

Opdenergy Holding, S.A. y Sociedades Dependientes

Independent Auditor's Report

Consolidated Financial Statements for the year ended 31 December 2022, prepared in accordance with International Financial Reporting Standards and Consolidated Director's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 23). In the event of a discrepancy, the Spanish-language version prevails.

All Financial Information has been translated into English except for the Annual Corporate Governance Report, which is available in the Spanish version. In the event of discrepancy, the Spanish – language version prevails.

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Opdenenergy Holding, S.A.,

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Opdenenergy Holding, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

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

Measurement of derivative financial instruments and impact thereof on the Group's equity

Description

As described in Notes 3.8 and 11.3 to the accompanying consolidated financial statements, the Group uses derivative financial instruments to hedge both electricity price risk and exposure to fluctuations in the interest rate on the debt arranged to finance the construction of the renewable energy facilities.

The use of hedge accounting for derivative instruments requires compliance with specific criteria relating to formal designation at the inception of the hedge and to the measurement of hedge effectiveness for the presentation of changes therein in equity or profit or loss. Also, the fair value of the derivative financial instruments is determined using valuation techniques that may take into consideration, among other factors, complex valuation models which require a significant level of judgement.

In this regard, as described in Notes 2.4 and 11 to the accompanying consolidated financial statements, from the second half of 2021, and throughout 2022, the volatility of electricity prices was exceptionally high, giving rise to a negative impact of EUR 194.9 million under "Valuation Adjustments - Hedges" at 2022 year-end, which reduced consolidated equity significantly, as indicated in Note 2.4.

In view of the complexity associated with compliance with the applicable regulatory financial reporting framework with regard to the identification and measurement of the hedging instruments and the correct measurement of hedge effectiveness, and given the unstable evolution of electricity prices since 2021 and throughout 2022, which has caused a significant reduction in equity, we considered this situation to be a key matter in our audit.

Procedures applied in the audit

Our procedures to address this matter included, among others, the performance of substantive tests to evaluate whether the derivative financial instruments had been measured correctly, involving our internal specialists in financial instruments; the review of a significant sample of the derivative financial instrument contracts entered into in order to obtain an appropriate understanding of the terms and conditions agreed on; the evaluation of compliance with the criteria for being able to apply hedge accounting provided for in current legislation, with respect to the identification of hedging instruments and positions to be hedged; and the evaluation of the reasonableness of the measurement of hedge effectiveness for the Group's hedge accounting.

In addition, due to the impact these measurements have had on equity, we analyzed the understanding which the Parent's directors have obtained of this equity position from the perspective of the various financial risks to which the Group's business activities are exposed. We obtained an understanding of the assumptions used and evaluated the reasonableness thereof based on our understanding of the Group's activities, the explanations, evidence and data provided by management on the evolution of the projects in progress, the possibility of new financing and other aspects envisaged in its business plan.

Lastly, we verified that the notes to the accompanying consolidated financial statements included the related disclosures required by the applicable financial reporting framework. In this regard, Notes 2.4, 3.8 and 11 to the accompanying consolidated financial statements include these disclosures.

Recognition of revenue from solar PV farm sales

Description

As detailed in Notes 1, 3.1.c, 3.15, 5 and 18.1 to the accompanying consolidated financial statements, the Group engages mainly in the development, construction, operation and maintenance of solar PV farms and the production of electricity, as well as the sale of solar PV farms through the execution of purchase and sale agreements.

In 2022 the Group recognized revenue totalling EUR 74.3 million relating to the sale of 12 companies that own development-phase solar PV farms located in Spain, within the framework of a global agreement entered into in 2021 for the sale of 20 companies to a single customer.

In this context, the analysis of both the global purchase and sale contract, as well as the partial contracts for the various companies, was considered to be a key matter in our audit given the significance of the revenue recognized with respect to the Group's total revenue for 2022, the evaluation of compliance with the conditions precedent to which the transfer of ownership was subject, as well as the impacts that regulatory changes might have on the related tax treatment.

Procedures applied in the audit

Our audit procedures included, among others, obtaining, reviewing and analyzing both the global purchase and sale agreement and a representative sample of the partial purchase and sale contracts for the various companies signed between the parties, with the aim of obtaining an adequate understanding of the clauses and terms and conditions agreed upon, including the consideration of any complex element or aspect that might require a significant judgement included in the aforementioned contractual agreements. In this connection, for the selected farms, we conducted substantive procedures aimed at checking that the revenue recognized was consistent with the terms and conditions reflected in the agreement, and verified the price agreed upon for the transfer of the shares associated the solar PV farms. Also, we analyzed the collections of the amounts agreed upon in the purchase and sale contracts and reviewed the correct accounting recognition and classification of the accounts receivable. Furthermore, we evaluated the reasonableness of the tax treatment applied by the Group to these transactions, for which we involved our internal tax specialists.

Lastly, we verified that the notes to the accompanying consolidated financial statements included the related disclosures required by the applicable financial reporting framework. In this regard, Notes 3.1.c, 3.15 and 18.1 to the accompanying consolidated financial statements include these disclosures.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2022, the preparation of which is the responsibility of the Parent's directors, and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the requirements of the audit regulations in force, consists of:

a) Solely checking that certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2022 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and the Audit Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Parent's audit committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description, which is on pages 7 and 8, forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Opdenenergy Holding, S.A. and subsidiaries for 2022, which comprise the XHTML file including the consolidated financial statements for 2022 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Opdenenergy Holding, S.A. are responsible for presenting the annual financial report for 2022 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Additional Report to the Parent's Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit committee dated 27 February 2023.

Engagement Period

The Extraordinary General Meeting held on 18 November 2022 appointed us as auditors for a period of one year from the year ended 31 December 2021.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and we have been auditing the financial statements uninterrupted since the year ended 31 December 2011.

DELOITTE, S.L.
Registered in R.O.A.C. under no. S0692



Iñigo Úrculo
Registered in R.O.A.C. under no. 21794

27 February 2023

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the Parent's audit committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

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

DECLARATION OF DIRECTORS' RESPONSIBILITY

The members of the Board of Directors of Opdenenergy Holding, S.A. (“Opdenenergy” or the “Company”) on its meeting held on February 24, 2023, and according to article 118 of the reinstated text of the Spanish Securities Markets Act approved by Royal Legislative Decree 4/2015 of 23 October as well as to article 8 b) of Royal Decree 1362/2007 of 19 October, declare that, as far as they are aware, the individual Annual Accounts of the Company, as well as the consolidated ones with its dependent companies, corresponding to the financial year ended December 31, 2022, drawn up by the Board of Directors on the referred meeting of February 24, 2023 and prepared in accordance with the applicable accounting principles, offer a true and fair image of the equity, the financial situation and the results of the Company and the companies within the consolidation taken as a whole, and the complementary management reports of the individual and consolidated Annual Accounts include an accurate analysis of the business evolution and results and of the position of Opdenenergy and the companies within the consolidation taken as a whole, together with the main risks and uncertainties which they face.

Madrid, February 24, 2023

Opdenenergy Holding, S.A. and Subsidiaries

Notes to the consolidated financial statements
for the year ended
31 December 2022

1. Corporate purpose and activity

Opdenenergy Holding, S.A. ("the Parent") was incorporated on 20 January 2005 under the name Otras Producciones de Energía, S.L. (OPDE, S.L.). On 3 July 2009, the Company changed its name to OPDE Investment España, S.L.

On that date, the Parent Company made a contribution of a branch activity (consisting of the development, marketing, installation, sale and maintenance of photovoltaic solar plants) through a capital increase in the investee company Otras Producciones de Energía Fotovoltaica, S.L. Accordingly, OPDE Investment España, S.L. (the former name of the Parent Company) became a holding company for various Group companies and associates. This contribution qualifies for taxation under the special regime for mergers, spin-offs, asset contributions and share exchanges established in Navarre Income Tax Law 24/1996. This process is described in detail in the consolidated financial statements for the year ended 31 December 2009.

As a result of the aforementioned contribution of the business line to Otras Producciones de Energía Fotovoltaica, S.L., The Parent Company's corporate purpose, which coincides with its activity, consists mainly of:

- The subscription, acquisition, transfer, management, administration, holding and use of transferable securities representing an ownership interest in the equity of entities resident or not resident in Spain, and of fixed- or variable-income financial assets in general, any securities representing either the transfer to third parties of own capital or ownership interests in the equity of other entities, as well as interests representing the capital or equity of collective investment undertakings; in all cases admitted or not admitted to trading on organised markets and without performing the activities inherent to collective investment undertakings.
- The sale of energy to electricity companies.

Until 2 January 2020, the Parent of the Group had its registered office and address for tax purposes at Polígono Industrial Santos Justo y Pastor, s/n, 31510 Fustiñana (Navarre). On that date, the General Meeting of Shareholders of the Parent Company resolved to transfer its registered office and tax domicile to calle Cardenal Marcelo Spínola 42, 5ª, 28016, Madrid.

On 4 February 2021, the Board of Directors of Opdenenergy Holding, S.A. resolved by means of an Extraordinary General Meeting to transform the Company from a Limited Company to a Public Limited Company, and this resolution was executed in a public deed on 11 February 2021 and registered in the Madrid Mercantile Register on 9 March 2021.

In addition, on 17 March 2021, the Company's General Shareholders' Meeting approved the change of the Company's corporate name to Opdenenergy Holding, S.A., as of that date.

At the end of 2022 Opdenenergy Holding, S.A. is the head of a group (hereinafter "the OPDEnergy Group" or "the Group"). Annexes I.A and I.B list the Group companies included in the consolidation and the information relating thereto at 31 December 2022 and 2021, before the corresponding homogenisations made, where applicable, to their individual financial statements and the adjustments for conversion to International Financial Reporting Standards adopted by the European Union (EU-IFRS). The data in the aforementioned Annexes have been provided by the Group companies and their financial position is shown in their respective individual financial statements.

The Group's main activities are the development, construction, operation and maintenance, production of electricity as well as the sale of photovoltaic power plants.

The changes in the scope of consolidation and segment information are disclosed in Notes 3.1 and 5, respectively.

On 22 July 2022, the Parent Company's shares were listed on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, as explained in Note 14.

During 2021, the Group finished its change process business model started in 2019, moving from a business model of asset rotation strategy to a mixed strategy of having assets in operation and continuing with asset rotations. Until the fiscal year 2020, the Group pursued a strategy of high asset turnover by selling in the short term most of the renewable energy plants it developed and built, keeping minority stakes in some cases. From the fiscal year 2021, the Group intends to retain the ownership of a large part of the renewable energy parks it develops and builds, so the assets it puts into operation will not be systematically earmarked for sale.

As at 31 December 2022, the main renewable energy farms held by the Group in an operating status or construction phase (in progress), all of which are recorded under "Property, plant and equipment" in the consolidated balance sheet, are detailed below (Note 7):

Country	Number of farms	MW of installed capacity
Under operation:		
Spain (*)	6	261
Chile	5	171
Italy (**)	1	7
Mexico (***)	2	144
Under construction:		
U.S.A.	2	260
Spain	20	902
Italy	1	24

(*) Not including the 5 Spanish wind farms under the specific remuneration scheme as their generation capacity is considered residual.

(**) The park in Italy consists of 7 separate plants which are considered as one plant for management purposes.

(***) 20% stake in these wind farms (Note 10).

In addition, the Group maintains under "Property, plant and equipment - Property, plant and equipment in the course of construction" in the consolidated balance sheet developments of various renewable energy farms in Spain, the United Kingdom, Mexico, Italy and the United States, mainly with an estimated aggregate capacity over 11 GW (Note 7).

Finally, the Group recognises under "Inventories" in the consolidated balance sheet those developments for which it has a sales plan or has entered into sale and purchase contracts (notes 3.1.c and 13).

Preparation of the financial statements

The consolidated financial statements of the OPDEnergy Group for the financial year 2021 under EU-IFRS principles were prepared by the Directors of the Parent Company at the Board of Directors' meeting held on 1 July 2022 and, following their approval by the General Shareholders' Meeting of the Parent Company held on 5 July 2022, were filed with the Commercial Registry of Madrid.

Industry regulation in Spain

The electricity generation business of the Spanish companies making up the Group is currently regulated by Spanish Electricity Industry Law 24/2013, of 26 December, which came into force on 28 December 2013, and by the regulatory provisions implementing this Law, including most notably Royal Decree 413/2014, regulating electricity production using renewable energy sources, cogeneration (CHP) and waste.

Temporary measures have been adopted within the framework of Royal Decree Law 10/2022 of 13 May, which establishes a production cost adjustment mechanism to reduce the price of electricity on the wholesale market, in response to the consequences of the increase in gas prices caused by the war in Ukraine. These measures will be applied over a period of 12 months from 8 June, as this is the date of publication of Order TED/517/2022 of 8 June, determining the date on which the production cost adjustment mechanism for reducing the price of electricity on the wholesale market will come into operation, and publicising the European Commission's decision authorising this mechanism.

Revenue from renewable energy installations can come from different sources:

- Wholesale electricity market. Generators of electricity (such as solar PV plants and wind farms) are entitled to receive the "market price" in exchange for the energy sold on that market. Generators are legally obliged to deliver all their produced energy to the grid and submit bids for the sale of the electricity on the generation market. The single electricity production market for the Iberian Peninsula (comprising Spain and Portugal) is managed by the Iberian Market Operator, OMIE. On a daily basis, OMIE determines the "market price" (also called the "matching price") for the "daily market" (and for 24 hours a day).

On a temporary basis, in RD Law 10/2022, the reference price of natural gas to be taken into account to determine the unit amount of the adjustment is 40 €/MWh. After six months have elapsed from the start of application of the measure, the price of natural gas will be increased monthly by EUR 5/MWh with respect to the reference value of the previous calendar month until the end of the adjustment mechanism regulated in the RD law.

On the other hand, RD Law 10/2022 also incorporates measures to promote liquidity in the forward markets, and therefore incorporates the adjustment mechanism for deviations in the market price, which will be applicable to energy covered by the specific remuneration schedule generated in 2023 and subsequent years, with reference to forward market products - annual, quarterly and monthly.

- Specific remuneration scheme (specific remuneration scheme). RD 413/2014 establishes the "specific remuneration scheme", which grants certain renewable energy facilities the right to obtain a guaranteed return. Pursuant to RD 413/2014, the Ministry of Ecological Transition is empowered to call public auctions, at its discretion, for the purpose of awarding new specific remuneration rights to renewable energy plant developers. Developers of new projects are entitled to participate in these public auctions. In this respect, the Group's main renewable energy production plants are not affected by this remuneration regime. Only certain Spanish plants in operation owned by the Group and with residual generation capacity are affected, and their impact is insignificant.
- Economic Scheme for Renewable Energies ("REER"). Based on RDL 23/2021, Royal Decree 960/2021, of 3 November, which regulates the economic scheme for renewable energies establishes a new Economic Scheme for Renewable Energies. The main features of the REER are as follows:

- (i) Public auctions. REER rights will be awarded through public auctions that the Ministry of Ecological Transition has committed to call over the next five years based on the principles of free competition, transparency, cost-effectiveness and non-discrimination. OMIE will be in charge of managing the public auctions. The product to be auctioned will be "installed power capacity", "electricity produced" or a combination of both. Bidders must offer a "price per unit of electricity" (€ / MWh). The result of such public auctions will be (i) the "installed capacity" or "electricity produced" awarded (auctioned product); and (ii) the award price resulting from the economic offer (which cannot be updated) submitted by each successful bidder.

As the operator of the production market, OMIE will adjust the sales revenues payable to each of those power projects to ensure that it receives the award price for the electricity it sold into that market. Any excess price differential will be treated as additional revenue shared among all other market participants, but any price differential up to the award price will be funded by all market participants.

- (ii) Scope (facilities entitled to be remunerated under the REER). The new regulated remuneration will be made available to new renewable facilities, i.e. new facilities awarded under the REER and commissioned after the date of the corresponding public tender, including any capacity increase in existing electricity projects or reconverted facilities.
- (iii) Electronic Register. RD 960/2021 creates an Electronic Register, the purpose of which is to monitor the compliance of installations with the legal requirements to collect the REER.
- (iv) Guarantees. Project developers must deposit guarantees with the Ministry of Ecological Transition in order to obtain registration in the Electronic Register.

Pursuant to the regulations implementing RD 960/2021, the Ministry of Ecological Transition has approved Order TED/1161/2021 of 4 December, which regulates the first auction mechanism for the granting of the economic scheme for renewable energies and establishes the indicative calendar for the period 2021-2025.

- Power Purchase Agreements ("PPA"). For new projects that may not benefit from REER through new public tenders, the only source of revenue from electricity sales comes from their participation as sellers in the Pool and from supplementing or hedging those revenues through PPAs. Physical bilateral PPAs (on freely agreed terms) are another option, but physical bilaterals are not widely used. Most PPAs are electricity price hedges that support the sale of their electricity production through new renewable energy projects in the spot market (Pool) at floating prices.

In June 2022, due to the rise in electricity prices, the Spanish government approved an extraordinary measure temporarily suspending the tax on the value of electricity production. However, this suspension has been extended by Royal Decree-Laws 29/2022 of 21 December, 6/2022 of 29 March 2022 and 20/2022 of 27 December and will apply until 31 December 2023.

As described in Note 11.3, almost all of the Group's Spanish plants have contracted various PPAs, covering their electricity revenues for a period of 10-15 years.

Industry regulation in Italy

Legislative Decree 79/1999 liberalised electricity activities, except for distribution (carried out through concessions), transmission and delivery (carried out by the national grid operator), so that the activities of production, import, export, purchase and sale of electricity are liberalised. However, construction and operating permits and licences are still required and special rules apply to renewable energy plants.

