree 27/2014, of 27 November on Corporate Income Tax and its implementing regulations.

The Corporate Income Tax expense has been calculated on the basis of our best estimate performed by the Parent company's Directors of the weighted tax rate for the whole year multiplied by the consolidated profit or loss before tax corresponding to the six-month period.

The effective tax rate corresponding to the six-month period ended on 30 June 2021 was 38% (31% in the six-month period ended on 30 June 2020).

On 2 July 2021, the tax audit of the Parent was completed for all the taxes described in Note 22 to the consolidated annual accounts for 2020, with the exception of those pertaining to related-party transactions. The Group has recognised an amount of approximately EUR 4 million under income taxes in the accompanying consolidated income statement as a result of the change in estimate arising from the completion of these tax audits.

### **11. Related parties**

"Related parties" to the Group are considered to be subsidiaries, associates and multi-group companies, plus any significant shareholders and "Key Management Personnel" (members of the Company's Board of Directors and the Managers, together with their close relatives), as well as any companies over which the key Management personnel has any significant influence or has control.

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The transactions carried out by the Group during the first six months of 2021 and 2020 with parties related to it and that have not been eliminated in the consolidation process are shown below. Related party transactions have been carried out at arm's length and, where appropriate, any corresponding payments in kind have been allocated.

	Thousands of Euros	
	Other related parties	
	30/06/2021	30/06/2020
<b>Income:</b>		
Finance income	693	445
Net turnover	59,034	66,337
	<b>59,727</b>	<b>66,782</b>

The main transactions with related parties at 30 June 2021 relate to the invoicing for the construction of power transmission lines in Brazil for EUR 34 million (EUR 41 million at 30 June 2020), the construction of photovoltaic plants in Brazil for EUR 1 million (EUR 9 million at 30 June 2020), the construction of power transmission lines in Chile for EUR 16 million (EUR 9 million at 30 June 2020) and, for the maintenance of solar thermal facilities of the companies Aries Solar Termoeléctrica, S.L. and Dioxipe Solar, S.L. amounting to EUR 8 million (EUR 6 million at 30 June 2020); they are all companies forming part of the Celeo Concesiones e Inversiones Group which is consolidated using the equity method.

Trade payables, associates and related companies correspond mainly to the final dividend approved in June 2021 to be paid to the parent company Cantiles XXI, S.L. in the amount of EUR 12,947 thousand. The dividend payable to the remaining shareholders of the Parent is recorded under "Other current liabilities" in the accompanying balance sheet and amounts to EUR 10,939 thousand.

The Directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

#### **12. Remuneration and other benefits paid to the Board of Directors and Senior Management of the Parent**

Note 29 of the notes to the consolidated annual accounts of the Group for the year ended 31 December 2020 reflects the arrangements in place regarding remuneration and other benefits for members of the Board of Directors of the Parent.

A summary of the most significant figures for those remunerations and benefits corresponding to the six-month periods ended 30 June 2021 and 2020 is shown below:

	Thousands of Euros	
	30/06/2021	30/06/2020
<b>Members of the Board of Directors:</b>		
Type of remuneration		
Fixed remuneration	1,202	1,482
Statutory allowances	1,623	1,390
Life insurance premiums	7	18
	<b>2,832</b>	<b>2,890</b>
<b>Senior Management:</b>		
Total remuneration received by Senior Management	<b>3,048</b>	<b>4,336</b>

## Elecnor, S.A. and Subsidiaries

### Explanatory Notes to the summary consolidated half-yearly financial statements

There were no significant agreements other than those itemised in the mentioned Note of the notes to the consolidated annual accounts of the Group for the year ended 31 December 2020.

#### **13. Segment information**

Note 6 of the notes to the consolidated annual accounts of the Group for the year ended 31 December 2020 shows the principles used by the Group for defining its operating segments. There have been no changes in the bases for segmentation.