Revenues from renewable energy installations can come from different sources:

- Wholesale market or the Italian Power Exchange (IPEX). Electricity generators are entitled to receive the 'market price' in exchange for the energy sold on it. Sales on IPEX are subject to regulation and are only accessible to parties certified as qualified operators by Gestore dei Mercati Energetici (GME). Participation in IPEX is not mandatory and is an alternative to PPAs and the off-take regime.
- Support schemes for renewable energy. The Decree of 4 July 2019 is the main support scheme for renewable energy plants, including PV plants for the period 2019-2022. Access to incentives is based on registration/auction procedures for rebates depending on the capacity of the plant. The incentives under the Decree are being allocated in seven auction/registration sessions.
- Rates are awarded based on the reduction of the base tariff offered by each participant. The final incentive paid is equal to the difference between the awarded rate and the hourly zonal price of energy. The mechanism is based on contracts for difference, under which the producer can be required to reimburse the difference between the awarded rate and the hourly zonal price if it is negative.
- Off-take regime. Under agreements with Gestore dei Servizi Energetici (GSE), producers sell the electricity generated to GSE. In this way, GSE resells the electricity at a zonal price or at a guaranteed minimum price (for plants with a capacity of up to 1 MW that do not benefit from any incentive, photovoltaic plants that benefit from incentives with a capacity of up to 100 kW and hydroelectric plants that benefit from incentives with a capacity of up to 500 kW).
- Power Purchase Agreements ("PPA"). Most PPAs in Italy are "physical" PPAs, under which one party buys energy generated by a specific power plant and is delivered by the grid operator to the interested consumer units. Recently, financial PPAs have also started to be used. There is no specific framework governing PPAs, although they must be registered as over-the-counter agreements on a special platform administered by the GME.

Furthermore, in February 2022 a new decree law (Decree-legge 4/22) was passed on 28 March 2022 (Legge 25/22) defining a new bi-directional compensation mechanism to regulate/contain the increase in the selling price of energy on the electricity market.

Effective from 1 February 2022 and expiring on 31 December 2022, the sale value of energy injected into the grid will not consider the market price, but will be a fixed price, which will depend on the area in which each plant operates. This price is set by the GSE, the regulatory body for the energy sector in Italy. On the basis of the stipulations, the GSE will compensate the producer if the difference is positive, but may demand reimbursement of the difference if it is negative.

The Group's power plants in Italy derive their revenues from the wholesale market.

Industry regulation in Mexico

As part of the energy reform approved in December 2013, the Mexican Constitution was amended to allow private parties to participate in the electricity sector. In addition, no restrictions were placed on foreign investment in electricity generation.

The Electricity Industry Law (LIE), published on 11 August 2014, regulates, among others, (i) the manner in which the private sector may participate in the electricity industry; (ii) the relevant regulators in the sector; (iii) the planning and control of the National Electricity System; (iv) the functioning of the Wholesale Electricity Market ("Electricity Market"); and (v) the main participants in the electricity sector.

According to the LIE, the electricity industry comprises the activities of generation, transmission, distribution and commercialisation of electricity. The private sector can generate and sell energy (and other by-products such as capacity and clean energy certificates) to the Electricity Market and market participants through purchase and sale contracts ("Mexican PPAs"), and participate in the financing, operation and maintenance, installation and construction of infrastructure necessary to generate such energy and by-products. Mexican PPAs to supply basic service providers can be awarded to private entities through sourcing processes organised by the National Energy Control Centre (CENACE).

On 9 March 2021, the Decree reforming and adding various provisions of the Electricity Industry Law (the LIE Reform Decree) was published in the Official Gazette of the Federation, which entered into force on 10 March 2021. The LIE Reform Decree was approved by the Chamber of Deputies in a semi-presidential session held on 23 February 2021 and was sent to the Senate, where the amendments to the Electricity Industry Law (LIE) were endorsed on 2 March 2021.

In general terms, the LIE Reform Decree introduced the following changes:

- Modification of the criterion for the economic allocation of power plants, whereby the National Energy Control Centre (CENACE) was to purchase the energy with the lowest cost first. In this way, priority should be given to the use of: (a) CFE's hydroelectric plants and (b) CFE's thermoelectric, nuclear, geothermal and combined cycle plants irrespective of their cost in first and second place respectively.
- Extension of the delivery of Clean Energy Certificates (CEL) to power plants that started to operate prior to the energy reform.
- Elimination of CFE's obligation (Basic Service Supplier) to purchase energy through auctions conducted by CENACE, in order to open up the opportunity to enter into contracts with CFE power plants outside of auctions.

Following its approval, an Action of Unconstitutionality was filed before the Supreme Court of Justice on 8 April 2021. This action was dismissed on 7 April 2022, but the constitutionality of the LIE is still being challenged by the Supreme Court. In fact, the amparo rulings that had previously been granted to certain companies have not been revoked, nor have the definitive suspensions that exist against certain articles of the LIE been revoked.

Furthermore, the Electricity Market Rules are composed of the Electricity Market Bases, which contain the principles for the design and operation of the Electricity Market, and the Operating Provisions, such as manuals, published to regulate specific aspects.

The Group holds non-controlling interests in companies operating photovoltaic power plants in Mexico (Note 10).



Industry regulation in Chile

Chile's electricity regulatory framework has evolved significantly over the last three decades. The generation, transmission and distribution of electricity is governed by Decree Law No. 4/20.008, Ley General de Servicios Eléctricos ("LGSE") and its amendments.

Revenues from renewable energy installations can come from different sources:

- **Spot or Marginal Market:** The Chilean electricity market is an open access market with audited generation costs and a marginal market restricted to generators. The spot market is the default market for all generators connected to the grid that do not have supply contracts. The National Electricity Coordinator dispatches the generation units depending on the technology of each Generation Unit and their respective configurations, from the lowest to the highest variable cost of electricity production referred to a reference bar of the system, minimising the total cost of supply, in order to satisfy the hourly demand in real time.
- **Bilateral Contract Market:** Power Purchase Agreement (PPA) can be materialised between (i) generators (in private contracts with free customers, other than the wholesale market); (ii) generating companies with distributors, the former being awarded tenders for energy supply for customers subject to tariff regulation, in accordance with the provisions of article 147 of the General Electricity Services Law.
- **Stabilised Price Regime:** For means of generation whose surplus of power that can be supplied to the electricity system does not exceed 9,000 kilowatts. The owners or operators of Small Scale Means of Distributed Generation (PMGD) synchronised to an electricity system will have the right to sell the energy they evacuate to the system at instantaneous marginal cost, being able to access the price stabilisation mechanism, and to sell their surplus power at the node price of the power, having to participate in the transfers of energy and power referred to in article 149 of D.F.L. N° 4/20.018, of 2006.

Currently, the OPDE group, through the company OPDENERGY GENERACION SpA, holds contracted power supply contracts (PPA) with the country's distribution companies, awarded in the 2015/01 electricity supply tender process conducted by the National Energy Commission (CNE).

In addition, the Group has three PMGD assets operating under operating contracts by means of the stabilised price schedule pertaining to Supreme Decree D.S 244.

Regulation of the sector in the United States

In the United States, electricity generation and interconnection is divided into two levels of government: (i) federal, where the Federal Energy Regulatory Commission ("FERC") has authority over all interstate electricity trading "Transmission system or Regional Transmission Owners (RTO)" and wholesale electricity trading; and (ii) states, with jurisdiction over siting, retail and intrastate interconnections but limited authority over interstate services.

To gain access to markets, solar developers generally must negotiate agreements to interconnect with (i) the local utility's distribution system or (ii) the local transmission provider's transmission system "transmission owner or RTO". Interconnection at the distribution level is generally governed by applicable state law and utility requirements. As for transmission system interconnections, most are subject to FERC jurisdiction and Regional Transmission Owner (RTO) rules; while the relevant agreements are generally under FERC regulation.

At 31 December 2022, the Group has no renewable energy plants in operation or under construction in the United States, although it has commenced construction of two photovoltaic farms and continues to develop the remaining projects in the pipeline.

2. Basis of presentation of the consolidated financial statements

2.1 Basis of preparation

These consolidated financial statements have been prepared by the Parent's Directors in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS-EU") accordance with Regulation (EC) No 1606/2002 of the European Parliament and Council and effective at 31 December 2022. These financial statements have been prepared in accordance with the above standards, taking into account all the accounting principles and rules and measurement bases required by IFRS, so that they present fairly the consolidated equity and financial position of the Group as at 31 December 2022 and the results of its operations, the changes in consolidated equity and the consolidated cash flows that have occurred in the Group in the year then ended.

These consolidated financial statements have been prepared by the Directors of the Parent Company at a meeting of its Board of Directors held on 24 February 2023, and it is considered that they will be approved without any changes.

Nevertheless, since the accounting policies and measurement criteria used in preparing the Group's consolidated financial statements for 2022 may differ from those used by certain Group entities, the required adjustments and reclassifications were made on consolidation to unify such policies and criteria and make them compliant with International Financial Reporting Standards.

With a view to presenting the various items of the consolidated financial statements in a uniform manner, the measurement bases and criteria used by the Parent Company were applied to all the consolidated companies.

The consolidated financial statements of the Group and the financial statements of the Group entities for the year ended 31 December 2022 are pending approval by their respective shareholders. However, the Board of Directors of the Parent Company considers that these financial statements will be approved without any changes.

2.2 Adoption to International Financial Reporting Standards

During the financial year 2022, the following standards published by the IASB and the IFRS Interpretations Committee and adopted by the European Union for application in Europe have become effective and have therefore been taken into account in the preparation of these consolidated financial statements:

New standards, amendments and interpretations mandatorily applicable in the fiscal year 2022

Approved for use in the European Union		Mandatory application for accounting periods beginning on:
Amendments to IFRS 3 - Reference to the Conceptual Framework	IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework	1 January 2022
Amendment to IAS 16 - Revenue Before Intended Use	The amendment prohibits deducting from the cost of an item of property, plant and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use	1 January 2022
Amendment to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract	The modification explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to the performance of the contract	1 January 2022
Improvements to IFRS Cycle 2018-2020	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022

The application of these standards and interpretations has had no significant impact on the consolidated financial statements, with the exception of the "Amendment to IAS 16 - Revenue before intended use". In accordance with the provisions of this amendment, the Group has applied this change retrospectively for those assets (operating wind farms, Note 7) that could start operating as planned in 2021. In this regard, the Group has modified the cost of these wind farms by EUR 711 thousand with a credit to reserves, also correcting the depreciation made in that year, the latter impact not being significant.

At the date of preparation of these consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date was subsequent to the date of the consolidated financial statements, or because they had not yet been adopted by the European Union:

New standards, amendments and interpretations mandatorily applicable in reporting periods subsequent to the calendar year that began on 1 January 2022

Approved for use in the European Union		Mandatory application for accounting periods beginning on:
Amendment to IAS 1 – Breakdown of accounting policies	Amendments that enable entities to properly identify material accounting policy information that should be disclosed in the financial statements	1 January 2023
Amendment to IAS 8 – Definition of an Accounting Estimate	Modifications and clarifications on what should be understood as a change in an accounting estimate	1 January 2023
IFRS 17 Insurance contracts and amendments thereto	It covers the principles of recognition, measurement, presentation and breakdown of insurance contracts. This will replace IFRS 4	1 January 2023
Amendment to IAS 1 - Classification of Liabilities as Current or Non-current	Clarifications on the presentation of liabilities as current or non-current	1 January 2023
Amendment to IAS 12 - Deferred Taxation of Assets and Liabilities Arising from Single Transactions	Clarifications on how entities should account for deferred tax arising on transactions such as leases and decommissioning obligations	1 January 2023
Amendment to IFRS 17 Insurance Contracts - Initial Application of IFRS 17 and IFRS 9. Comparative information	Amendments to IFRS 17 transition requirements for insurers applying IFRS 17 and IFRS 9 for the first time at the same time	1 January 2023

For the standards effective from 1 January 2023 onwards, the Group is making an initial preliminary assessment of the impact that the future application of these standards could have on the consolidated financial statements once they come into force. At the date of preparation of these consolidated financial statements, no significant impacts are expected to arise from these standards.

2.3 Non-obligatory accounting principles applied

No non-obligatory accounting principles were applied. Also, the Parent's Directors formally prepared these consolidated financial statements taking into account all the obligatory accounting principles and standards with a significant effect hereon. All obligatory accounting principles have been applied.

2.4 Responsibility for the information and use of estimates

The information in these consolidated financial statements is the responsibility of the Directors of the Group's Parent Company.

In preparing the consolidated financial statements estimates were made by the Parent's Directors in order to measure certain assets, liabilities, income, expenses and obligations reported herein.

The estimates as at 31 December 2022 relate mainly to the following:

- The useful life of property, plant and equipment and intangible assets (Notes 6 and 7).
- The assessment of possible impairment losses on certain assets (Notes 6, 7, 9 and 10).
- The net realisable value of inventories (Note 13).
- The value of certain financial instruments (Note 11). Specifically, in relation to the valuation of the derivative financial instruments held to hedge the risk of fluctuations in electricity prices, the Group obtains valuations by independent experts based on long-term electricity price curves, the valuation methodology being described in Note 3.8.
- The recoverability of deferred tax assets (Notes 3.11 and 17).
- Calculation of provisions (Notes 15 and 19.3).
- The estimated revenue from turnkey contracts associated with the supply, assembly, development, construction and commissioning of renewable energy plants, as well as the sale of electricity and the expenses associated with this activity accrued in 2022 (Note 18.1).

Although these estimates were made on the basis of the best information available at 2022 year-end, certain events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively, according to IAS 8.

At 31 December 2022, the Group has a negative working capital of EUR 48,429 thousand, mainly due to the current situation of energy price volatility that became evident in the last months of 2021 and which was a consequence of the increase in gas prices, as well as the political and military events arising from Russia's invasion of Ukraine. While approximately 30% of the Group's energy production not covered by derivatives is exposed to this volatility and has benefited from such high energy prices, the remaining 70% covered by PPAs, while ensuring stable and guaranteed cash flows, do not benefit from this price escalation. In any event, in the opinion of the Directors, a period of high prices may quickly give rise to a scenario of much lower prices, as has already been observed in the second half of financial year 2022, in view of the growing generation of energy from photovoltaic plants on the world market and the consequent increase in the presence of such plants in the renewable energy mix.

Although the PPAs contracted by the Group guarantee stable cash flows, the valuation of this type of derivative, based on the estimate of future energy price curves made by an independent expert, insofar as it only includes the estimate of future settlements with the counterparty signing the derivative, at a theoretical hourly pool market price (Note 11.3), has a significant negative impact on its valuation at year-end 2022, also making the working capital negative due to the valuation of the derivative recorded in the short term. The valuation of PPA derivatives also has a significant effect on the heading "Valuation adjustments" in consolidated equity, which includes a negative amount of EUR 194,877 thousand at 31 December 2022 as a result of the valuation of derivative financial instruments, mainly those contracted to hedge electricity prices (Note 13.c).

In addition, as a result of the progress of the projects under construction and development during 2022, the Group has made investments amounting to EUR 304,079, which have been recorded under Property, plant and equipment in the consolidated balance sheet (Note 7), of which at 31 December 2022 the unpaid portion is recorded under Trade and other payables (Note 11.2).

From a liquidity risk standpoint (see Note 12.3), in addition to the stability of the cash flows generated by the plants in operation, the Group has undrawn credit lines and the capacity to increase debt issues in unregulated markets that allow it to operate normally and obtain the liquidity necessary for its projects. In this regard, during

the 2022 financial year, the Group has made a new bond issue, having also obtained new financing instruments with different financial institutions.

To all this available financing must be added the progress in the execution of the contract for the sale of 20 companies signed in August 2021, with the transfer of 12 of the projects contemplated in the signed contract having been completed by the end of the 2022 financial year (Note 3). This liquidity situation not only allows the Group to be fully operational, but also ensures its ability to recover as soon as global market circumstances allow.

Lastly, from the point of view of credit risk and the valuation of assets and liabilities on the balance sheet, there have not been and are not expected to be any cancellations of projects included in the portfolio by the end of the 2022, nor any increase in risks due to the impact of impairment on the financial position of customers, generally with high quality credit performance and no historical default. Similarly, with regard to the recoverability of non-current assets (mainly property, plant and equipment and deferred tax assets), the Directors have drawn up a business plan agreed with the credit institutions with which financing has been obtained for the construction of the various wind farms (Note 7) for the coming years, which foresees increases in activity and, consequently, no need to reduce the carrying amount of these assets and the continuity of the Group's operations as normal.

Accordingly, the Directors of the Group have prepared these financial statements on a going concern basis because, in their opinion, the Group's ability to recover its assets and to meet its financial and other obligations, in the amounts and for the terms at which they are recognised in the balance sheet at 31 DECEMBER 2022, is reasonably assured by the expected development of the business as detailed in its Business Plan and having matched the terms of the financing to the expected development of the Group.

2.5 Comparative information

As required by IAS 1, the information contained in these consolidated financial statements referring to the fiscal year ended 31 December 2022 is presented, for comparative purposes, with the information related to the fiscal year ended 31 December 2021.

The consolidated financial statements for the year ended 31 December 2021 are included for comparative purposes only and have also been prepared in accordance with the provisions of IFRS-EU in a manner consistent with the consolidated financial statements for the years ended 31 December 2022.

The accounting policies have been applied consistently in 2022 and 2021 and, therefore, there are no transactions or operations that have been recorded using different accounting policies that could give rise to discrepancies in the interpretation of the comparative figures for the two periods excepting as stated in Note 2.2.

In addition, in order to make an appropriate comparison between the consolidated financial statements for 2022 and 2021, the changes in the scope of consolidation described in Note 3.1.C must be taken into account.

2.6 Grouping of items

Certain items in the consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows are grouped together to facilitate their understanding; However, to the extent material, the information is disclosed in the relevant notes to the consolidated financial statements.

2.7 Correction of errors and others

In preparing the consolidated financial statements for 2022, no errors have been detected in the approved consolidated financial statements for 2021 that would have led to the restatement of the amounts included therein.

2.8 Functional and presentation currency

The items of each of the Group companies included in the Group's consolidated financial statements are valued and reported using the currency of the main economic environment in which the Parent operates.

Although the Group has operations in the United States, Mexico and Chile, Colombia and Poland, the consolidated financial statements of the Group are presented in euros, which is the functional and presentation currency of the parent company. Given the magnitude of the figures, the amounts are expressed in thousands of euros, unless indicated otherwise.

Likewise, each of the Group companies has as its functional currency the currency of the country in which it operates, with the exception of some entities in Chile, whose functional currency is the US dollar.

Transactions in currencies other than the group's functional currency are treated as foreign currency transactions.

3. Accounting principles and policies and measurement bases

3.1 Basis of consolidation

3.1.a Subsidiaries

The consolidated financial statements incorporate the financial statements of the Parent and entities controlled by the Parent (its subsidiaries) made up to 31 December of the corresponding year. Control is achieved when the Parent:

- has the control over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to influence its returns.

The Parent reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Parent has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent considers all relevant facts and circumstances in assessing whether or not the Parent's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent, other vote holders or other parties;
- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Parent has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Subsidiaries are fully consolidated. The full consolidation method requires all the assets, rights and obligations composing the equity of the subsidiaries to be included in the Parent's balance sheet, non-controlling interests, if any, to be recognised under "Non-controlling interests" in the consolidated balance sheet, and all the income and expenses taken into account when determining the profit or loss of the subsidiaries to be recognised in the consolidated statement of profit or loss, once the related aggregation entries and eliminations have been made.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. At 31 December 2022 and 2021 the Group has no minority interests in subsidiaries.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Annexes I.A, I.B, II.A and II.B to the notes to the accompanying consolidated financial statements detail the subsidiaries included in the scope of consolidation, indicating the respective percentages of total ownership (direct plus indirect). All of them have the same fiscal year as the Group, and a review, on a consolidated basis, of the significant unaudited and consolidated investees has been carried out by the principal auditor.

3.1.b Investments in associates and joint ventures

Associates are companies over which the Group exercises significant influence, but not joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The associates and joint ventures included in the scope of consolidation are listed in Annexes I.A and I.B and in Note 10. They all have the same reporting period as the Group.

3.1.c Changes in the scope of consolidation

Fiscal year 2022

During the financial year 2022, the Group has incorporated the following companies: Horus Maryland 1, L.L.C., Opdenenergy Colombia, S.A.S, Opdenenergy Polska 1, S.P.z.o.o., Opdenenergy Polska 2, S.P.z.o.o., Opdenenergy Polska 3, S.P.z.o.o., and Opdenenergy France, S.A.S. The impact of the incorporation of these companies on the consolidated financial statements as at 31 December 2022 is not material.

Agreement for the sale of Spanish companies in 2022/2023

On 6 August 2021, Otras Producciones de Energía Fotovoltaica, S.L.U., which holds 100% of the shares of 20 companies that were currently developing a project consisting of the final construction of a photovoltaic energy park and grid interconnection facilities shared with third parties, reached a purchase and sale agreement for the disposal of these shares.

The contract conditioned the sale of each of the companies to the fulfilment of a series of financial conditions of design and permits ('conditions precedent of sale'), among others, as well as the obtaining of various authorisations from the different public administrations, at which point the sale of each company is considered completed and, therefore, the effective loss of control for accounting purposes occurs. For this reason, the assets and liabilities associated with these companies, to the extent that these conditions associated with each of the companies have not been met, have been fully consolidated in the consolidated balance sheets at 31 December 2022 and 2021.

As regards the initial consideration for each of the sales, this was established on the basis of the MW finally developed in each project, establishing, in any case, advances for development costs to be incurred in their construction, which at 31 December 2022 and 2021 amounted to EUR 16,411 thousand and EUR 39,422 thousand, respectively, and which have been recognised under "Trade and other payables - Customer advances" in the consolidated balance sheet.

During 2022, after fulfilling the preceding conditions of sale (CP) and obtaining the various permits from the Spanish governmental entities, the sale of twelve of the companies affected by the contract has been recognised. Specifically, the effective transfer of the companies Planta Solar Opde 18, S.L. Planta Solar Opde 22, S.L., Planta Solar Opde 19, S.L.U., Planta Solar Opde 59, S.L.U., Planta Solar OPDE 42, S.L.U., Planta Solar OPDE 47, S.L.U. Planta Solar OPDE 1, S.L.U., Planta Solar OPDE 2, S.L.U., Planta Solar OPDE 10, S.L.U., Planta Solar OPDE 38, S.L.U., Planta Solar OPDE 57, S.L.U. and Desarrollo proyecto fotovoltaico IV, S.L.U. has taken place. The amount of revenue recognised under "Revenue" in the consolidated income statement at 31 December 2022 totalled EUR 74,267thousand (Note 18,1), and no amount was recognised in the income statement at 31 December 2021.

Buyouts in 2022

On 27 June 2022, at the time of the takeover considered by the Directors, Opde Chile, S.p.A. entered into a purchase and sale agreement for the acquisition of 100% of the share capital of the Chilean company Eólica Dañicalqui S.p.A.

In addition, on 22 June 2022, the date of the takeover considered by the directors, Opdenenergy Italia, S.R.L. entered into a purchase and sale agreement for the acquisition of 100% of the share capital of the Italian company La Francesca 25, S.r.L.

Both transactions have been analysed based on the 2018 Annex to IFRS 3 "Business combinations", performing a simplified concentration test to assess whether the set of activities or assets acquired constitute a business.

As the fair value of the gross assets acquired is mainly concentrated in a single identifiable asset that cannot be used separately from the acquired asset, the Group has treated this as an asset acquisition. Accordingly, an asset has been recognised for the renewable energy farm developments acquired, the costs incurred on the acquisition have been capitalised and no deferred tax or contingent liabilities have been recognised as a result of this transaction.

The main figures of the transaction are as follows:

	Fair value of assets and liabilities	Net assets acquired	Allocation (Property, Plant and Equipment)
Eólica Dañicalqui S.p.A	6,295	64	6,231
La Francesca 25, S.r.L.	1,320	97	1,223
Total	7,615	161	7,454

The aforementioned developments have been recorded under "Property, plant and equipment" at the transaction date.

In relation to the purchase and sale of the shares of the Chilean company Eólica Dañicalqui, S.p.A, the captions "other financial liabilities" in the long and short term of the consolidated balance sheet include the milestones pending payment for this operation.

Fiscal year 2021

Sale of US companies in 2021

On 7 October 2021, the Group company Horus Kentucky 0, LLC, owner of all the shares of the US company Horus Kentucky 1, LLC, based in Delaware and owner of a photovoltaic farm that was in the development phase at the date of the agreement, signed a purchase and sale agreement for the shares of Horus Kentucky 1, LLC.

This purchase agreement was subject to compliance with a series of financial and production-related terms and conditions and to the obtainment of various permits from US governmental entities, at which point the agreement is deemed performed and the loss of control is considered effective for accounting purposes. Upon fulfilment of the conditions set out in the purchase agreement, the parties acknowledge and agree that the closing date of the agreement was 30 November 2021, as of which date the loss of control was deemed effective for accounting purposes. At that date, the developments carried out at this plant were recorded under "Inventories" in the consolidated balance sheet at 31 December 2021 in the amount of EUR 9,531 thousand (see Note 13).

At 31 December 2021, the full amount of the sale (Note 5) had been collected by the Group, with the exception of EUR 1,104 thousand (USD 1,250 thousand), which was recognised under "Trade receivables for sales and services" in the consolidated balance sheet (Note 11). This amount was collected in December 2022.

Purchase of companies in Spain in 2021

On 12 March 2021, the Group entered into a sale and purchase agreement for the acquisition of 80% of the share capital and participating loans in the following companies:

- OPDE La Fernandina Solar Power Plant, S.L. owner of the 50 MW photovoltaic solar plant "La Fernandina".
- Planta Solar OPDE Andalucía 1, S.L., owner of the 50 MW photovoltaic solar plant "Zafra".
- Planta Solar OPDE Extremadura 2, S.L., owner of the 50 MW photovoltaic solar plant "Miramundo".

With this acquisition, the Group's shareholding in each of the companies increased from 20% to 100%. In this regard, it should be noted that the sale and purchase agreement was not related to the share sale transaction carried out by the Group in 2019 in relation to these companies.

The total purchase price offered amounted to EUR 42 million (including the payment of the debt of EUR 24,494 thousand owed by the plants to the seller). The closing date of the agreement was 23 March 2021, the date of the takeover considered by Directors, and it was recorded in accordance with the criteria described in Note 3.2 by means of the acquisition method.

In order to finance this transaction, OPDEnergy Group Senior Management completed the refinancing process of the two bond financing facilities in exchange for obtaining a new bond financing facility of up to EUR 140 million with a maturity of 30 months and an initial drawdown of EUR 114.5 million (Note 11.2). This refinancing agreement, which was subject to the successful completion of the transaction to purchase the aforementioned solar farms, took place on 24 March 2021.

The main figures of the transaction are as follows:

	Thousands of Euros
Total transaction Price	42,049
Liabilities assumed from acquired companies	(24,494)
Fair value of previously held interest (Note 10)	4,389
Net assets acquired	(11,371)
Excess price to be allocated	10,573
Deferred tax liabilities (25%)	2,643
Goodwill	2,643

The impact on profit or loss arising from the revaluation of the Group's previously held interest in these companies amounted to EUR 389 thousand and was recognised under "Impairment and gains or losses on disposals of financial instruments" in the consolidated income statement at 31 December 2021. This impact was reduced by partially unrealised gains and losses on transactions between investees accounted for using the equity method and the OPDEnergy Group amounting to EUR 4,212 thousand (see Note 10), which was adjusted as a reduction in the value of fixed assets.

The assets and liabilities acquired in the purchase by the Group at the date of the business combination and the allocation of the price are summarised in the table below:

Item	Thousands of Euros				Fair value at acquisition date
	Carrying amount at date of acquisition	Uniformity and consolidation adjustments (*):	Elimination of unrealised margins	Valuation adjustments (****)	
Property, plant and equipment	109,340	-	(4,212)	10,962	116,090
Assets for right of use	-	12,136	-	-	12,136
Non-current financial investments - Derivatives	13,534	-	-	-	13,534
Deferred tax assets	1,278	44	-	-	1,322
Inventories (Advances from Suppliers)	101	-	-	-	101
Trade and other receivables	1,247	-	-	-	1,247
Current accruals and deferred income	372	22	-	-	394
Cash and cash equivalents	5,830	-	-	-	5,830
Long-term provisions	(1,478)	-	-	-	(1,478)
Long term Bank borrowings (**)	(72,312)	(1,522)	-	-	(73,834)

Other non-current payables	(32,703)	(11,652)	-	-	(44,355)
Deferred tax liabilities (***)	(4,256)	-	-	(2,643)	(6,899)
Current payables	(5,213)	-	-	-	(5,213)
Other current payables	(756)	(928)	-	-	(1,684)
Trade and other payables	(1,713)	-	-	-	(1,713)
Total net assets at 23.03.2021	13,271	(1,900)	(4,212)	8,319	15,478

(*) Accounting homogenisation adjustments (adoption of IFRS 16 as the main impact) have been included in the historical financial information of the acquired companies, whose information was originally prepared under Spanish GAAP. In addition, the partially unrealised results between the Group and the plants built by the Group have been eliminated (Note 10).

(**) In accordance with current valuation standards, the debt arrangement costs recognised in the companies as a reduction of the debt with credit institutions have been adjusted to reflect the fair value of these debts.

(***) According to current valuation standards, deferred tax Liabilities recognised in a business combination are not valued at fair value but are reflected at nominal value.

(****) Value adjustments allocated to property, plant and equipment include the excess price to be allocated amounting to EUR 10,573 thousand and the net effect arising from the revaluation of the holding previously held at fair value amounting to EUR 389 thousand.

As indicated in Note 3.2, all assets and liabilities arising from the business combination were recorded at their fair values, although some of them coincided with the previous carrying amounts of the acquired business. The Directors and the Senior Management of the Group determined internally that the additional value paid on the acquisition of the companies corresponded to the fair value of the Fernandina, Zafra and Miramundo plants amounting to EUR 10,573 thousand, the average useful life of which was estimated in 30 years. In accordance with IAS 12, this increase in value generated a deferred tax liability of EUR 2,643 thousand.

The amount of ordinary income recognised in the financial statements for the fiscal year 2021, from the date of the takeover, corresponding to Opdeenergy Holding, S.A. and its subsidiaries amounted to EUR 13,565 thousand (gross income of EUR 28,258 thousand and PPA contract settlements of EUR 14,693 thousand), with a loss before tax of EUR 1,616 thousand. If these three companies had been consolidated as of 1 January 2021, the amount of revenue would have increased by EUR 1,999 thousand and the result before tax would have decreased by approximately EUR 767 thousand, respectively.

Although the assets and liabilities of the acquired companies were adjusted to fair value as a result of purchase accounting applied in connection with the business combination, the goodwill shown is provisional, with the OPDEnergy Group having 12 months from the acquisition of control to finalise the definitive allocation. During 2022, within the aforementioned 12-month period, there have been no changes to the amount initially recognised.

Purchase of companies in Mexico in 2021

On 9 December 2021 (the date of the takeover considered by the Directors), the companies Otras Producciones de Energía Fotovoltaica, S.L. and Turolense de Iniciativas Sostenibles IV, S.L. entered into a purchase and sale agreement for the acquisition of 80% of the share capital of the Mexican companies Promociones Solares MV, S.A.PI. de C.V. and Rho Solar, S. de R.L. de C.V.

Under IFRS 3 “Business Combinations” addendum of 2018, a simplified concentration test has been performed in order to evaluate if whether the set of activities or assets acquired constitute a business.

Given that the fair value of the gross assets acquired was mainly concentrated in a single identifiable asset that cannot be used separately from the asset acquired, it was an assets acquisition. Accordingly, an asset was recognised for the renewable energy farm developments acquired, the costs incurred in the acquisition were capitalised and no deferred tax or contingent liability was recognised as a result of that transaction.

The main figures of the transaction were as follows:

	Thousands of Euros
Total transaction Price	243
Effect of fair value of previously held interest (Note 10)	61
Net assets acquired	(99)
Excess price to be allocated	205

The negative impact on profit or loss arising from the devaluation of the Group's previously held interest in these companies amounted to EUR 172 thousand and was recognised under "Impairment and gains or losses on disposals of financial instruments" in the accompanying consolidated income statement for 2021.

The fair values recognised for the assets acquired and the liabilities assumed on the acquisition date are summarized below:

Identifiable net assets acquired	Thousands of Euros
	Fair value
Cash and cash equivalents	1
Trade receivables	29
Property, plant and equipment	298
Financial assets	-
Financial liabilities	(23)
Trade payables	(1)
Provisions	-
Total	304

The aforementioned developments have been recorded under "Non-current assets" at the transaction date.

3.2 Goodwill and business combinations

The acquisition of control of a subsidiary that constitutes a business by the Parent is a business combination to which the acquisition method is applied. When the ownership interest is consolidated subsequently, the equity investment in the subsidiary is generally eliminated on the basis of the values resulting from applying the acquisition method (described below) at the date on which control is obtained.

Business combinations are recognised by applying the acquisition method of accounting, determining the acquisition date and calculating the combination cost, registering the identifiable assets acquired and the liabilities assumed at their fair value at that date.

The goodwill or negative difference of the combination is calculated as the difference between the fair values of the registered assets acquired and liabilities assumed and the cost of the combination at the date of acquisition.

The combination cost is calculated as the aggregate of:

- The fair values on the acquisition date of the assigned assets, liabilities incurred or assumed and the equity instruments issued.
- The fair value of any contingent consideration that depends on future events or on compliance with previously determined conditions.

The expenses related to the issue of equity instruments or of financial liabilities given in exchange for the elements acquired do not form part of the combination cost.

Furthermore, the fees paid to legal advisors or other professionals who have been involved in the combination no longer form part of the combination cost, and neither, of course, do the expenses internally incurred for those items. Those amounts are charged directly to the income statement.

If the business combination is carried out in stages, so that prior to the acquisition date (the date on which control is taken over) a prior investment was made, the goodwill or negative difference is obtained from the difference between:

- The business combination cost, plus the fair value on the date of acquisition of any prior equity interest acquisition by the acquiring company in the acquired company; and
- The value of the identifiable assets less the value of the liabilities assumed, calculated as indicated above.

Any profit or loss arising from measurement of fair value on the date on which control of the previously existing equity interest in the acquired company is obtained will be recognised in the income statement or other comprehensive income, as may be the case. In prior periods the acquirer may have recognised changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognised in other comprehensive income shall be recognised on the same basis as would be required if the acquirer had directly disposed of the acquirer's previously held equity interest. Additionally, it is assumed that the cost of the business combination is the best benchmark for estimating the fair value on the acquisition date of any prior equity interest.

If, exceptionally, a gain on a bargain purchase arises from the business combination, it is recognised as income in the consolidated statement of profit or loss.

If the initial accounting for a business combination cannot be completed by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete, and the provisional amounts may be adjusted in the period required to obtain the necessary information. However, the measurement period shall not exceed one year from the acquisition date. The effects of adjustments made in that period are recognised retrospectively and comparative information if necessary.

Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss, unless such consideration has been classified as equity, in which case subsequent changes in its fair value are not recognised.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition.

Any excess of the cost of the investments in the consolidated companies over the corresponding underlying carrying amounts acquired, as adjusted at the date of the first consolidation, is recorded as follows:

1. If they are attributable to specific assets and liabilities of the companies acquired, by increasing the value of the assets (or reducing the value of the liabilities) whose market values were higher (lower) than the net book value at which they had been recognised on the balance sheets, and whose accounting treatment was similar to that applying to the same assets (liabilities) of the Group: amortisation, accrual, etc.
2. If it is attributable to specific intangible assets, by recognising it explicitly in the consolidated balance sheet provided that the fair value at the date of acquisition can be measured reliably.
3. The remaining amount is recognised as goodwill, which is allocated to one or more specific cash-generating units.

Goodwill is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquirer in anticipation of future economic benefits from the assets of the acquired company that are not capable of being individually identified and separately recognised.

Goodwill is not amortised but is tested for impairment at least annually. At the end of each reporting period, the Group analyses whether there is any indication of impairment of its assets or cash-generating units to which it has allocated goodwill and, in that case, the Group tests for impairment by means of an impairment test, the possible existence of impairment losses that reduce the recoverable amount of these assets to an amount lower than their carrying amount. If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. When impairment exceeds its amount, the other cash-generating assets are then reduced according to their carrying amount to the limit of the higher value between the following: fair value less costs to sell, value in use and zero. Measurement adjustments for impairment recognised in goodwill are not reversed in subsequent years.

On disposal of a subsidiary, the amount attributable to goodwill is considered for the purposes of determining the gain or loss resulting from the disposal.

If, after control is acquired, the ownership interests held in the subsidiary are sold or bought without losing control, the impact of these transactions will be posted to equity and the consolidation goodwill will remain unchanged.