Net turnover per segment at 30 June 2021 and 2020 is as follows:

Net turnover by Segment	Thousands of Euros	
	30/06/2021	30/06/2020
Elecnor (Services and Projects business)	1,267,320	960,229
Enerfin and Celeo (Concessions business)	68,201	69,355
Intersegment	(2,501)	(15,829)
<b>Total</b>	<b>1,333,020</b>	<b>1,013,755</b>

The reconciliation of the profit/loss per segment with the consolidated profit/loss at 30 June 2021 and 2020 attributable to the Parent is as follows:

Segment	Thousands of Euros	
	30/06/2021	30/06/2020
Elecnor (Services and Projects business)	34,796	29,135
Enerfin and Celeo (Concessions business)	17,798	13,353
Group Management and Other Adjustments	(14,863)	(7,772)
Intersegment	(121)	(929)
<b>Profit/loss for the year attributable to the Parent</b>	<b>37,610</b>	<b>33,787</b>

The result attributable to the segment "Group Management and Other Adjustments" at 30 June 2021 corresponds mainly to general structural expenses and the expense arising from the tax audit (Note 10) (general structural expenses at 30 June 2020).

No breakdown is shown of the information corresponding to finance expenses and taxes as they are not included in the information supplied to the Group's Governing Body for management purposes.

## **Elecnor, S.A. and Subsidiaries**

Explanatory Notes  
to the summary consolidated half-yearly financial statements

### **14. Average workforce**

The average headcount, by professional category, of employees during the first six months of 2021 and 2020 was as follows:

	Average headcount	
	30/06/2021	30/06/2020
Management	164	175
Executive	1,346	1,230
Technician	4,128	3,319
Basic	13,939	11,139
	<b>19,577</b>	<b>15,863</b>

Of the Group's average headcount in the first six months of 2021 and 2020, 7,660 and 5,869 employees, respectively, had temporary employment contracts.

The distribution of the workforce per gender breakdown at 30 June 2021 and 2020 is as follows:

	Number of employees	
	30/06/2021	30/06/2020
Male	18,273	14,357
Female	2,467	1,912
	<b>20,740</b>	<b>16,269</b>

### **15. Events after the reporting period**

There have been no events between the close of the first six months of 2021 and the drawing up of these Interim Summary Consolidated Financial Statements that could entail any significant alteration to the true and fair view of the financial statements of both Elecnor, S.A. and the subsidiaries making up the Group.

## Interim Directors' Report - Elecnor Group

For the half-year period ended on 30 June 2021

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## 1. Purpose, vision and business model

The Elecnor Group is a Spanish company operating in more than 50 countries. The company's purpose is to generate change and bring about well-being by deploying infrastructure, energy and services to territories all over the world in order to develop their potential. The Elecnor Group places engineering and technology at the service of people's well-being.

It is a global enterprise whose purpose is driven by a people-centric business model and that believes in generating shared value and sustainability.

It is a model implemented by means of two key businesses that are complementary and mutually strengthening:

- **Services and Projects**<sup>1</sup>: execution of engineering, construction and services projects, most notably in the electricity, power generation, gas, telecommunications and systems, railways, maintenance, facilities, construction, water, environment and space sectors.
- **Concessions**: development, financing, construction, investment and management of energy assets.

Efficiency, diversification and robustness are the Elecnor Group's growth and expansion levers.

## 2. Economic context<sup>2</sup>

The economic situation resulting from COVID-19 and which is affecting all countries continues to be the determining factor in 2021. Although uncertainty remains over the evolution of the pandemic, according to estimates published by the International Monetary Fund (IMF), the launch of the vaccination campaign this year has raised hopes that the pandemic will reach a turning point during the year. In doing so, the IMF estimates a growth in the global economy of 6% in 2021 and 4.4% in 2022, improving its previous forecasts.

The IMF forecasts that in 2021 the growth rate of advanced economies will increase by 5.1%, while in emerging and developing economies, the average will be 6.7% (3.6% and 5%, respectively, in 2022). The improvement is mainly based on a recovery of activity at the beginning of the year thanks to vaccines and additional policy support in some major economies.