3.3 Intangible assets

As a general rule, intangible assets are initially valued at their acquisition price or production cost. It is subsequently measured at cost less any accumulated depreciation and impairment loss. These assets are amortised over their useful life.

The Group records the following under this heading in the consolidated balance sheet:

Patents, concessions, licences, trademarks and similar items

Patents and concessions are stated at cost less accumulated amortisation and accumulated impairment losses recognised. Under this heading, the company mainly includes amounts paid for rights and licences for the construction of wind farms. These are amortised on a straight-line basis over the estimated term of the concessions for solar farms, which in the case of concessions for solar farms coincides with the life of the farms, approximately 25 to 30 years.

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to purchase and bring to use the specific software. These expenses are amortised over their estimated useful life.

Expenses associated with software maintenance are recognised when incurred. The costs directly related to the development of proprietary software controlled by the Group which is likely to generate economic benefits higher than their costs for more than one year are recognised as intangible assets. Direct costs include the costs of the staff developing the software and an adequate percentage of the general expenses.

The costs of software development recognised as assets are amortised over their estimated useful life (no more than 5 years).

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.4 Property, plant and equipment

Property, plant and equipment is initially valued at acquisition price or production cost, subsequently deducting the related accumulated depreciation and impairment losses, if any, pursuant to the criterion mentioned in Note 3.6.

Property, plant and equipment upkeep and maintenance expenses are recognised in the consolidated income statement of the year in which they were incurred. In turn, costs of improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are registered as higher cost thereof.

At the time of the initial valuation of the property, plant and equipment, the group estimates the present value of future obligations arising from the dismantling, removal and other obligations associated with such assets, such the rehabilitation costs of the place where it is located. This present value is capitalised as an increase in the cost of the related asset, giving rise to the recognition of a provision, which is subject to financial restatement in the periods following the period in which it is recognised.

The Group also includes as "Property, plant and equipment in the course of construction" the costs incurred in the development and construction of certain plants which are still under construction in their initial design, development and construction phases and which will be operated by the Group once they are commissioned.

Work carried out by the Group on its own property, plant and equipment is stated at accumulated cost plus in-house costs determined on the basis of the hourly costs of the personnel involved, and is credited to the consolidated income statement under "Work carried out by the Company on its own property, plant and equipment".

The capitalisation of expenses for projects developed by the Group begins when the project is in the *Early Stage*, defined as the time when the Group has started to work on the interconnection application, and/or has secured a significant part of the land on which the plant is planned, and/or has defined the strategies for financing and structuring the sale of energy from the plant.

Also, as indicated in Note 2.2, following the amendment of IAS 16, revenue from the sale of energy produced while the entity is preparing the asset for its intended use is not deducted from the value of the fixed asset.

The Group depreciates its property, plant and equipment with the straight-line method at annual rates based on the years of estimated useful life of the assets. In this respect, the Group amortises the photovoltaic installations, as well as the intangible assets associated with them, over 25-30 years.

The years of estimated useful life of the respective assets for the depreciation of fixed assets are as follows:

	Useful life
Buildings	20
Plant	25-30
Machinery	6-7
Furniture	6-7
Tooling	3
Transport equipment	5
Computer hardware	4

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Borrowing costs directly attributable to the acquisition or construction of fixed assets that require more than one year before they may be brought into use are included in the cost of the assets until they are ready for use.

3.5 Investment property

"Investment property" in the consolidated balance sheet reflects the value of land, buildings and other structures held to earn rentals or to realise capital gains on their sale.

The Group recognises mainly under "Investment property" land held to earn rentals (see Note 8).

Investment property is measured as described in Note 3.4 on property, plant and equipment.

3.6 Impairment of intangible assets and property, plant and equipment

At the end of each reporting period (for goodwill and intangible assets with indefinite useful lives) or whenever there are indications of impairment (for other assets), the Group tests the tangible and intangible assets for impairment to determine whether the recoverable amount of the assets has been reduced to below their carrying amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Recoverable values are calculated for each cash-generating unit. However, impairment of property, plant and equipment, whenever possible, is calculated for each item on an individual basis. Cash generating units (CGUs) are generally defined by the Group's Directors as renewable energy plants in operation by the Group (seven photovoltaic plants in Italy, eleven photovoltaic plants in Spain and five plants - four photovoltaic and one wind - in Chile as at 31 December 2022).

At the end of each reporting period, the Directors review its operating renewable energy plants for indications of impairment, unless an impairment event is detected, in which case the frequency of inspection will be more frequent. For the review of impairment indicators, which include declining or negative earnings, negative cash flows or expected volatility of future energy prices, the Group uses, among others, the financial forecasts for each asset. These financial forecasts are characterised by a structure for determining project costs (both in the construction and operational phases) and estimating revenues over the life of the plant.

If an impairment loss has to be recognised for a cash-generating unit to which all or part of an item of goodwill has been allocated, the carrying amount of the goodwill relating to that unit is written down first. When impairment exceeds its amount, the other cash-generating assets are then reduced according to their carrying amount to the limit of the higher value between the following: fair value less costs to sell, value in use and zero.

Where an impairment loss subsequently reverses (which is not permitted in the specific case of the goodwill), the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Said reversal for a value impairment loss is recognised as income.

In 2022 and 2021, the Group has not recognised any impairment losses on intangible assets or property, plant and equipment.

3.7 Leases

The Group as lessee

IFRS 16 "Leases" establishes the principles for the recognition, valuation, presentation and breakdown of lease contracts, with the aim of guaranteeing that both, the lessee and the lessor, provide relevant information that represents fair presentation of lease operations. IFRS 16 provides a single accounting model for the lessee under which the lessee must recognise right-of-use assets and corresponding lease liabilities for all leases.

The Group assesses whether a contract is or contains a lease, at inception of the contract. If the contract is or contains a lease, the Group recognises a right-of-use asset and a lease liability for all leases in which it holds the lessee position, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets (less than \$5,000). For these leases, the Group recognises the lease payments on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities are initially measured at the present value of the lease payments, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

As defined in IFRS 16, the incremental borrowing rate should be calculated as the interest rate that the Group would have to pay to finance, over a similar term and with similar collateral, the funds necessary to obtain an asset of similar value to the right of use in a similar economic environment. The Group's incremental borrowing rate is composed by a variable risk-free reference rate and a financial spread adjustment.

The selection of the reference rate is aligned with the currency in which lease cash flows are denominated, at a term aligned to the term of the lease. The Group's reference rates are Euribor and Libor.

The funding spread adjustment refers to the premium above the reference rate at which an institution can be funded. The methodology used to calculate this adjustment is based on the cost of external debt issued by the Group.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including fixed payments in kind), less any incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of call options, if the Group is reasonably certain to exercise such options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease payment (using the effective interest method) and reducing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability (and makes an adjustment to the right-of-use asset) whenever:

- The lease term has changed or there has been a significant event or change in circumstances that results in a change in the assessment of the exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Lease payments change due to changes in an index or rate or a change in the expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an original discount rate (unless the change in lease payments is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease is modified without being accounted for as a separate lease, in which case the lease liability is remeasured on the basis of the modified lease term, discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group has not made any such adjustments in 2022 and 2021 as the impacts of these adjustments were not material.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less amortisation and accumulated impairment losses.

In addition, the Group classifies as inventories the amortisation of right-of-use assets and the accrued expense of finance lease liabilities related to the rental of land incurred in the initial stages of design, development and construction of solar plants and which will be subsequently sold by the Group (see Note 3.9). Until these plants enter service, the Group capitalises the amortisation expense of the right-of-use asset as an increase in the carrying amount of the plant, in accordance with IAS 2.

For all other assets, depreciation is calculated by applying the straight-line method to the cost of the asset by right of use.

If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

The right-of-use asset is presented as a separate line in the balance sheet.

The right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset:

	Useful life	Lease term (average)
Buildings	20	20
Land	25-30	28-30

To determine the lease term of the land for the construction of renewable energy plants, the non-cancellable term of the contract has been considered. The same criterion has been applied for the leases of buildings corresponding to the Group's offices in the different geographical areas, except for those located in Spain, for which the Group has assumed a longer lease term as they constitute the Group's headquarters. Therefore, it has been considered reasonably safe to exercise the extension option included in these contracts.

In determining whether an extension option is reasonably certain to be exercised, the Group considers historical evidence of lease behaviour with similar characteristics, as well as any changes in general economic conditions, or factors specific to the asset type, that could be expected to occur. In addition, the OPDEnergy Group considers all relevant facts and circumstances that create an economic incentive. As stated in IFRS 16, this includes significant leasehold improvements made (or expected to be made) during the term of the lease that are expected to have a significant economic benefit to the lessee when an option to extend or terminate the lease becomes exercisable.

At the reporting date, the Group analyses the value of its non-current assets to determine whether there is any indication that these assets have suffered an impairment loss. In the event that impairment testing is required due to the existence of impairment indicators in the CGU, the Group applies the approach of comparing the carrying amount of the CGU, which includes assets subject to lease, and their recoverable amount, which is determined using a discounted cash flow model. The present value of estimated future cash flows excludes lease payments subject to the determination of the lease liability, which is why the lease liability recorded in the consolidated balance sheet is not deducted from the right-of-use asset for the purpose of determining recoverable amount.

Variable rental payments that are not dependent on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. The related payments are recognised as an expense in the period in which the event or condition that triggers such payments occurs and are included in "Other operating expenses" in the consolidated income statement (Note 18.3).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the contract consideration to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases in which the Group is the lessor are classified under "Investment property". Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in these leases. Finance lease income is allocated to the related accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the contract consideration to each component.

3.8 Financial instruments

Financial assets and liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are subsequently measured, in their entirety, at amortised cost or at fair value, depending on their classification.

Classification of financial assets-

Debt instruments that meet the following conditions will be measured subsequently at amortised cost:

- the financial asset is managed within a business model whose objective is to hold the financial assets to earn the contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions will be measured subsequently at fair value through other comprehensive income:

- the financial asset is managed within a business model whose objective is achieved by both the collection of the contractual cash flows and the sale of the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss.

Despite the foregoing, the Group may make the following irrevocable election at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in the fair value of an equity instrument in other comprehensive income if certain criteria are met, and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss if doing so would eliminate or significantly reduce an accounting mismatch.

Impairment of financial assets-

The Group recognises a provision for expected credit losses on investments in debt instruments measured at amortised cost or at fair value through other comprehensive income, lease receivables, trade receivables and other contract assets as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Group recognises expected credit losses over the life of the asset for trade receivables, other contract assets and lease receivables. Expected credit losses on these financial assets are estimated using a provisioning matrix based on the Group's historical credit loss experience, adjusted for obligor-specific factors, general economic conditions and an assessment of both current management and expected conditions at the reporting date, including the time value of money where applicable.

The Group derecognises the gross value of a previously impaired trade receivable when there is information indicating that the debtor is in serious financial difficulties and there is no realistic prospect of recovery, e.g. when the debtor has been placed into liquidation or has entered bankruptcy proceedings.

For all other financial instruments, the Group recognises expected credit losses over the life of the asset when there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Group estimates the value adjustment at an amount equal to the expected credit losses over the next 12 months.

Lifetime expected credit losses represent the expected credit losses that will result from all possible default events during the life of the financial instrument. In contrast, 12-month expected credit losses represent the portion of lifetime expected credit losses resulting from potential default events occurring within 12 months of the reporting date.

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group considers a financial asset to have a low credit risk when the asset has an external credit rating of "investment grade" according to the globally understood definition or if an external rating is not available at the reporting date, the asset has an internal rating of "performing". Performance means that the counterparty has a sound financial position and there are no past due amounts.

Derecognition of financial assets-

The Group derecognises a financial asset only when the contractual rights to its cash flows expire, or when it transfers the financial asset and substantially all the rights and obligations of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the rights and obligations of ownership and continues to control the transferred asset, the Group recognises its interest in the asset and an associated liability for the amounts payable. If the Group retains substantially all the rights and obligations incidental to ownership of a transferred financial asset, such as in the case of discounting of commercial paper and commercial paper, factoring with recourse, sales of financial assets subject to an agreement to repurchase at a fixed price or at the sale price plus a lender's return and securitisation of financial assets in which the transferor retains a subordinated interest or other collateral that absorbs substantially all of the expected losses, the Group shall continue to recognise the financial asset, as well as a loan secured by the proceeds received. At 31 December 2022 and 2021 the Group had not entered into any agreement of this nature.

On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument measured at fair value through other comprehensive income, the gain or loss previously accumulated in equity valuation adjustments is reclassified to profit or loss. Conversely, on derecognition of an investment in an equity instrument that the Group elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in equity valuation adjustments is not reclassified to profit or loss but is transferred to retained earnings.

Equity instruments and Financial liabilities

Classification as debt or equity instruments

Debt and equity instruments are classified as either financial liabilities or equity instruments according to the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

Equity instruments-

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities -

Financial liabilities are those payables and receivables of the Group arising from the purchase of goods and services in the ordinary course of business and which, not having commercial origin, cannot be considered as derivative financial instruments or equity instruments.

Debits and accounts are initially recognised at the fair value of the consideration received, adjusted for directly attributable transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss.

As indicated in Note 11.2, the Group has reverse factoring facilities, the use of which is conditional upon the existence of bankable supplier and creditor invoices accepted by the financial institutions. In this respect, the Group classifies such debts under "Trade and other payables" in the consolidated balance sheet, provided that the original debt with the supplier is deemed not to have been extinguished and the payment conditions previously agreed with the supplier are maintained, mainly in terms of term.

The Group currently has all financial liabilities classified at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date. The financial debt associated with the development, construction and operation of renewable energy plants that the Group intends to sell is also classified as current liabilities despite its long-term maturity characteristics (see Note 11.2).

Derecognition of financial liabilities-

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

When the Group exchanges with the existing lender a debt instrument for one with substantially different terms, the exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for a substantial modification of the terms of an existing liability or part of an existing liability as an extinguishment of the original financial liability and the recognition of a new liability. In general, the terms are assumed to be substantially different if the present value of the discounted cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, differs by at least 10 per cent from the discounted present value of the cash flows remaining on the original financial liability. If the modification is not substantial, the difference

between: (1) the carrying amount of the liability before the modification; and 2) the present value of the cash flows after the modification is recognised in profit or loss as a gain or loss on modification.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage the risks to which its business activities, operations and future cash flows are exposed. Basically, these risks relate to changes in interest rates and in the price of the power produced by the solar plants. The Group arranges derivative financial instruments in this connection.

Derivatives are recognised initially at fair value at the date a contract is entered into and are subsequently remeasured to their fair value at each reporting date. The gain or loss is recognised in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case the timing of its recognition in profit or loss depends on the nature of the hedging relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. All other derivative financial instruments are presented as current assets or liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments for interest rate and energy price risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. In addition, from the inception of the hedge and on an ongoing basis, the Group documents the effectiveness of the financial instrument in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the hedge effectiveness requirements set out below:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that which results from the portion of the hedged item that the Group actually hedges and the portion of the hedging instrument that the Group actually uses to hedge that portion of the hedged item.

If a hedging relationship no longer meets the effectiveness requirement for the coverage ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the coverage ratio of the hedging relationship (i.e. rebalances the hedge) to bring it back into compliance with the eligibility criteria.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

In general terms, a derivative that is measured at fair value through profit or loss can be designated as a hedging instrument, except for certain written options. A written option does not qualify as a hedging instrument unless it is designated to offset a purchased option, including an option that is embedded in another financial instrument. The Group classifies written options as fair value through profit or loss as they are not financial

instruments that qualify for hedge designation. Changes in the fair value of the derivative are recognised under "Other income and expenses" in the consolidated income statement.

The Group designates only the intrinsic value of option contracts, i.e. excluding the time value of the option, as the hedged item. Changes in the fair value of the aligned time value of the option are recognised in "Valuation adjustments" and accumulated in hedge reserves. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-related, the amount accumulated in hedge reserves is reclassified to the income statement on a rational basis - the Group applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, the amount accumulated in hedge reserves is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. In addition, if the Group expects that some or all of the cumulative loss on hedge reserves will not be recovered in the future, this amount is immediately reclassified to the income statement.

Movements affecting the hedging reserve in equity are detailed in Notes 11.1 and 12.1.

The Group designates certain derivatives as follows:

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other "Valuation adjustments" and accumulated in cash flow hedge reserves, limited to the cumulative change in the fair value of the hedged item from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "Other income and expenses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Hedging instruments are measured and accounted for on the basis of their nature to the extent that they are not, or cease to be, effective hedges.

In the case of derivatives that do not qualify for hedge accounting, the gains or losses in the fair value thereof are recognised immediately in the consolidated statement of profit or loss.

Fair Value Measurement

IFRS 13, "Fair Value Measurement" explains how to measure fair value when required by another International Accounting Standard (IAS). The standard establishes the requirements of fair value measurements applicable to financial and non-financial assets and liabilities.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the measurement date, whether it is observable or estimated using a valuation technique. For this purpose, data are selected that are consistent with the data that market participants would take into account in the transaction.

The requirements of IFRS 13 are met by the Group in the fair value measurement of its assets and liabilities when this value is required by the other IFRSs.

Based on IFRS 13 and under IFRS 7, "Financial Instruments: Disclosures", the Group discloses the fair value estimate according to a fair value hierarchy, as follows:

- Unadjusted quoted prices in active markets for assets and liabilities, such as financial instruments quoted in organised markets whose market value is as quoted at year-end (Level 1).
- Data other than quoted prices included in Level 1 that are observable, either directly (i.e. as reference prices) or indirectly (i.e. derived from prices, such as future energy prices available on OMIP) through valuation models (Level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The financial instruments held by the Group in 2022 and 2021 and measured at fair value consist of Level 2 derivatives in the form of interest rate derivatives (*swaps* and *caps*) and Level 3 derivatives in the form of *power purchase agreements* (*swaps* and issued options) and equity instruments held in certain companies (Level 3). In addition, the fair value of the Group's investment property is based on estimates of expected future income (Level 3) (Note 8).

For financial reporting purposes, the fair value of the financial liabilities is estimated by discounting the contractual future cash flows at the current market interest rate available to the Group for similar financial instruments.

3.9 Inventories

The net assets (basically photovoltaic/wind power plants and civil works) of the renewable energy plants included in the scope of consolidation and intended for sale are classified as inventories and valued in the same way as other inventories.