The robustness of the recovery, according to the IMF, will vary considerably between countries, depending on access to healthcare, the efficiency of policy support measures, exposure to cross-border economic repercussions and the structural characteristics of each economy at the start of the crisis. Thus, in its latest forecasts, the IMF expects that in the most advanced economies, the United States and Japan, will return to the level of activity of late 2019 during the first half of 2021 in the case of United States, and in the case of Japan, in the second half. In the euro area and the United Kingdom, activity will remain below the levels of late 2019 until the beginning of 2022. Similarly, among emerging and developing market economies, China had already returned to its pre-COVID-19 level by end of 2020, while many others won't do so until the beginning of 2023. That divergence in recovery paths between nations will significantly widen the disparities

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<sup>1</sup> Services and Projects, formerly known as the Infrastructure

<sup>2</sup> Sources:

- International Monetary Fund (IMF). World Economic Outlook. April 2021  
- Bank of Spain. Quarterly report on the Spanish economy. June 2021  
- Funcas. Economic forecasts for Spain 2021 - 2022. July 2021

between the living standards of developing countries and other countries, compared to pre-pandemic expectations.

In **Spain**, according to Bank of Spain forecasts, GDP growth is expected to reach 6.2% in 2021. According to its Quarterly Report on the Spanish Economy, the reduced incidence of the pandemic, with the progress of the vaccination campaign, and the implementation of projects under the umbrella of the European funds would give rise, under this central scenario, to high growth in activity during the second half of this year, which would also have a high positive impact on GDP by the average of 2022. The Bank of Spain has stated that GDP would not return to the pre-pandemic level until the end of 2022 and would be 1.9% above this at the end of its projection horizon, which indicates that, although transitory, the impact of the health crisis will be relatively persistent.

Funcas estimates that public deficit will be 7.9% this year and 6.2% in 2022, and that public debt will remain high, close to 120% of GDP, while employment will have returned to the pre-crisis level by the end of 2022.

According to the Institute for Economic Studies (IEE), Spanish growth in 2021 will mainly be driven by the recovery of domestic demand, thanks to more dynamic household consumption and investment. In terms of the foreign sector, it is expected that tourism will gradually improve in line with the increase in the arrival of foreign tourists, while exports continue to grow faster than imports, which would allow the Spanish economy to record a current account surplus of around 1% of GDP in 2021 and slightly higher in 2022.

In detail by countries, the IMF recently raised its economic growth forecasts for the **United States** to 6.4% this year, the highest annual increase in a generation, while it played down the recent price rises, which it considered transitory. It also pointed out that the major beneficiaries of the evolution of the economy of the country led by Joe Biden will be its two neighbours, **Canada and Mexico**, which will see an increase in demand by the US market. The World Bank forecasts very significant growth rates in the United States (around 6.8%, more optimistic even than those of the IMF) as a result of major fiscal support and the lifting of restrictions established due to the pandemic. In other advanced economies, growth is also steady, albeit less.

According to the IMF, of the four major economies of the **Euro Area**, Spain will record the highest growth this year (6%), followed by France (5.8%), Italy (4.2%) and Germany (3.6%). Expansion in the Euro Area will be underpinned by the beginning of the disbursement of funds from the Next Generation programme of the European Union (EU) aimed at revitalising and reforming the economy after the pandemic, with funds worth 750 billion euros, and the monetary support of the European Central Bank (ECB).

**Latin America** is no exception in regard to an improvement in its outlook for 2021. The economy of this region will grow 4.6% this year according to the IMF. Progress with vaccination campaigns, the adaptability of working partially from home and huge fiscal and monetary stimuli in the world's principal economies are driving a more rapid recovery than expected. In 2022, however, the rebound will be slower: for that year, the IMF forecasts that Latin America will grow 3.3%. The two largest economies in the region, Mexico and Brazil will grow this year by 5% and 3.7%, respectively (3% and 2.6% in 2022).