Inventories are valued at acquisition price, production cost or net realisable value, whichever the lowest. Commercial discounts, obtained reductions, other similar items and interests added to the debts par value are deducted when establishing the acquisition price (Note 13).

Production cost includes the costs of direct materials and, where applicable, the necessary direct labour costs and general construction and development costs incurred up to the reporting date.

In addition, the Group includes in the cost of inventories those right-of-use assets corresponding to lease contracts for the development and construction of certain plants which are still under construction, in their initial "design, development" phases and which, based on IFRS 16, will be sold by the Group once they are commissioned.

Net realisable value is the estimated selling price less all the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Group uses the first-in-first-out (FIFO) method to assign a value to its inventories.

The Group recognises any necessary valuation adjustment as an expense under the consolidated income statement when the net realisable value of inventories falls below their acquisition price (or production cost).

Work in progress and finished products mainly correspond to solar photovoltaic (or wind) farms under development and under construction. The cost of finished goods and work in progress includes the costs of design, development, raw materials, directly attributable hours spent by Group personnel, subcontract costs, other direct costs and manufacturing overheads (based on the normal working capacity of the means of production).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to realise it.

For inventories that take more than one year to be ready for sale, finance costs are included in the cost on the same terms as for fixed assets.

3.10 Cash and cash equivalents

This item of the balance sheet includes cash in hand, bank current accounts and, as the case may be, temporary deposits and acquisitions of assets that meet all the following requirements:

- They are convertible into cash.
- At the time of the acquisition, their date of maturity did not exceed three months.
- They are not subject to a significant risk of change in value.
- They are part of the usual cash management policy of the Group.
- They are not pledged.

3.11 Income tax

Until 31 December 2019, Opdenenergy Holding, S.A. and its subsidiaries with registered offices in Navarra (Annexes I.A and I.B) were taxed in accordance with the provisions of Provincial Law 26/2016, of 28 December, on Corporate Income Tax. Since 1 January 2021, due to the change of the Parent Company's name, Opdenenergy Holding, S.A. and various subsidiaries have been taxed under the Consolidation Tax Regime, regulated in Chapter VII of Title VII of Royal Legislative Decree 4/2004, of 5 March (Note 1). Specifically, the companies forming the consolidated tax group, in addition to the parent company, are those included in Annexes I.A and I.B.

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current tax is the amount the Group pays for income tax for a specific fiscal year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, as well as tax loss carryforwards from prior reporting periods which are effectively applied in the current period reduce the current income tax.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are recorded by applying to the relevant temporary difference or credit the tax rate at which they are expected to be recovered or settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither the reported profit(loss) nor the taxable profit(loss).

In turn, deferred tax assets are only recognised to the extent that it is considered likely that the Group will have sufficient taxable earnings in the future against which the deferred tax asset can be utilised (Note 17).

Also, at consolidated level, any differences between the consolidated carrying amount of an investment in an investee and the related tax base are also taken into account. In general, these differences arise from accumulated profits(losses) generated as from the date of acquisition of the subsidiary, from tax relief related to investment and the translation difference, in the cases of subsidiaries with a functional currency other than the euro. Assets and liabilities as a result of deferred taxes are recorded for these differences unless, due to tax differences, the investor can control the moment of reversal of the difference and, in the case of deductible differences, if such difference is expected to be reversed in the foreseeable future and it is likely that the company has sufficient future taxable earnings.

Deferred tax assets and liabilities from transactions with direct debit or credit entries into equity accounts are also booked with balancing entry under equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. In addition, deferred tax assets not recognised in the consolidated balance sheet are assessed at each balance sheet date and are recognised to the extent that it becomes probable that they will be recoverable against future taxable profit, subject to a maximum utilisation period of ten years, or to the limit within which tax legislation permits offsetting, whichever is lower.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. As at 31 December 2022 and 2021 there are no deferred tax assets and liabilities recognised that have been offset as indicated.

3.12 Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Remuneration of Senior Management

Remuneration of members of the Group's senior management and persons performing similar functions (Note 19.3) is recognised on an accruals basis, and the corresponding provision is recorded at year-end if the amount has not been settled.

In this regard, for the recording of employee benefits arising from accrued bonus payments, the Group has elected to use the approach of the amount of the most probable vested obligation accrued by employees rendering service under the terms of the plan, as it believes that this approach is the most appropriate for plans with a binary outcome.

3.13 Termination benefits

Termination benefits are paid to employees as a result of the Group's decision to terminate their employment contract prior to normal retirement age or when the employee agrees to voluntarily resign in exchange for these benefits.

The Group recognises the termination benefits on the earlier of the following dates: when the Group can no longer withdraw the offer of these benefits; or when the entity recognises the costs of a restructuring according to IAS 37 and this involves the payment of termination benefits.

When an offer is made to encourage employees to resign voluntarily, termination benefits are calculated based on the number of employees that are expected to accept the offer.

3.14 Provisions and contingencies

When preparing the consolidated financial statements the Group's Directors made a distinction between:

- a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations;
- b) Contingent liabilities: potential obligations that may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the Group's control.

The consolidated financial statements include all the provisions for which it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised in the consolidated financial statements, but reported in the annual report notes, provided they are not considered remote.

It is standard practice in the sector to offer guarantees to its customers in the development of turnkey projects for photovoltaic plants. As at 31 December 2022 and 2021 there are no warranty provisions for turnkey projects as there is no significant experience of claims in this respect and considering that the warranties of the manufacturers of the components used by the Group and of the subcontractors would sufficiently cover any incidents.

3.15 Revenue recognition

The Group's core business is the development and construction of renewable energy plants (solar and wind) for subsequent operation or sale to third parties.

The Group's main sources of revenue are as follows:

Electricity sales

The performance obligation is defined as the electricity production and subsequent delivery to the customers. In this regard, the Group applies the practical expedient of IFRS 15.B16 to recognize revenue at the invoice amount for electricity sales as the right to consideration corresponds directly to the value provided to the customer.

Spanish renewable energy plants

Nexus Energía, S.A. acts as the Group's sales agent in the Spanish market, making payments to the various energy market agents and passing on the invoicing.

In 2022 and 2021 electricity sales revenue is governed by Royal Decree-Law 413/2014 (see Note 1).

As at 31 December 2022, the Group has a total of 261 MW of power generation facilities that are fully connected.

Chilean renewable energy plants

The Chilean plants in operation sell their revenues to different authorised electricity distributors depending on the region to which they belong, with whom they have energy sales contracts.

In 2022, revenues from electricity sales are governed by Decree Law No. 4/20.008, General Electric Services Law ("LGSE") and its amendments (Note 1).

As at 31 December 2022, the Group have a total of 171 MW of electricity generation facilities that are fully connected.

Italian renewable energy plants

Gestore dei Servizi Energetici, S.p.A. acts as the Group's selling agent on the market, settling settlements with the various energy market players and passing on the invoices.

In 2022 and 2021 electricity sales revenue is governed by Royal Decree-Law 91/2014, approved by Law 116/2014 (see Note 1).

As at 31 December 2022, the Group have a total of 7 MW of power generation facilities that are fully connected.

Sale of renewable energy plants

Revenue from sale of renewable energy plants is recognized when the control of the assets or services attached to the performance obligation is transferred to the buyer. The sale of the project to third parties can be carried out at different stages, either at the end of the development phase or at the end of the development, construction and ready for operation phase. The income recognition of the different contractual performance obligations in each one of the phases are considered separately identifiable performance obligations fulfilled in accordance with the conditions of transfer of the property, being recorded at their fair value (Note 3.1.c.).

Revenue from the sale of renewable energy plants, whose fixed assets are classified as inventories (see Notes 3.9 and 13), are recognised under "Revenue" in the consolidated income statement for the sum of the price of the interests in these plants plus the amount of the net debt relating to the plant (total debt less current assets) when control of the assets or services linked to the performance obligation is transferred to the customer.

At the same time, the inventories are derecognised with a charge to "Changes in inventories of finished goods and work in progress" in the consolidated statement of profit or loss. The difference between the two amounts is the operating profit or loss obtained on the sale.

The Group generally recognises revenue from such contracts when control of the shares of the companies sold is transferred and once the parties have satisfied all conditions precedent.

In addition, the Group analyses cases where more than one contract is entered into for the same project and customer to determine whether there is a combination of contracts in accordance with IFRS 15. In certain cases, development and construction contracts and operation and maintenance service contracts may be entered into after the sale of a renewable energy plant. The Group considers that the performance obligations included in the different contracts are different and do not constitute a single performance obligation. In addition, the negotiated prices set in each of the contracts are equivalent to those that would exist with customers with whom a set of contracts was not signed and are not subject to the performance of the other contracts.

Finally, the sale of renewable energy plants cannot be reversed due to circumstances related to the execution of development and construction contracts performed by the Group in prior years or to the execution of operation and maintenance service contracts that the Group has with some of the plants sold in prior years.

Development and construction

Under these contracts, the Group is responsible for the development and overall management of the renewable energy plants, including its engineering, procurement and construction. Given the high level of integration that is involved in these arrangements, all promises under development and construction contracts are accounted for as a single combined performance obligation because the promised goods and services in the contract are not distinct. The Group provides an important service of integration of the goods and services provided in the contract.

Revenue recognition on turnkey projects for the construction of solar and wind farms for third parties outside the Group is based on the construction milestones achieved and agreed under the contractual terms agreed with the customer or by applying the input method to the full expected margin on the construction and sale of the farm, provided that at 31 December of each year they meet the following characteristics:

- there is a firm obligation for the buyer prior to the commencement of turnkey construction,
- the total income to be received is estimable with an acceptable degree of confidence and,
- the costs until completion of the contract, as well as the stage of completion to date, can be reliably estimated.

Based on the construction contracts, the customer acquires ownership of the renewable energy plant as construction progress is certified based on agreed construction milestones that are similar to the percentage of completion. The percentage of completion is calculated on the total estimated revenue under each contract and is determined by the ratio of the costs incurred to date to the total expected costs to complete the project.

There are no revocation clauses for the plant, so if there were any problems during acceptance testing, ownership would remain with the customer and penalties would be limited. In addition, the construction period for the Group's projects normally does not cover more than one year.

In some cases, upon completion of development and construction, the Group sells the PV plant to a third party under share purchase agreements other than development and construction agreements. The goods and services offered under these contracts are capable of being distinct because the customer can benefit from each good or service on its own.

Warranties related to construction contracts cannot be purchased separately and serve as a guarantee that the products and services sold comply with the agreed specifications and conform to standard market practice. Consequently, the Group accounts for guarantees in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and has not recorded any income of this nature.

Operation and maintenance services

As part of the Group's standard practice, development and construction contracts sometimes include, in addition to construction, additional maintenance services for a period of up to two years. The performance obligations derived from the contracts for operation and maintenance services to solar and wind farms previously sold to third parties are likewise satisfied throughout the period established by the contract, recognizing the income separately and at its fair value, not existing other types of obligations acquired in addition to the provision of those services.

Maintenance services are separately identifiable because they are not integrated with or highly interdependent on the development/build services and do not significantly modify or customize the development and construction of the solar PV plants. As mentioned above, contracts previously signed with respect to sale or development and construction are not subject to revocation if the services of the operation and maintenance contract are not fully performed.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.

Transfers of use

The Group builds and owns substations to feed electricity into the grid for its renewable energy farms in operation, the capacity of which can be shared with other solar farms outside the Group, by means of contracts for the shared use of the same for a period of time. In this respect, the Group assigns the right to use an established capacity for the discharge of electricity to third parties through its owned substations.

3.16 Foreign currency transactions

Translation of financial statements in foreign currencies (foreign operations)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the day of the transactions. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in the profit and loss account and accumulated under "Exchange differences" (attributed to minority interests, as appropriate).

On the disposal of a foreign operation all of the exchange differences accumulated in "Exchange differences" in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.17 Transactions with related parties

In general, transactions between Group companies are initially recognised at fair value. If applicable, where the agreed price differs from fair value, the difference is recognised based on the economic reality of the transaction. Transactions are subsequently measured in accordance with applicable standards.

Also, the transfer prices are adequately supported and, therefore, the Group's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

3.18 Current and non-current items

Current assets are considered to be those related to the normal cycle of operations that is generally deemed to be one year, as well as other assets the expiry, disposal or realisation of which is expected to take place in the short term as from year-end, financial assets held for negotiation, except for financial derivatives the liquidation term of which exceeds one year and cash and other equivalent liquid assets. Assets that do not meet these requirements are classified as non-current assets.

Likewise, current liabilities are those related to the ordinary cycle of operations, financial liabilities held for trading, with the exception of financial derivatives to be settled more than one year later and, in general, all obligations that will expire or terminate in the short term. Any other liabilities are classified as non-current liabilities.

3.19 Environmental assets and liabilities

Environmental assets are deemed to be assets used on a lasting basis in the Group's operations whose main purpose is to minimise environmental impact and protect and improve the environment, including the reduction or elimination of future pollution.

Actions with an impact on the environment are treated as an expense for the year or as an increase in the value of the related asset, based on the valuation criteria described for property, plant and equipment in the corresponding note above.

3.20 Statement of cash flows

The items used in the presentation of the consolidated statements of cash flows are as follows:

- Cash flows: inflows and outflows of cash and cash equivalents, i.e., short-term investments with high liquidity and low risk of changes in value.
- Operating activities: the Group's typical activities and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that result in changes in equity and borrowings that are not related to operating activities.

3.21 Share-based payments

The Group recognises goods and services received as an asset or as an expense, depending on their nature, when they are obtained and the corresponding increase in consolidated equity if the transaction is settled with equity instruments or the corresponding liability if the transaction is settled with an amount based on the value of the equity instruments.

In the case of transactions settled with equity instruments, both the services provided and the increase in total equity are recognised at the fair value of the equity instruments assigned, related to the date of the assignment agreement. If they are settled in cash, the goods and services received and the related liability are recognised on an accrual basis until the fair value of the goods and services received and the related liability are measured at the date on which the recognition criteria are met.

In the case of equity-settled share-based payments, the fair value is charged on a straight-line basis over the vesting period to "Staff costs" in the consolidated income statement and credited to "Other equity instruments"

in the consolidated balance sheet, based on the Company's estimate of the shares that will ultimately be delivered, depending on the various variables defined in the plans granted to achieve vesting.

The fair value is determined on the basis of market prices available at the valuation date, taking into account their characteristics. If market prices are not available, generally accepted valuation techniques are used for valuing financial instruments with these characteristics.

3.22 Earnings per share

Earnings per share are calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares of the parent company held.

Diluted earnings per share are calculated by dividing net profit or loss for the period by the weighted average number of ordinary shares outstanding during the period, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into ordinary shares of the company. For this purpose, conversion is deemed to take place at the beginning of the period or at the time of issue of the potential ordinary shares if the potential ordinary shares were issued during the period.

4. Distribution and appropriation of profits/(losses)

The proposal for the appropriation of the losses obtained by the Parent Company in financial years 2022 and 2021 formulated by the Company's Directors and to be submitted to the approval of the General Meeting of Shareholders is as follows:

	Thousands of Euros	
	2022	2021
Available for distribution.		
Profit for the year / (Loss for the year)	(5,012)	(713)
	(5,012)	(713)
Appropriation -		
Prior years' losses	(5,012)	(713)
	(5,012)	(713)

5. Segment reporting

The following operating segments are based on the internal reports, which are reviewed, discussed and assessed regularly by the management team and the Board of Directors, which is the ultimate body responsible for taking decisions and for allocating resources to the segments and evaluating their performance. In this respect, the segment figures stated in the aforementioned internal reports include the revenue and margins eliminated on consolidation, since the Directors consider that they reflect the Group's actual activity more accurately than the consolidated figures, which only reflect transactions performed with third parties.

The Group's activity consists on the development, commissioning and management of renewable energy plants in different geographies following a vertically integrated and diversified business model. Specifically, the Group is engaged in (i) the development and construction of photovoltaic and onshore wind projects, (ii) the sale of electricity generated by owned wind farms once they are in operation and (iii) the management and technical services throughout the life of the farms owned by the Group or related parties.

As a consequence of this vertically integrated business model, development, construction and service activities remain intra-group operations as long as the assets remain within the scope of consolidation. Notwithstanding the

above, in the last years the Group has carried out some transactions involving the sale of majority stakes in several projects to third parties outside the Group, with a relevant impact on the consolidated financial statements. All these activities must be reflected in the segment reporting so they are disclosed as a whole, both services provided to independent third-parties and Intra-Group transactions.

Accordingly, the Group considers appropriate to provide segment reporting in order to:

- Reflect the Group's actual level of activity regardless of whether Intra-Group (related-party customer) transactions are performed or transactions are performed with independent third parties (non-Group customers).
- Distinguish the volume of business performed with third-party customers from related-party customers in each of the Group's activities.
- Reflect the timing of the generation of revenue and profits or losses in line with when each activity is performed.
- Reflect the activity proportionally in relation to the Group's shareholding.

The segments defined are as follows:

- Development and EPC (Engineering, Procurement and Construction): including, among others, activities related to the identification of feasible projects, in both financial and technical terms, the management of environmental impact analyses, the obtaining of licenses and permits to build and operate, and engineering and construction work on the projects. Also included are the sale transactions of renewable energy plant holding companies.
- Energy Sales and Services: including electricity sold either in the wholesale market, through PPAs or in any other form, as well as any other operations and maintenance ("O&M") and asset management ("Asset Management") services provided to projects once the commercial operation date ("COD") has been reached.
- Central Services / Structure: any income or expenses from assets under general use that are not distributed among segments.

The transfer prices in inter-segment sales are the prices applied which, as indicated in Note 3.17, are market prices.