In the **Latin America and Caribbean** region, according to the World Bank, external economic conditions favour the recovery. These include the increase in the price of basic products that the region exports to the rest of the world, which strengthens domestic fiscal revenue, and the gradual reactivation of international tourism. The growth forecast by the World Bank of 2.9% contrasts with the 3.9% considered for Europe, the 3.3% for **Sub-Saharan Africa** and is well behind that of **South Asia**, the most dynamic region, with expected growth of 6.8% for next year.

In other emerging and developing areas, World Bank data points to the following GDP growth this year: Russia (3.2%), Saudi Arabia (2.4%) and Nigeria (1.8%), while South Africa's performance (3.5%) will be affected by

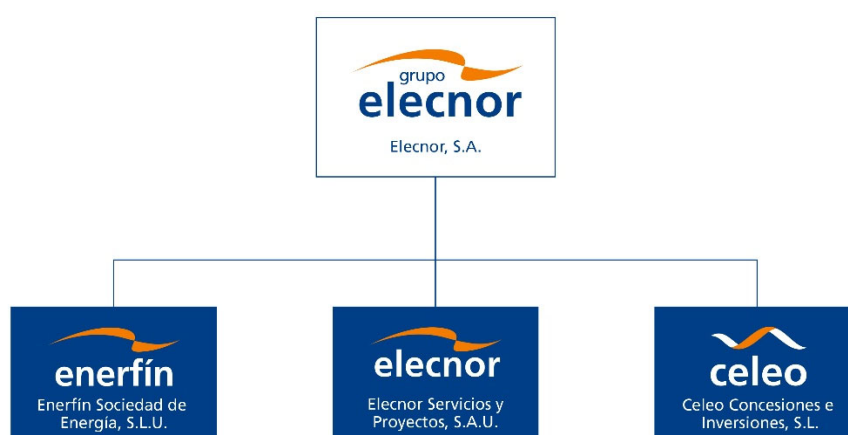
the improved health situation. All these countries finished 2020 with significant declines in their activity, as in the case of South Africa whose GDP shrunk by up to 7%.

In **Australia**, according to IMF data, the economy contracted by 2.4% in 2020. The Australian economy has recovered quickly from the technical recession and already recorded three consecutive quarters of growth with rates of higher than 3% in the periods for September and December 2020, and 1.8% in March 2021. It is the first time in sixty years of history of the National Accounts that GDP has grown by more than 3% in three consecutive quarters. Currently, the IMF and OECD forecast growth of 4.5% in 2021. Remember that, to counteract the effects of the pandemic, the Government of Australia has implemented since March of last year aid packages, including wage and unemployment subsidies, and has also provided economic stimuli in total equivalent to 13.3% of its GDP.

### Elecnor Group

During the first half of 2021, the Board approved the formulation of the **Joint project for the spin-off of Elecnor, S.A. in favour of Elecnor Servicios y Proyectos, S.A.U.** which was approved at the General Shareholders' Meeting held on 23 June this year. The projected spin-off transaction will entail the spin-off of part of Elecnor's equity devoted to the services and projects business activity, comprising one economic unit acquired by universal succession by Elecnor Servicios y Proyectos. Insofar as Elecnor Servicios y Proyectos is fully owned by Elecnor, the spin-off will take place in accordance with the provisions of sec. 49.1 of Spanish Law 3/2009, of 3 April, on structural modifications of commercial enterprises, by reference to sec. 73.1 of the same legal text.

The current Elecnor, S.A. will continue to be the Group's listed parent company with the following organisational structure:



This spin-off process seeks the adaptation of the corporate structure of the Group to the organisational reality with which the Group has been working for several years. This new structure will facilitate the management and coordination of the various activities and help give more visibility to businesses favouring the orderly



growth of all of them. In any case, from an operational point of view, the Group will continue to operate in the same way.