The detail of the disclosures, by segment, of the Group's business at 31 December 2022 and 2021, based on the above-defined criteria, is presented below:

2022

	Thousands of Euros				
	EPC & Development	Energy Sales and Services	Corporate	Consolidation adjustments	TOTAL
Operating income:					
- From third parties	74,267	88,719	-	(47,523)	115,463
- From group companies	252,915	4,149	575	(257,639)	-
(-) Direct cost	(212,353)	(38,594)	-	252,736	(1,789)
Gross Margin	114,829	54,274	575	(52,426)	117,252
(-) G&As	(16,673)	(22,084)	(4,443)	11,677	(31,523)
EBITDA	98,156	34,190	(3,974)	(41,113)	85,729
(-/+) Depreciations & others	(1,474)	(15,021)	(1,180)	1,998	(15,677)
EBIT	96,682	17,169	(5,048)	(38,751)	70,052

2021

	Thousands of Euros				
	EPC & Development	Energy Sales and Services	Corporate	Consolidation adjustments	TOTAL
Operating income:	46,561	63,207	2,657	(68,931)	43,495
- From third parties	9,903	32,204	1,388	-	43,495
- From group companies	36,658	31,003	1,269	(68,931)	-
(-) Direct cost	(43,310)	(25,879)	2,635	56,987	(9,568)
Gross Margin	3,251	37,328	5,292	(11,944)	33,927
(-) G&As	(3,667)	(13,568)	(10,493)	7,976	(19,751)
Provisioned liquidity event bonus (*)	-	-	(2,409)	-	(2,409)
Expenses for failed IPO (*)			2,315	-	2,315
Adjusted EBITDA	(416)	23,760	(5,294)	(3,968)	14,082
(-/+) Depreciations & others	(728)	(13,489)	(241)	3,770	(10,689)
Adjusted EBIT	(1,144)	10,271	(5,536)	(198)	3,393

	Thousands of Euros
	TOTAL
Profit or loss from operations	3,393
Depreciation and amortisation charge	9,810
Impairment and gains and losses on disposals of non-current assets	(9)
Other profit(loss)	557
Impairment of inventories	424
IPO costs and other adjustments (*)	(94)
Total adjusted EBITDA	14,082

(*) For the purposes of calculating the aforementioned Ebitda, the reversal of EUR 2,409 thousand relating to provisions to Senior Management recorded during 2021 (Notes 15 and 19.3) and expenses associated with the IPO transaction amounting to EUR 2,316 thousand have not been taken into account.

In accordance with paragraph 23 of IFRS 8, the Group does not disclose interest expense, share of profit or loss of associates and income tax expense as this information is not routinely provided to the Senior Management and the Board of Directors.

Geographic breakdown

The geographical distribution for the years ended 31 December 2022 and 2021 is as follows:

Revenue	Thousands of Euros	
	31.12.2022	31.12.2021
Spain	101,091	23,585
Mexico	41	414
Italy	3,721	3,862
USA US.	-	9,490
Chile	10,610	6,144
	115,463	43,495

Fixed assets	Thousands of Euros	
	31.12.2022	31.12.2021
Spain	448,383	216,489
Mexico	302	143
Chile	153,835	131,188
Italy	21,457	19,488
United Kingdom	2,980	1,987
U.S.A.	54,535	6,718
Poland	98	-
	681,589	376,013

Information on main customers

The breakdown of sales to external customers that were invoiced during the years ended 31 December 2022 and 2021 for amounts equal to or greater than 10% of revenues is as follows:

2022

	Thousands of Euros
Bruc Energy, S.L.U. (Note 3.1.c)	74,267
Nexus Energía, S.A. (Notes 3.15 and 18.1) (*)	71,771
Total	146,038

(*) The amount invoiced is higher than "Revenue" in the consolidated income statement due to the fact that this heading is reduced by the settlements of energy price derivatives.

2021

	Thousands of Euros
Silicon Ranch Corporation (Nota 3.1.c)	9,490
Nexus Energía, S.A. (Notes 3.15 and 18.1) (*)	47,850
Total	57,340

(*) The amount invoiced is higher than "Revenue" in the consolidated income statement due to the fact that this heading is reduced by the settlements of energy price derivatives.

6. Intangible assets

The changes in this item in the consolidated balance sheet in the fiscal years 2022 and 2021 were as follows:

2022

	Thousands of Euros		
	Balance at 01/01/22	Additions / (Provisions)	Balance at 31/12/22
Cost:			
Goodwill (Note 3.1.c)	2,643	-	2,643
Concessions, patents and licences	923		923
Other intangible assets	299	901	1,200
Total cost	3,865	901	4,766
Accumulated depreciation:			
Concessions, patents and licences	(237)	(47)	(284)
Other intangible assets	(83)	(107)	(190)
Total Accumulated amortisation	(320)	(154)	(474)
Total, net	3,545	747	4,292

2021

	Thousands of Euros				
	Balance at 01/01/21	Business combinations (Note 3.1.c)	Additions / (Provisions)	Derecognitions	Balance at 31/12/21
Cost:					
Goodwill (Note 3.1.c)	-	2,643	-	-	2,643
Concessions, patents and licences	935	-	-	(12)	923
Other intangible assets	252	-	47	-	299
Total cost	1,187	2,643	47	(12)	3,865
Accumulated depreciation:					
Concessions, patents and licences	(197)	-	(40)	-	(237)
Other intangible assets	(61)	-	(22)	-	(83)
Total accumulated depreciation	(258)	-	(62)	-	(320)
Total, net	929	2,643	(15)	(12)	3,545

As a result of the business combinations that took place in 2021 and are detailed in Note 3.1.c, the Group recognised various goodwill as follows:

	Thousands of Euros
Solar Plant OPDE La Fernandina, S.L.	957
Planta Solar OPDE Andalucía 1, S.L.	807
Planta Solar OPDE Extremadura 2, S.L.	879
Total	2,643

Each year, the Group analyses the possible existence of impairment of this goodwill by means of an impairment test (Notes 3.2 and 7). No impairment of goodwill has been detected in 2022 or 2021.

At 31 December 2022 and 2021, there were no firm intangible asset purchase commitments.

7. Property, plant and equipment

The movement in this heading in the consolidated balance sheet in 2022 and 2021, the most significant information affecting it, is detailed below:

2022

	Thousands of Euros							
	Balance at 1/01/22	Amendment IAS 16	Business combinations (Note 3.1.c)	Additions / (Provisions)	Derecognitions	Transfers	Translation differences	Balance at 31/12/22
Cost:								
Land and buildings	2,213	-	-	5,662	-	-	-	7,875
Plant, machinery, tools, furniture and other items of property, plant and equipment	278,984	348	-	36	(1,385)	73,712	3,413	355,107
Property, plant and equipment in the course of construction	109,439	363	7,454	300,138	-	(73,712)	819	344,501
Total cost	390,636	711	7,454	305,836	(1,385)	-	4,232	707,484
Accumulated depreciation:								
Buildings	(650)	-	-	(90)	-	-	(31)	(771)
Plant, machinery, tools, furniture and other items of property, plant and equipment	(13,973)	(41)	-	(12,208)	1,385	-	(287)	(25,124)
Total accumulated depreciation	(14,623)	(41)	-	(12,298)	1,385	-	(318)	(25,894)
Total, net	376,013	670	7,454	293,538	-	-	3,596	681,589

2021

	Thousands of Euros						
	Balance at 1/01/21	Transfers to 01/01/2021 (Notes 1 and 2.5)	Business combinations (Note 3.1.c)	Additions / (Provisions)	Transfers	Translation differences	Balance at 31/12/21
Cost:							
Land and buildings	1,982	-	-	231	-	-	2,213
Plant, machinery, tools, furniture and other items of property, plant and equipment	22,001	75,362	116,090	-	62,455	3,112	279,020
Property, plant and equipment in the course of construction	-	97,018	-	72,077	(62,455)	2,799	109,439
Total cost	23,983	172,380	116,090	72,308	-	5,911	390,672
Accumulated depreciation:							
Buildings	(527)	-	-	(123)	-	-	(650)
Plant, machinery, tools, furniture and other items of property, plant and equipment	(5,938)	-	-	(8,039)	-	(32)	(14,009)
Total accumulated depreciation	(6,465)	-	-	(8,162)	-	-	(14,659)
Total, net	17,518	172,380	116,090	64,146	-	5,879	376,013

At 31 December 2022 the Group recognises under "Plant, machinery, tools, furniture and fixtures and other fixed assets" the renewable energy plants (11 photovoltaic farms in Spain, 7 farms in Italy, 4 photovoltaic farms in Chile and 1 wind farm in Chile) that are connected to the grid and producing energy and which the Group has decided to maintain for operation. In this respect, 1 of these Chileans photovoltaic power plants will come into operation during the financial year 2022.

Additionally, it has registered various park developments and constructions, mainly in Spain, the United States and Italy that the Group expects to be able to complete its development and construction for subsequent exploitation.

As indicated in Note 2.2, during 2022, as a result of the application of the amendment to IAS 16, the Group has modified the values of certain photovoltaic farms that came into operation in 2021 and 2022.

The Group recognises provisions for the decommissioning of wind farms where an obligation exists. The estimated present value of these costs is recognised as an increase in the value of the asset with a credit to "Provisions" (Note 15).

The geographical distribution, type of assets and net book value of property, plant and equipment is as follows (in thousands of euros):

	31/12/2022		31/12/2021	
	Renewable energy farms	Developments and Other items of property, plant and equipment	Renewable energy farms	Developments and Other items of property, plant and equipment
Spain	178,723	269,468	185,265	31,224
Mexico	-	298	-	143
Chile	141,663	12,109	127,814	3,374
Italy	11,717	10,001	13,131	6,357
United Kingdom	-	2,979	-	1,987
U.S.A.	-	54,535	-	6,718
Poland	-	98	-	-
Total	332,103	349,486	326,210	49,803

Details of the separate value of buildings and land owned by the Group at the end of 2022 and 2021 are as follows (in thousands of euros):

	31/12/2022			31/12/2021		
	Gross amount	Accumulated depreciation	Net amount	Gross amount	Accumulated depreciation	Net amount
Land	6,420	-	6,420	758	-	758
Buildings	1,455	(771)	684	1,455	(650)	805
	7,875	(771)	7,104	2,213	(650)	1,563

The detail of the fully depreciated items of property, plant and equipment still in use is as follows (in thousands of euros):

	2022	2021
Plant, machinery and other items of property, plant and equipment	309	309

In the year ended 31 December 2022, the Group has capitalised finance costs of EUR 975 thousand (EUR 2,764 thousand in the year ended 31 December 2021), attributable to financing associated with renewable energy plants that have taken more than twelve months to bring into operation (see Note 11.2), as an increase in the value of property, plant and equipment.

The Group has also capitalised staff costs and work carried out by third parties not associated with construction, mainly amounting to EUR 6,217 thousand (EUR 27,353 thousand in the year ended 31 December 2021), which relate to the development of photovoltaic power plant projects, as an increase in the value of property, plant and equipment during the year ended 31 December 2022.

At 31 December 2022, the Group has fixed asset purchase commitments of EUR 272,255 thousand (EUR 31,717 thousand at 31 December 2021) relating to photovoltaic projects to be built in Spain, Italy and the United States.

The Group has taken out several insurance policies to cover the risks to which its property, plant and equipment are subject. It is considered that these policies sufficiently cover such risks.

During 2022, the Group's photovoltaic and wind power plants are generating revenue and are reasonably meeting their business plans, although in accordance with the criteria indicated in Note 3.6, the Directors have observed

certain indications of impairment, basically volatility in future energy prices. Accordingly, the Directors have reviewed and approved the impairment tests.

The impairment tests of plants carried out for the CGUs in which these deviations were observed due to the volatility of future energy prices (6 plants in Spain, 6 in Chile and 7 in Italy) did not involve any adjustment for impairment at the end of each period. The main assumptions used in the impairment tests are as follows:

- Projected profit(loss). The price of electricity used in the base cases has been estimated on the basis of complex projection models validated by an independent expert covering the useful life of the assets. The estimates consider in each case a period similar to the remaining useful life on 31 December 2022 of the plants, with an average price of 56.80 EUR/MWh in Spain (27 years), an average price of 125.31 EUR /MWh in Italy (12 years) and an average price of 65.54 EUR/MWh in Chile (28.5 years).
- Projected investment and working capital.

Other variables affecting the calculation of the recoverable value are:

- The discount rate to be applied, which reflects the time value of money and the risks associated with the asset. The Directors use the same pre-tax discount rates for renewable energy plants located in similar regions or countries.

	Discount rate	
	2022	2021
Solar power plants in Italy	6.96%	4.25%
Solar plants in Spain	6.01%	4.56%
Solar power plants in Chile	8.32%	5.71%

- Projection period: consistent with the remaining useful life of each plant. The structure of the plants makes it possible to determine the costs that the project will have in its operating phase and to project revenues over the entire life of the plant, which is more than 5 years. Furthermore, the revenues structure of the plants is designed to generate sufficient cash flows to repay the debt associated with the plants in the early years and to recover the value of the plants over their useful life.

Said projections are prepared on the basis of past experience and the best possible estimations available, which in turn must be consistent with the information coming from abroad.

The key assumptions identified are the discount rate used in the model and the estimated electricity price. The Directors have considered the sensitivity of the recoverable amount of these assets to changes in the assumptions, considering the following scenarios:

- Scenario 1: 5% reduction in electricity prices.
- Scenario 2: the discount rate used is increased by 50 basis points.

	Thousands of Euros		
	Italy	Spain	Chile
Scenario 1	(475)	(14,798)	(14,655)
Scenario 2	(366)	(6,181)	(10,313)

The recoverable amount of the assets in each of the scenarios is higher than the carrying value of each of the projects, and therefore the Directors consider that as at 31 December 2022 (as in the fiscal year 2021) no impairment has arisen in the consolidated income statement.

8. Investment property

At 31 December 2022 and 2021 the Group recognised EUR 1,218 thousand under “Investment property” in the consolidated balance sheet in relation to the land acquired for the construction of renewable energy plants (2021: EUR 1,218 thousand) previously developed, built and sold by the Group in recent years. Group management’s estimate of the fair value of the land amounts to EUR 1,588 thousand at 31 December 2022. These plots of land are leased to the owners of the PV facilities.

Income from these investments amounting to EUR 155 thousand were recognised under “Other operating income” in the consolidated statements of profit or loss for 2022 (2021: EUR 135 thousand).

At 31 December 2022 and 2021 there were no restrictions on making new investment property investments, on the collection of rental income therefrom or in connection with the proceeds to be obtained from a potential disposal thereof.

9. Leases

The detail and movement of leases on the consolidated balance sheet as of December 2022 and 2021 is as follows:

2022

	Thousands of Euros					
	Balance at 01/01/22	Business combinations (Note 3..1.c)	Additions	Derecognitions	Translation differences	Balance at 31/12/22
Cost:						
Land	47,335	(10,573)	45,250	(1,589)	18	80,441
Plant	408	-	-	(31)	-	377
Buildings and others	518	-	-	-	-	518
Total cost	48,261	(10,573)	45,250	(1,620)	18	81,336
Accumulated depreciation:						
Land	(2,915)	514	(2,186)	758	592	(3,237)
Plant	(63)	-	(33)	2	-	(94)
Buildings and others	(598)	-	(324)	-	12	(910)
Total accumulated depreciation	(3,576)	514	(2,543)	760	604	(4,241)
Total right-of-use assets	44,684	(10,059)	42,707	(860)	622	77,095

2021

	Thousands of Euros					
	Balance at 01/01/21	Business combinations (Note 3.1.c.)	Additions	Derecognitions	Translation differences	Balance at 31/12/21
Cost:						
Land	9,068	12,136	26,121	-	10	47,335
Plant	1,081	-	-	(673)	-	408
Buildings and others	2,081	-	-	(1,563)	-	518
Total cost	12,230	12,136	26,121	(2,236)	10	48,261

Accumulated depreciation:						
Land	(1,061)	-	(1,545)	-	(309)	(2,915)
Plant	(782)	-	45	674	-	(63)
Buildings and others	(817)	-	(86)	307	(3)	(598)
Total accumulated depreciation	(2,660)	-	(1,586)	981	(312)	(3,576)
Total right-of-use assets	9,570	12,136	24,535	(1,255)	(302)	44,684

The main contracts held by the Group as lessee relate to plots of land on which renewable energy plants, offices and vehicles are located. The main additions in 2022 and 2021 relate to the rental of land due to the Group's increased need for land to expand its business.

The main features and assumptions used by the Group in accounting for these rights of use are as follows:

- The average lease term of the Group's main contracts is as follows:

	Fiscal Year	
	2022	2021
Buildings	4.69	5.30
Vehicles	1.58	3.86
Plots for renewable energy plants	29.51	32.32

- Discount rates depend on the country and the type of asset, as shown below:

	Spain	Chile	Italy	Mexico
Buildings	6.33%	10.30%	1.72%	7.80%
Vehicles	2.10%	-	-	-
Plots for renewable energy plants	1.44% - 5.36%	2.71% - 9.75%	4.37%	-

As at 31 December 2022 (as at 31 December 2021), the Group only has one lease with variable payments, which has a term of 35 years and whose rent is linked to the energy production of the wind farm located on the leased land. The rent is calculated as 2% of the Group's revenue from the sale of energy from the plant, with future payments estimated as follows:

	Thousands of Euros					
	2023	2024	2025	2026	2027 and subsequent years	Total
Future variable payments	186	192	160	157	5,578	6,274

The lease expense associated with variable payments in 2022 amounted to EUR 116 thousand (EUR 41 thousand in 2021).

The Group has not recognised impairments on rights of use in 2022 and 2021.

As indicated in Note 3.9, the Group includes as "Inventories" the amortisation of right-of-use assets and the accrued expense of finance lease liabilities incurred in the development and construction of certain plants that are still under construction, in their initial design, development and construction phases and which, based on IFRS 16, will be offered for sale by the Group once they are commissioned for an amount of EUR 3,196 thousand at 31 December 2022 (EUR 10,058 thousand at 31 December 2021). The detail and movement of right-of-use assets classified as inventories in the consolidated balance sheet at 31 December 2022 and 2021 is as follows:

2022

	Thousands of Euros			
	Balance at 01/01/22	Business combinations (Note 3.c.1)	Additions	Balance at 31/12/22
Cost:				
Land	10,573	(10,573)	3,196	3,196
Total cost	10,573	(10,573)	3,196	3,196
Accumulated depreciation:				
Land	(514)	514	-	-
Total accumulated depreciation	(514)	514	-	-
Total right-of-use assets	10,058	(10,058)	3,196	3,196

2021

	Thousands of Euros			
	Balance at 01/01/21	Transfers to 01/01/2022 (Notes 1)	Additions	Balance at 31/12/21
Cost:				
Land	7,882	(7,882)	10,573	10,573
Total cost	7,882	(7,882)	10,573	10,573
Accumulated depreciation:				
Land	(1,017)	1,017	(514)	(514)
Total accumulated depreciation	(1,017)	1,017	(514)	(514)
Inventories	6,865	(6,865)	10,058	10,058

The detail of the lease payments recognised as an expense in 2022 and 2021 "Other operating expenses" in the consolidated statement of profit or loss (see Note 18.3) is as follows (in thousands of euros):

	2022	2021
Lease payments ^(*)	423	261
Total	423	261

(*) Non-cancellable leases. All of these correspond to contracts with a maturity of less than one year.