### 3. Analysis of the key figures for the period

#### 3.1. Key figures of the Elecnor Group

At 30 June 2021 and 30 June 2020:

<b>Key figures</b> (thousands of Euros)	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>Change (%)</b>
Turnover	1,333,020	1,013,755	31.5%
Domestic	649,616	522,771	24.3%
International	683,404	490,984	39.2%
EBITDA	112,278	91,577	22.6%
Profit before tax	62,929	52,262	20.4%
Attributable consolidated net profit	37,610	33,787	11.3%

The Elecnor Group recorded net profits of EUR 37.6 million in the first half of 2021, which is a 11.3% increase on the profits obtained in the same period of the previous financial year, which was affected by the COVID-19 pandemic. The result achieved during this first half of the year surpasses that of the first half of 2019, when the economy had not yet been impacted by this crisis.

The Elecnor Group's sales reached **EUR 1,333 million** (EUR 1,013.8 million in the same period of the previous financial year), a 31.5% increase with respect to the first half of 2020. Both the domestic market (which represents 49% of the total) and the international market (which makes up 51%) experienced significant positive growth (24.3% and 39.2% respectively).

This positive evolution in the Group's figures during this first half of the year was possible thanks to a significant increase in Elecnor's business volume, mainly due to activities related to services that the Group provides in European countries, particularly Spain, the United Kingdom, Italy, and in the United States, and the start of the implementation of major projects in Australia, Chile and Brazil, especially.

As explained in the section that analyses the evolution of Elecnor's businesses<sup>3</sup>, the Group's profits were absorbed during the first half of the year by the costs of launching new telecommunications and electricity service agreements in the United Kingdom and Italy, and non-recurring costs such as those related to the

<sup>3</sup> Elecnor: Services and Projects Business, formerly known as the Infrastructure Business

spin-off project explained above and the relevant reports of the tax inspection being carried out in Elecnor Holding<sup>4</sup> and which are being signed in accordance with the Tax Office.

In addition to the good performance of the Services and Projects Business, worth highlighting is the positive evolution of the Concessions Business, both of which the Group bases its activity on and which complement and strengthen each other.

The Group continuously evaluates its operating expenses to reduce any discretionary expenses, applying policies of contention and control to the expenses on a recurring basis, in all companies of the Group.

### 3.2. Business performance

#### Elecnor (*Services and Projects Business*)

(thousands of Euros)	30 June 2021	30 June 2020	Change (%)
Turnover	1,267,320	960,229	32.0%
Profit before tax	53,110	41,816	27.0%
Attributable consolidated net profit	34,796	29,135	19.4%

The Services and Projects Business<sup>3</sup> has seen an increase in its turnover, both nationally and internationally, recording a profit/loss of EUR 34.8 million, 19.4% more than that in the same period the previous year.

In the **domestic market**, the activity has continued its growth path during this period, thanks to services undertaken for the energy, telecommunications, water, gas and transport sectors, it provides an essential service for all utilities, maintaining the safety and hygiene services adopted on the basis of government recommendations. In addition, during this first half of the year, wind farm and solar PV farm construction work contributed to both the turnover and profit/loss of the Group.

On the **international market**, positive evolution during the period is mainly due to the construction of electricity transmission lines in Brazil and Chile, and also to US subsidiaries (Hawkeye and Belco) and to the start of major projects in Australia to be implemented during the financial year. The construction of wind farms in Colombia, solar PV farms in the Dominican Republic and Panama, hydroelectric plants in Cameroon and Angola, substations in Guinea and D.R of the Congo and a biomass project in Belgium, among many others, also contributed to the Turnover. It is worthy to note that this increase in activity has contributed to the absorption of the costs for the launch of new activities and the expansion to new areas in Italy and the United Kingdom, countries in which the Group has been operating for years with positive results.

#### Enerfin and Celeo (*Concessions business*)

<sup>4</sup> Elecnor Holding: Elecnor, S.A. Parent of the Elecnor Group

(thousands of Euros)	30 June 2021	30 June 2020	Change (%)
Turnover	68,201	69,355	-1.7%
Attributable consolidated net profit	17,798	13,353	33.3%

The Concessions Business encompasses the operation of wind farms, solar PV and solar thermal plants, and electricity transmission lines. The Group already operates 6,877 km of electricity transmission lines in Chile and Brazil, and participates in 1,814 MW of renewable energy (of which 93% is in operation and 7% under construction) in Spain, Brazil, Canada, Australia and Colombia, and continues its intense promotional activity to ensure its growth.

The power transmission business, which is consolidated in the Group by the Equity Method, does not provide turnover. Last year it included the turnover of subsidiaries dedicated to the construction and operation of water treatment plants (EUR 2,346 thousand), before their sale in the second half of the year.

The profit/loss of this segment increased by 33.3% compared to that obtained during the same period of the previous financial year, and has absorbed the impact of the depreciation of the currencies in which the Group's assets operate (especially in Brazil and Chile). In the national wind market, the Cofrentes wind farm was commissioned in April last year while internationally the wind farms in northern Brazil were commissioned (at the end of last year and beginning of this one).

The power transmission business continues its growth with the increased participation in the Brazil lines, as well as the signing of the contract by Celeo Concesiones for the acquisition of 20% of the shares of the transmission lines business of Colbún Transmisión, S.A. (APG Asset Management N.V. will acquire the remaining 80%) whose final closure is expected during the second half of 2021. Colbún Transmisión, S.A. consists of 29 active transmission line assets totalling 899 km and 27 transmission substations located throughout Chile. Through this acquisition, APG and Celeo will become the second largest player in the regulated transmission market in Chile.

### 3.3. Production portfolio

The **production portfolio** by 30 June 2021 and whose implementation is expected to take place over the next 12 months, **amounts to EUR 2,612 million** (EUR 2,273 million at the end of 2020), which is a 14.9% increase. Of this portfolio figure, 75% relates to the international market, for an amount of EUR 1,973 million, and 25% to the domestic market, for an amount of EUR 639 million. The domestic market portfolio was increased by the wind farms and solar PV farms, as well as the contracts for traditional service activities. The international portfolio is increasing in both European countries (Italy and the United Kingdom) where service-related activities are carried out, and in other countries (Australia, Chile and Brazil, mainly) where major wind farm, solar PV farm and power transmission projects have been contracted.

### 3.4. Financial Strategy

With regard to the Group's **financial strategy**, we note:

- The Elecnor Group maintains a **Syndicated Financing Agreement**, arranged in 2014 and renewed in 2015, 2016, 2017, 2018 and 2019, extending the maturity, improving the original conditions and including the voluntary prepayment of EUR 100 million in 2018. The financing has a cap of EUR 400 million, distributed between the Loan Tranche of Euros 200 million and a Credit Facility Tranche of Euros 200 million. The Credit Facility Tranche is subdivided into two parts: one denominated in US Dollars, up to a limit of EUR 75 million and available for Elecnor, S.A. and its subsidiary Elecdor, and one denominated in Euros up to a limit of EUR 134 million, available only to Elecnor. The 2019 renewal affords Elecdor sufficient financial capacity to tackle the new projects in the oil and gas business being developed by the company in Ecuador.
- The Elecnor Group's strategy is to diversify its short- and medium-term financing sources, beyond traditional banking sources, by issuing another **Commercial Paper programme in the Alternative Fixed-Income Market (MARF)** that will enable it to finance itself in Euros and US Dollars over periods of up to 24 months, optimising the costs of funding working capital. The equivalent value of outstanding issues in Euros may not exceed the ceiling of EUR 300 million. In deciding to renew the programme, Elecnor valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities. For this "Elecnor Commercial Paper Programme 2021" Elecnor has Banca March and Banco Sabadell as placement entities, assuming the functions of advising the issuer and structuring and distributing the issues among qualified investors, with Banca March also being the Registered Advisor for the Alternative Fixed-Income Market (MARF). The aim is to continue implementing its projects in the areas of engineering, development and construction of infrastructure, renewable energy and new technologies, both in Spain and the international markets.
- At 30 June 2021, the Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