The breakdown by maturity of the undiscounted lease liabilities according to the contracted schedule is as follows:

	Thousands of Euros					
	2023	2024	2025	2026	2027 and subsequent years	Total
Lease liability	3,443	3,373	3,370	3,364	83,974	97,254

There were no significant lease commitments at 31 December 2022 and 2021.

10. Interests determined by the equity method

The detail of "Equity investments accounted for using the equity method" as at 31 December 2022 and of the movement in 2022 is as follows (in thousands of euros):

	Balance at 01/01/2022	Additions	Share in profit (loss) of companies consolidated under equity method	Dividends received	Valuation adjustments (**)	Other changes (*)	Derecognitions (Note 3.1)	Balance at 31/12/2022
Renter Gestiones, S.L.	25	-	30	-	-	-	-	55
A2 Renovables LLC Holding	7,055	-	206	(124)	(367)	1,163	-	7,959
Tordesillas Renovables 400 KV, S.L.	50	11	(4)	-	-	-	-	57
Laat 132 KV Doble Circuito Tordesillas 400 KV, S.L.	-	18	(11)	-	-	-	-	7
Olmedo Renovables 400 KV, A.I.E.	81	451	-	-	-	-	-	532
La Serranilla Renovables 132 KV, A.I.E. (***)	-	23	(9)	-	-	-	-	14
Toro renovables 400 KV, S.L.	-	458	(6)	-	-	-	-	452
Valcabado Renovables 2200 KV, S.L.	110	63	(14)	-	-	-	-	159
Cubillos Renovables, S.L. (***)	60	2,915	(73)	-	-	-	-	2,902
Gazules Renovables, S.L.	2	-	-	-	-	-	(2)	-
Labradas Renovables, S.L. (***)	4	19	(7)	-	-	-	-	16
Cuadruple Belinchón, S.L.	-	235	(12)	-	-	-	-	223
Monte Reina Renovables, S.L.	5	33	(7)	-	-	-	-	31
Trevago Renovables, S.L.	2	-	-	-	-	-	(2)	-
Trend Energético, S.R.L.	3	218	(1)	-	-	-	-	220
Total	7,397	4,444	92	(124)	(367)	1,163	(4)	12,627

(*) The amount included in the column "Other movements" includes the translation differences associated with these participations.

(**) The valuation adjustments relate to derivative financial instruments to hedge the risk of fluctuations in interest rates and electricity prices contracted by the companies. As of December 31, 2022, the proportion corresponding to the variation in the valuation of these derivatives, carried out by an independent expert, amounts to 337 thousand euros and has been recorded with a charge under the heading "Hedging operations in associated companies" of consolidated balance sheet.

(***) Although the Group holds a stake of more than 50% in these companies (Annex I), and based on the various shareholders' agreements, it does not maintain control over these companies, which is why they have not been fully consolidated.

The detail of "Equity investments accounted for using the equity method" as at 31 December 2021 and of the movement in 2021 is as follows (in thousands of euros):

	Balance at 01/01/2021	Additions (Note 3.1)	Share in profit (loss) of companies consolidated under equity method	Valuation adjustments (***)	Other transactions (**)	Other consolidation adjustments	Derecognitions (Note 3.1)	Balance at 31/12/2021
Planta Solar OPDE Fernandina, S.L. (*)	78	-	(57)	(36)	-	11	4	-

Planta Solar OPDE Extremadura 2, S.L. (*)	34	-	(48)	(44)	-	12	46	-
Planta Solar OPDE Andalucía 1, S.L. (*)	(110)	-	(38)	(11)	-	11	148	-
Renter Gestiones, S.L.	17	-	8	-	-	-	-	25
A2 Renovables LLC Holding	6,831	-	(172)	19	364	13	-	7,055
Opdenenergy Riverstone L.P.	33	199	(1)	-	(2)	-	(229)	-
Tordesillas Renovables 400 KV, S.L.	-	50	-	-	-	-	-	50
Olmedo Renovables 400 KV, A.I.E.	-	81	-	-	-	-	-	81
Valcabado Renovables 2200 KV, S.L.	-	117	(7)	-	-	-	-	110
Cubillos Renovables, S.L. (****)	-	60	-	-	-	-	-	60
Gazules Renovables, S.L.	-	2	-	-	-	-	-	2
Labradas Renovables, S.L. (****)	-	4	-	-	-	-	-	4
Monte Reina Renovables, S.L.	-	6	(1)	-	-	-	-	5
Trevago Renovables, S.L.	-	8	(6)	-	-	-	-	2
Trend Energético, S.R.L.	-	3	-	-	-	-	-	3
Total	6,883	530	(322)	(72)	362	47	(31)	7,397

(*) The amount included in the columns "Share in the results of equity-accounted companies" and "Valuation adjustments" correspond to the balances at the date of purchase and sale (Note 3.1.c).

(**) The amount included in the column "Other movements" includes the translation differences associated with these participations.

(***) The valuation adjustments relate to derivative financial instruments to hedge the risk of fluctuations in interest rates and electricity prices contracted by the companies. As of December 31, 2021, the proportion corresponding to the variation in the valuation of these derivatives, carried out by an independent expert, amounts to 72 thousand euros and has been recorded with a charge under the heading "Hedging operations in associated companies" of consolidated balance sheet

(****) Although the Group holds a stake of more than 50% in these companies (Annex I), and based on the various shareholders' agreements, it does not maintain control over these companies, which is why they have not been fully consolidated.

Fiscal year 2022

During the 2022 financial year, the Group has incorporated, together with third parties outside the Group, the companies Cuádruple Belinchón, S.L., La Serranilla Renovables 132 KV, A.I.E., Toro renovables 400 KV, S.L. and Laat 132 KV Doble Circuito Tordesillas 400 KV, S.L., over which it does not have control.

Fiscal year 2021

As described in Note 3.1.c, as a result of the sale and purchase agreement for the acquisition of 80% of the share capital of Planta Solar OPDE La Fernandina, S.L., Planta Solar OPDE Andalucía 1, S.L. and Planta Solar OPDE Extremadura 2, S.L., these companies were fully consolidated at the date of the business combination.

On the other hand, as described in Note 3.1.c, on 9 December 2021, the companies Otras Producciones de Energía Fotovoltaica, S.L. and Turolense de Iniciativas Sostenibles IV, S.L. entered into a purchase and sale agreement for the acquisition of 80% of the share capital owned by Opdenenergy Riverstone, L.P. from the Mexican companies Promociones Solares MV, S.A.PI. de C.V. and Rho Solar, S. de R.L. de C.V.

Lastly, in 2021 the Group incorporated the following companies, over which it does not have control, together with third parties outside the Group: Tordesillas Renovables 400 KV, S.L., Olmedo Renovables 400 KV, A.I.E., Valcabado Renovables 2200 KV, S.L., Cubillos Renovables, S.L., Gazules Renovables, S.L., Labradas Renovables, S.L., Monte Reina Renovables, S.L., Trevago Renovables, S.L., La Serranilla Renovables 132 KV, A.I.E., Trend Energético, S.r.l. and Laat 132 KV Doble Circuito Tordesillas 400 KV, S.L.

None of the companies accounted for using the equity method are listed.

The main aggregates of these Group associates at 31 December 2022 are as follows:

	Thousands of Euros		
	Assets	Liabilities	Profit / (loss) for the year
Renter Gestiones, S.L.	538	313	125
A2 Renovables L.P. (*)	178,150	127,842	1,030
Tordesillas Renovables 400 KV, S.L.	255	5	(19)
Olmedo Renovables 400 KV, A.I.E.	1,773	15	-
Valcabado Renovables 2200 KV, S.L.	4,191	3,951	(35)
Cubillos Renovables, S.L.	4,973	8	(124)
Labradas Renovables, S.L.	27	33	(11)
Monte Reina Renovables, S.L.	95	9	(21)
La Serranilla Renovables 132 KV, A.I.E.	23	5	(11)
Trend Energético, S.R.L.	714	708	(2)
Laat 132 KV Doble Circuito Tordesillas 400 KV, S.L.	14	4	(13)
	190,753	132,892	917

(*) Consolidated financial statements as of 31 December 2022, considering Infraestructura Energética del Norte, S. de R.L. de C.V. and Energía Solar de Poniente, S. de R.L. de C.V.

The main aggregates of these associates of the Group as of 31 December 2021 are as follows:

	Thousands of Euros		
	Assets	Liabilities	Profit / (loss) for the year
Renter Gestiones, S.L.	223	122	29
A2 Renovables L.P. (*)	119,256	77,628	(860)
Olmedo Renovables 400 KV, A.I.E.	367	87	-
Valcabado Renovables 2200 KV, S.L.	276	299	(27)
Cubillos Renovables, S.L.	30	33	(6)
Gazules Renovables, S.L.	35	29	-
Monte Reina Renovables, S.L.	4	3	(3)
Trevago Renovables, S.L.	6	23	(20)
Trend Energético, S.R.L.	636	628	2
	120,833	78,852	(885)

(*) Consolidated financial statements as of 31 December 2021, considering Infraestructura Energética del Norte, S. de R.L. de C.V. and Energía Solar de Poniente, S. de R.L. de C.V.

11. Financial instruments

The following information is detailed below:

- the different classes of financial instruments registered by the Group based on their nature and characteristics;
- the carrying amount of such financial instruments; and
- the fair value of the financial instruments (except for the ones for which the carrying amount is close to its fair value).

2022

	Thousands of Euros				
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Hedge derivatives	Balance at 31/12/2022
Financial assets:					
Equity instruments	-	-	2,867	-	2,867
Loans to companies	2,520	-	-	-	2,520
Loans to group companies and associates (Note 19.2)	693	-	-	-	693
Derivatives (Note 11.3)	-	-	-	26,073	26,073
Trade and other receivables	28,592	-	-	-	28,592
Cash and cash equivalents	202,528	-	-	-	202,528
Other financial assets	5,846	-	-	-	5,846
Total financial assets	240,179	-	2,867	26,073	269,119
Financial liabilities:					
Debt instruments and other marketable securities	210,746	-	-	-	210,746
Bank borrowings associated with renewable energy plants	262,865	-	-	-	262,865
Finance lease liabilities	1,819	-	-	-	1,819
Finance lease payables associated with photovoltaic plants	77,774	-	-	-	77,774
Derivatives (Note 11.3)	-	-	14,418	281,355	295,773
Trade and other payables	167,386	-	-	-	167,386
Advances from trade receivables	16,411	-	-	-	16,411
Other financial liabilities	5,696	-	-	-	5,696
Total financial liabilities	742,697	-	14,418	281,355	1,038,470

2021

	Thousands of Euros				
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Hedge derivatives	Balance at 31/12/2021
Financial assets:					
Equity instruments	-	-	905	-	905
Loans to companies	647	-	-	-	647
Loans to group companies and associates (Note 19.2)	637	-	-	-	637
Derivatives (Note 11.3)	-	-	-	4,296	4,296
Trade and other receivables	23,249	-	-	-	23,249
Cash and cash equivalents	99,575	-	-	-	99,575
Other financial assets	1,278	-	-	-	1,278

Total financial assets	125,386	-	905	4,296	130,587
Financial liabilities:					
Debt instruments and other marketable securities	137,550	-	-	-	137,550
Bank borrowings associated with renewable energy plants	241,504	-	-	-	241,504
Finance lease liabilities	1,781	-	-	-	1,781
Finance lease payables associated with photovoltaic plants	42,642	-	-	-	42,642
Derivatives (Note 11.3)	-	-	-	66,671	66,671
Trade and other payables	29,870	-	-	-	29,870
Advances from trade receivables	39,422	-	-	-	39,422
Other financial liabilities	34	-	-	-	34
Total financial liabilities	492,803	-	-	66,671	559,474

11.1 Financial assets

Loans to companies

At 31 December 2022 and 2021 the Group recognises under this heading several loans granted to third parties in prior years as a result of a debt recognition and pledge transaction whereby these companies acknowledged that they owed certain amounts to the Group. The detail of the associated net value at 31 December 2022 and 2021 of these loans is as follows (in thousands of euros):

	Average interest rate	Balance at 31/12/22		Balance at 31/12/21	
		Long term	Short term	Long term	Short term
Sociedad Ibérica de Generación de Energía Fotovoltaica XIX, S.L. (*)	None	338	55	432	47
Sociedad Ibérica de Generación de Energía Fotovoltaica VI, S.L. (*)	None	301	51	397	43
Other loans to third parties	4.00%	-	-	-	40
Accumulated Impairment		(312)	-	(312)	-
Carrying amount		327	106	517	130

(*) Management of the Parent company considered that the loans to Sociedad Ibérica de Generación de Energía Fotovoltaica XIX, S.L. and Sociedad Ibérica de Generación de Energía Fotovoltaica VI, S.L. were not 100% recoverable and were therefore partially impaired in prior years.

Additionally, the group records under this heading loans granted to companies over which it does not have control and which have been set up with third parties outside the group for an amount of 2,082 thousand euros.

The credit risk of the financial instrument described above has not increased significantly since initial recognition, except for the impaired loans described in the footnote to the table. The loss allowance for these financial instruments in an amount equal to the 12-month expected credit losses is not material.

Trade and other receivables

The breakdown of this item in the consolidated balance sheet at 31 December 2022 and 2021 is shown below:

	Thousands of Euros	
	31/12/2022	31/12/2021
Trade receivables for sales and services long-term (Note 3.1.c)	-	4,415
Trade receivables for sales and services short-term	27,077	18,659
Trade receivables for sales and services to associates (Note 19.2)	255	89
Sundry accounts receivable	1,260	86
	28,592	23,249

At 31 December 2022, the Group has accounts receivable corresponding to the companies sold under the agreement with BRUC (Note 3.1.c) amounting to EUR 11,784 thousand, most of the remainder corresponding to sales of energy generated by the photovoltaic plants pending settlement at 31 December 2022. The settlement of energy sales takes approximately 30 to 60 days on average.

At 31 December 2021, the Group recognised a receivable in relation to the sale in 2020 of Energía Solar de Poniente, S. de R.L. de C.V. and Infraestructura Energética del Norte, S. de R.L. de C.V., amounting to EUR 4,372 thousand in the long term (EUR 4,415 thousand at 31 December 2021 and EUR 4,075 thousand at the date of sale), which has been transferred to the short term as it matures in June 2023.

On the other hand, at 31 December 2021, the Group had an account receivable relating to the sale of Horus Kentucky 1, LLC. described in Note 3.1.c amounting to EUR 1,104 thousand in the short term, which was collected at the end of December 2022.

The Group monitors and analyses changes in all trade receivables on an ongoing basis. Maximum exposure to credit risk at the reporting date is the fair value of each category of the above-mentioned receivables. The Directors consider that the Group's expected loss is not material at 31 December 2022 and 31 December 2021. The Group does not hold any guarantees as insurance.

The movement in impairment losses on trade receivables recognised as a reduction of the balance of "Trade receivables for sales and services" in the consolidated balance sheet was as follows:

2022:

	Opening balance	Charge for the year / (reversals) recognised in the year	Ending balance
Impairment for trade operations	200	10	210

2021:

	Opening balance	Charge for the year / (reversals) recognised in the year	Ending balance
Impairment for trade operations	170	30	200

At 31 December 2022, the Group has significant balances in currencies other than the euro. The main receivables in foreign currencies amount to a total of EUR 9,055 thousand (2021: (EUR 16,820 thousand).

Other financial assets

At 31 December 2022 and 2021, the main assets recorded by the Group under this heading relate to long-term financial investments amounting to EUR 1,203 thousand and EUR 793 thousand, corresponding to deposits pledged under guaranteed policies granted to secure compliance with certain obligations assumed by the Group; mainly due to guarantees provided to foreign public authorities (see Note 21.2). The term of the secured obligation is more than one year and, therefore, these deposits are recognised under non-current assets.

11.2 Financial liabilities

Debt instruments and other marketable securities

On 19 July 2022, Group Senior Management concluded with EIG and Generali Global Infrastructure a new corporate debt facility of up to EUR 250 million with a maturity of 36 months. The new financing agreement signed entailed a drawdown amounting to EUR 198,300 thousand at 31 December 2022, with a maturity of three years and a three-month Euribor interest rate with a floor of 0% plus an additional margin fixed annually. With this drawdown, the existing financing subscribed on 17 March 2021 for a nominal amount of EUR 140,000 thousand has been cancelled, together with accrued and unpaid interest at the date of issue of the new financing. Subsequent issues up to the maximum aggregate nominal amount of EUR 250 million may be drawn down until 15 March 2023 in four additional tranches of not less than EUR 10 million each. This additional funding will serve to finance the Group's business plan. During the financial year 2022, the financial expense associated with this financing amounted to EUR 2,506 thousand.

Pursuant to the terms of the issue agreement, all bonds issued by the Group are fully subscribed and purchased by the institutional investors identified in the agreement and, therefore, no prospectus is required to be filed with the National Securities and Exchange Commission (CNMV).

The EUR 140 million financing facility had a single maturity date of 23 September 2023 for all issues made, bearing interest at Euribor plus a spread. The financial expense accrued, as well as early cancellation fees, during the financial year 2022 as a result of this financing line amounted to EUR 3,558 thousand (EUR 2,965 thousand in the financial year 2021).

Within the framework of this operation, the Group granted certain guarantees (pledge on shares of certain Group companies) in favour of the holders of the bonds issued, which have been cancelled when the bonds were cancelled. In addition, the bond issue contract included a series of conditions and commitments assumed by Opdenenergy Holding, S.A. and its subsidiaries, including most notably compliance with a series of financial ratios and the assumption of certain cross-default conditions in the event that certain Group companies were to enter into certain default situations. These conditions, which in the opinion of the Directors were fulfilled at 31 December 2021, have likewise been cancelled.