The Elecnor Group undertakes its investment projects by signing both "Project Financing" (section 4.2 of this report) and "Project Bonds" to finance wind farms in Brazil and transmission lines in Chile and Brazil. Contracts for the management of energy services and maintenance of public lighting installations in Spain are financed through resources generated by the transfer of their collection rights to the Securitisation Fund established by Elecnor, S.A. ("ELECINOR ENERGY EFFICIENCY 2020, Securitisation Fund"). The resources generated by the businesses that make up the Group help finance its Equity.

### 3.5. Material changes in accounting policies

The accounting policies and methods used to prepare the interim summary consolidated financial statements in June 2021 are the same as those applied to the consolidated annual accounts in 2020.

All accounting principles with a significant effect have been applied in the drawing up of these consolidated annual accounts.

## 4. Financial risk management policy

The Elecnor Group is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

### 4.1. Foreign currency risk

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the functional currency. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, the Elecnor Group uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby the Elecnor Group and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

### 4.2. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. The Elecnor Group has arranged external financing to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions, which it does under project financing arrangements. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to

convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

#### 4.3. Other price risks

The Group is also exposed to the risk that cash flows and profit/loss may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group occasionally uses hedging strategies.

#### 4.4. Liquidity risk

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

As described in the Financial Strategy section, the Elecnor Group maintained at the end of the first half of the year a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

#### 4.5. Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the national wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Moreover, on 1 June 2020 the long-term energy sales agreement between the Cofrentes wind farm and CEPSA entered into force. In addition, Ventos do Sul Energia, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energia, S.A. and Ventos dos Índios Energia, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian

electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, Eóliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concession holder has the guaranteed payment from the national power grid system, there having been no payment default by its users.

Furthermore, in Chile we are building certain assets for the Zonal Transmission System, a segment characterised by its lines and substations positioned to supply regulated customers in a specific geographical area. In this case, as in the case of assets in the National Transmission System, their remuneration is safeguarded by the CEN collection procedure.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary.

#### 4.6. Regulatory risk

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

Order TED/668/2020, of 17 July, was published in 2020, reviewing remuneration on investments of 2018 and 2019. This review emerged as a result of Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% 'de-contracted' project was launched in Brazil (24.2 MW), which sells energy in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

#### 4.7. Other risks

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

### 5. Sustainability

The Elecnor Group is the generator of change and well-being. It is therefore aware of the importance of its actions on people and the environment in which it undertakes its activities. Its purpose is to maximise positive impacts and minimise negative impacts on society and the environment, through responsible, ethical and transparent behaviour. This commitment is inherent in every aspect of its activities and business strategy, as well as in its relations with stakeholders.

In line with ESG criteria (environmental, social and governance), the Elecnor Group contributed to global sustainability as follows:

#### **Focused on people**

- The prevention of occupational risks in the work centre
- Promotion of equality and diversity
- Inclusion of people at risk of social exclusion
- Increase of women in the workforce by 20% in 2020
- Women make up 30% of the Staff in Structure

#### **Protecting the environment**

- Continuity of the 2030 Climate Change Strategy
- Incorporation of environmental considerations in decision-making processes regarding investments and the planning and execution of activities
- Promotion of renewable energy
- Development of activities in keeping with an internal Environmental Management and Energy Management System, certified in accordance with ISO 14001 and ISO 5001 Standards, respectively



- Reduction of GHG emissions by 24%, as compared to 2014
- Highest score in the CDP international sustainability ratings, endorsing the company's leadership in the fight against climate change

### Commitment to society

- Signatory Partner to the UN Global Compact
- Ally of the Sustainable Development Goals (SDG)
- Social action led by the Elecnor Foundation
- Dialogue with local communities
- Operational excellence

### Good governance

- The highest ethical standards
- Zero tolerance for malpractice
- Reporting transparency
- Certification to UNE-ISO 37001 anti-bribery management system standard
- Certification to UNE 19601 criminal compliance management system standard

The Elecnor Groups contributes with its businesses to the following SDGs:



## 6. Significant events subsequent to the end of the half-year period

Between 30 June 2021 and the preparation of the interim summary consolidated financial statements there were no significant events that might materially alter the true and fair view of those financial statements.

## 7. Outlook for 2021

### 7.1. Economic context

As explained in section 2 of this report – Economic context, the outlook for the year is for global growth. Despite the persistent high degree of uncertainty due to possible new virus variants, the global economy is

expected to grow in the latter part of the year, thanks to the vaccines and the additional policy support in some leading economies.

## 7.2. Elecnor Group

The Group, supported by its solid portfolio of contracts and by the geographical and activities diversification of the company, is confident that its businesses will surpass the figures of the previous financial year.

The Group's businesses continue to generate solid operating cash-flow, which reinforces its financial position, and continue their production activity by applying protocols developed to fight the spread of COVID-19 and to protect the health and safety of employees. It is also tracking all accounts receivable from customers and current ongoing production values with the aim of controlling credit risk.

## 8. Share capital and acquisition of own shares

At 30 June 2021, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of EUR 10 Euro, fully subscribed and paid in, implying a share capital of EUR 8,700,000.

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2020, Elecnor had a portfolio of 2,320,942 shares. During the first half-year of 2021 it acquired 135,615 securities, and sold 136,449. Accordingly, at 30 June 2021 it had a total of 2,320,108 own shares, 2.7% of all shares in the company, unchanged on the previous year.

## 9. Related party transactions

With regard to the disclosures on related party transactions, see the details in the notes to the interim summary consolidated financial statements at 30 June 2021, as provided in article 15 of Royal Decree 1362/2007.

## Appendix. Alternative Performance Measures

30 June 2021

Alternative measures of the Elecnor Group's performance

### Key figures

(thousands of Euros)

	30 June 2021	30 June 2020	Change (%)
Turnover	1,333,020	1,013,755	31.5%
Domestic	649,616	522,771	24.3%
International	683,404	490,984	39.2%
EBITDA	112,278	91,577	22.6%
Profit before tax	62,929	52,262	20.4%
Attributable consolidated net profit	37,610	33,787	11.3%

### EBITDA:

"Earnings Before Interest, Taxes, Depreciation, and Amortization" or Gross Profit.

	30 June 2021	30 June 2020	Change (%)
<b>EBITDA = Gross Operating Profit:</b>	<b>112,278</b>	<b>91,577</b>	22.6%
Operating income	84,229	57,973	
+ Expense for amortisation, depreciation, impairment and charges to provisions	28,049	33,604	

### Turnover by segments

(thousands of Euros)

	30 June 2021	30 June 2020	Change (%)
Elecnor ( <i>Services and Projects Business</i> )	1,267,320	960,229	32.0%
Enerfin and Celeo ( <i>Concessions business</i> )	68,201	69,355	-1.7%
Operations between segments	(2,501)	(15,829)	-
	<b>1,333,020</b>	<b>1,013,755</b>	31.5%

### Attributable consolidated net profit

(thousands of Euros)

	30 June 2021	30 June 2020	Change (%)
Elecnor ( <i>Services and Projects Business</i> )	34,796	29,135	19.4%
Enerfin and Celeo ( <i>Concessions business</i> )	17,798	13,353	33.3%
Group Management and Other Adjustments	(14,863)	(7,772)	-
Operations between segments	(121)	(929)	-
	<b>37,610</b>	<b>33,787</b>	11.3%