The detail of "Bonds and other non-current marketable securities" in the consolidated balance sheet as at 31 December 2022 and 2021 is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Bonds and other marketable securities-		
1st issue bonds issued in 2021 - nominal EUR	-	114,555
2nd issue bonds issued in 2021 - nominal EUR	-	25,445
1st issue bonds issued in 2022 - nominal EUR	143,700	-
2nd issue bonds issued in 2022 - nominal EUR	54,600	-
Formalisation fees and commissions (*)	(3,531)	(2,450)
Total	194,769	137,550

(*) As at 31 December 2022 and 2021 the Parent Company's Directors consider that debt arrangement fees and expenses should be classified in full as non-current payables.

The information relating to the bonds outstanding as at 31 December 2022 and 2021 is as follows:

Fiscal year 2022

ISIN	Issuer	Issue date	Currency	Number of bonds purchased	Nominal value expressed in euro (**)	Maturity date	Market (*)
XS2497045984	Opdeenergy, S.A.U.	16/07/2022	EUR	143,700,000	140,860,000	19/07/2025	Freiverkehr
XS2497046016	Opdeenergy, S.A.U.	22/12/2022	EUR	54,600,000	53,508,000	19/07/2025	Freiverkehr
	Bond issue in EUR			198,300,000	194,334,000		

Fiscal year 2021

ISIN	Issuer	Issue date	Currency	Number of bonds purchased	Nominal value expressed in euro (**)	Maturity date	Market (*)
XS2315961271	Opdeenergy, S.A.U.	23/03/2021	EUR	114,555,000	112,263,900	23/09/2023	Freiverkehr
XS2315961784	Opdeenergy, S.A.U.	23/03/2021	EUR	25,445,000	24,936,100	23/09/2023	Freiverkehr
	Bond issue in EUR			140,000,000	137,200,000		

(*) The senior bond issue by Opdeenergy, S.A.U. was listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange in accordance with the German securities market law.

(**) The difference between the bonds purchased and the nominal value is due to the cost of the issuance transaction.

Bank borrowings

The detail of this item in the consolidated balance sheet at 31 December 2022 and 2021 is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Borrowings from credit institutions-		
Bank borrowings associated with renewable energy plants	262,865	241,504
	262,865	241,504

Credit facilities

At 31 December 2022 the Group has undrawn operating lines (as at 31 December 2021) totalling EUR 35,000 thousand (multi-currency credit accounts with a limit of EUR 10,000 thousand, loan facilities with a limit of EUR 5,000 thousand, and confirming lines - the use of which is subject to the acceptance of invoices by the credit institutions - with a limit of EUR 20,000 thousand).

All credit facilities bear interest at market rates, basically tied to Euribor or Libor plus a market spread.

Bank borrowings associated with renewable energy plants

Chile

During 2020, the OPDEnergy Group entered into various project finance agreements with credit institutions to finance the construction and development of solar photovoltaic plants in Chile, as follows:

	Start date	Maturity	Interest rate on amount drawn down	Interest rate on amount not drawn down
Xue Solar, S.P.A.	14/08/2021	31/07/2038	LIBOR+ 4.5%	LIBOR+ 1%
Litre, S.P.A.	14/08/2021	31/07/2038	LIBOR+ 4.5	LIBOR+ 1%
Lingue, S.P.A.	14/08/2021	31/07/2038	LIBOR+ 4.5	LIBOR+ 1%
Opdenenergy Generación, S.P.A.	11/06/2021	30/06/2027	LIBOR+ 2.25%	LIBOR+ 0.79%

During 2021, the Group capitalised EUR 3,092 thousand of interest on these loans as an increase in the value of fixed assets (Note 7), as they were incurred during the construction of the solar plant.

The amount outstanding per company is as follows (in thousands of euros):

	Drawn down at 31/12/22	Drawn down at 31/12/21	Total nominal amount
Xue Solar, S.P.A.	7,843	6,673	8,622
Lingue, S.P.A.	1,887	1,850	2,102
Litre, S.P.A.	1,845	1,800	2,030
Opdenenergy Generación, S.P.A.	85,868	83,599	93,809
AustrianSolar Chile Uno, S.P.A.	-	1,980	-
Total	97,443	95,902	106,563

Spain

In the case of the Spanish companies Planta Solar OPDE 3, S.L., Planta Solar OPDE 5, S.L. and Planta Solar OPDE 6, S.L., The project financing agreements held by the Group at 31 December 2020 were cancelled in December 2021, and new financing contracts were also entered into at that date. The amount of the cancellation costs was not material. In addition, the companies Planta Solar Fernandina, S.L., Planta Solar Andalucía 1, S.L. and Planta Solar Extremadura 2, S.L. were incorporated into the Group in March 2021 following the transaction described in Note 3.1.c. and have different project financing agreements, which came into force on 29 December 2019. The purpose of these loan agreements is to finance the construction and development of photovoltaic plants.

In July 2022, the Group closed project financing with BBVA and EIB for a senior debt principal amount of approximately EUR 301 million to finance the construction of 605 MW in Spain. At 31 December 2022, the

amount drawn down under this financing is EUR 110 thousand. The maturity of this financing, depending on the PV plant to which it is associated, is between 2034 and 2040. The interest rate accrued on this financing is Euribor plus a margin of between 1.8% and 2.2%. During 2022, the finance cost accrued on this financing was not significant.

On the other hand, also in July 2022, the Group closed a financing agreement with ING for the construction and commissioning of a portfolio of PV farms in Spain with a total expected installed capacity of approximately 167 MW located in Cuenca. The financing has a senior debt principal amount of approximately EUR 95 million, of which approximately EUR 29,630 thousand has been drawn down at 31 December 2022. The final maturity date of this financing is 2033 and it bears interest at Euribor plus a margin, scalable over time, of between 1.75% and 2.15%. No interest has accrued on this financing in 2022.

The amount outstanding on these loans at 31 December 2022 and 2021 by company and their main characteristics are as follows:

	Thousands of Euros			Interest rate	Maturity
	Drawn down at 31/12/22	Drawn down at 31/12/21	Total nominal amount		
Planta Solar OPDE 3, S.L.	24,993	26,106	27,655	Euribor + 1.75%(*)	31/12/2039
Planta Solar OPDE 5, S.L.	5,507	5,837	6,180	Euribor + 1.75%(*)	31/12/2039
Planta Solar OPDE 6, S.L.	24,375	26,123	27,663	Euribor + 1.75%(*)	31/12/2039
Planta Solar La Ferdinandina, S.L.	22,893	24,603	22,267	Euribor + 2.25%(**)	31/12/2035
Planta Solar Andalucía 1, S.L.	23,058	24,751	27,516	Euribor + 2.25%(**)	31/12/2035
Planta Solar Extremadura 2, S.L.	22,966	24,557	27,260	Euribor + 2.25%(**)	31/12/2035
PLANTA SOLAR OPDE 51, SL	11,561	-	36,221	Euribor + 1.75%(***)	31/12/2033
PLANTA SOLAR OPDE 52, SL	9,018	-	35,271	Euribor + 1.75%(***)	31/12/2033
PLANTA SOLAR OPDE 53, SL	9,050	-	34,888	Euribor + 1.75%(***)	31/12/2033
PLANTA SOLAR OPDE 7 SL	8	-	13,643	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 8 S.L.	8	-	17,763	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 11 S.L.	8	-	4,765	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 12 S.L.	8	-	16,756	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 13 S.L.	8	-	17,299	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 14 S.L.	8	-	18,160	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 15 S.L.	8	-	13,989	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 17 S.L.	8	-	18,105	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 25 S.L.	8	-	18,363	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 50 S.L.	8	-	15,046	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
PLANTA SOLAR OPDE 55 S.L.	8	-	18,532	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
Orinoco Solar, S.L.	8	-	18,213	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
Renovables de la Clamor, S.L.	8	-	8,720	Euribor +1.8%(****) / Euribor +1.7% (****)	31/12/2040
Total	153,533	131,977	444,275		

(*) As of 31/12/2026 the spread increases to 2%.

(**) As of 1/1/2024 the spread is increased to 2.5%, being 2.75% as of 1/1/2030.

(***) As of 1/07/2026 the spread increases to 2.05%, being 2.15% as of 27/07/2030.

(****) After obtaining the CAP the spread increases to 2.20% and year by year it will increase by 0.20% after obtaining the CAP.

(*****) As of 1 July 2023, the spread is increased by 2%, being 2.20% as of 1 July 2038.

On the same date on which these companies entered into the aforementioned financing contracts, derivative contracts were entered into (Note 11.3).

Italy

In the case of the Italian companies (Opde Puglia, S.R.L., Solare Puglia, S.R.L., and Ribaforada 10, S.R.L.), the construction of their solar plants took place in 2009 and 2010 and were financed as follows:

	Debt at 31/12/2022	Debt at 31/12/2021	Total nominal amount
Opde Puglia, S.r.l.	3,683	4,235	9,600
Solare Puglia, S.R.L.	5,004	5,730	14,400
Ribaforada 10, S.R.L.	3,202	3,660	9,600
Total	11,889	13,625	33,600

	Start of funding	Maturity date	Interest rate
Ribaforada 10	01/05/2011	18 years	3.41%
OPDE Puglia – Ruatella 1	01/08/2010	18 years	6.14%
OPDE Puglia – Ginosa 1	01/03/2010	18 years	6.14%
Solare Puglia – Ruatella 2	21/09/2009	19 years	3.48%
Solare Puglia – Ginosa 2	21/09/2009	19 years	3.48%
Solare Puglia - Sannicardo	01/03/2010	20 years	3.48%

The breakdown by maturity of the Group's debt, undiscounted and considering all contractual flows included in the contracts (principal and interest) is as follows (in thousands of euros):

	2023	2024	2025	2026	2027	2028 and subsequent years	Total
Debt instruments and other marketable securities	15,977	-	198,300	-	-	-	214,277
Bank borrowings associated with renewable energy plants	15,260	16,403	17,641	18,443	90,112	110,008	267,867
TOTAL	31,237	16,403	215,941	18,443	90,112	110,008	482,144

Guarantees

As security for the fulfilment of the obligations arising from the financing granted to the companies based in Spain, these companies have provided the following guarantees:

- Pledge on pledged contracts (PV plant construction contract, plant operation and maintenance contract, hedging contracts, etc.).
- Pledge on restricted accounts (main account, debt service reserve account and clearing account).
- Pledge on the totality of its shares.

In this regard, as at 31 December 2022, the Group has restricted current accounts in relation to this financing amounting to EUR 26,058 thousand recorded under "Cash and cash equivalents" in the consolidated balance sheet (31 December 2021: (EUR 28,811 thousand)).

In relation to the companies located in Chile, the following guarantees have been provided:

- Pledge without first degree displacement on present and future subordinated credits.
- Commercial pledge on rights and promise of commercial pledge on rights.
- Pledge without displacement of first degree on future assets.
- Pledge without displacement and prohibitions regarding all the current and future shares of the companies that the shareholder grants in favour of the creditor by means of a public deed granted.
- Pledge without displacement on money and investments allowed.

The Directors of the Group believe that the companies subject to the guarantee will be able to meet all contractual obligations under such financing loans in a timely manner.

Compliance with financial ratios

The "Project Finance" contracts of the Spanish and Chilean companies, as well as the bond line, include a series of conditions and obligations assumed by the companies for the year 2022 and beyond, including the fulfilment of a series of financial ratios. In particular, the achievement of the leverage ratio, the debt service ratio and the calculation of the cash flow generated and the cash surplus on the basis of the audited financial statements of these individual companies.

At 2021 these companies are obligated to achieving the gearing ratio and the Group's Directors consider that they were achieved these obligations. The other ratios are mandatory for 2022 and subsequent year.

Also, at year-end there are three companies, two Chilean and one Spanish, which were not going to comply with the ratios required by the financing contracts. These companies have obtained confirmation, prior to year-end, from the creditor financial institutions whereby they undertake not to demand payment and early repayment of the financial debt and exempt the companies from complying with these financial conditions at 31 December 2022. In one of the Spanish companies, said exemption depends on the payment of two debt amortizations in 2023, which, in the opinion of the administrators, will be carried out on time during that year.

Finally, a reconciliation of the carrying amounts of liabilities arising from financing activities is provided below, distinguishing separately those changes that generate cash flows from those that do not:

Fiscal year 2022

	31/12/2022	Business combinations (Note 3.c.1)	Transfer due to change of business model	Cash outflows (payments)	Incoming cash flows (receipts)	No impact of cash flows		31/12/2022
						Reclass.	Other	
Long-term debt instruments and other marketable securities	137,550	-	-	(137,550)	198,300	-	(3,531)	194,769
Short-term debt instruments and other marketable securities	-	-	-	-	14,600	-	1,377	15,977
Non-current bank borrowings	228,571	-	-	-	34,306	(13,586)	-	249,291

Current bank borrowings	12,933	-	-	(12,933)	-	13,586	(12)	13,574
Total liabilities from financing activities	379,054	-	-	(150,483)	247,206	-	(2,166)	473,611

Fiscal year 2021

	31/12/2021	Business combinations (Note 3.c.1)	Transfer due to change of business model	Cash outflows (payments)	Incoming cash flows (receipts)	No impact of cash flows		31/12/2022
						Reclass.	Other	
Long-term debt instruments and other marketable securities	66,222	-	-	(66,222)	137,550	-	-	137,550
Short-term debt instruments and other marketable securities	131	-	-	(131)	-	-	-	-
Non-current bank borrowings	13,617	72,312	36,084	(6,711)	116,352	(9,137)	6,054	228,571
Current bank borrowings	91,979	5,213	(36,084)	(60,211)	3,211	9,137	(312)	12,933
Total liabilities from financing activities	171,949	77,525	-	(133,275)	257,113	-	5,742	379,054

Issuance of green notes

The Group subscribed on 28 December 2021 to a green notes programme on the Alternative Fixed Income Market (MARF) with a maximum limit of EUR 100 million. The interest rate will be set at the time of each of the promissory note issues. The Group has resorted to this type of financing in order to diversify its sources of financing and improve the cost of its debt.

As at 31 December 2022, the outstanding balance of promissory notes amounts to EUR 14,600 thousand. During 2022, a total of EUR 40,200 thousand has been drawn down, of which EUR 25,600 thousand have already matured in 2022 and the remainder (EUR 14,600 thousand) matures in 2023. The financial expense associated with these promissory notes amounted to EUR 210 thousand.

11.3. Derivatives

Details of the derivatives contracted by the Group at 31 December 2022 and 2021 are as follows:

Fiscal year 2022

	Thousands of Euros			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Interest rate	26,073	-	-	-
Electricity prices	-	-	194,910	100,862
	26,073	-	194,910	100,862

Fiscal year 2021

	Thousands of Euros			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Interest rate	4,296	-	-	-
Electricity prices	-	-	43,780	22,891
	4,296	-	43,780	22,891

Interest rate

On 22 September 2020, OPDEnergy Generación S.p.A. entered into a financing agreement with Sumitomo Mitsui Banking Corporation for the construction of two solar farms (see Note 11.2). Together with this financing agreement, an interest-rate risk hedging agreement was entered into for an initial notional amount of USD 23,396,901 with monthly maturities until 15 June 2021 and with six-monthly maturities from 15 June 2021 to 15 December 2039. The notional amount outstanding as at 31 December 2022 is USD 66,020,357 (USD 68,657,780 as at 31 December 2021).

In addition, on 16 December 2021 the companies Planta Solar Opde 3, S.L., Planta Solar Opde 5, S.L. and Planta Solar Opde 6, S.L. together with new financing contracts to finance the construction of the solar farms owned by them (Note 11.2), entered into interest rate risk hedging contracts for caps for notional amounts of EUR 18,599,000, EUR 4,158,000 and EUR 18,610,740 respectively, all of which mature half-yearly from 31 December 2021 to 29 December 2023. In addition, these companies also entered into interest rate swaps for notional amounts of EUR 16,671,422, EUR 3,668,550 and EUR 16,274,396, respectively, all of which mature half-yearly from 29 December 2023 to 29 December 2034.

The companies Planta Solar Fernandina, S.L., Planta Solar Andalucía 1, S.L. and Planta Solar Extremadura 2 have financing contracts (Note 11.2) with which they entered into interest rate derivative contracts for a notional amount of EUR 20,450,031, EUR 20,637,150 and EUR 20,445,375 respectively, maturing every six months until 31 December 2029.

At 31 December 2022, the valuation of these derivatives, performed by an independent expert, amounts to EUR 26,073 thousand and is recognised under "Derivatives" in non-current assets with a credit to "Valuation adjustments - Hedging transactions", net of the related tax effect in the consolidated balance sheet in the amount of EUR 19,597 thousand (EUR 4,296 thousand and EUR 2,283 thousand, respectively, at 31 December 2021). In addition, the Group has not recognised an amount under "Other income and expenses" in the consolidated income statement for the ineffectiveness recognised during the year (EUR 11 thousand in 2021).

The Group has complied with the requirements detailed in Note 3.8 in order to classify these financial derivatives as hedging instruments. The settlements of the hedging instruments coincide with the time at which the cash flows from the interest settlements of the financing contracts are expected to occur; - the hedged item - are expected to occur. In particular, it meets all the requirements for hedge effectiveness and has been formally designated as a hedge.

Electricity prices

The OPDEnergy Group uses derivative financial instruments to hedge the risk of fluctuations in electricity prices based on its projections, since such fluctuations may have a significant impact on the earnings of the companies that own the solar PV and wind farms under development. Generally, as a result of these swaps, the Group companies that enter into them agree to pay the hourly pool market price in relation to a notional amount of MWh established in the contracts in monthly or half-yearly periods in exchange for receiving a fixed price for a period of between ten and fifteen years.

The Group obtains independent expert valuations based on long-term electricity price curves, the valuation methodology being described in Note 3.8. In this regard, in the second half of 2021, the electricity price volatility was exceptionally high, with considerable increases in electricity prices, mainly due to the increase in gas prices. As Level 3 financial instruments (see Note 3.8), the market inputs used in the valuation are not observable, which leads to greater subjectivity in relation to them. For this reason, in order to reflect the valuations in a more reliable manner and in line with the current reality, in 2021 the Group chose to value all these derivatives based on price curves prepared by an independent expert different from the one used in previous years and more appropriate to reflect the fair presentation and the reality of the energy market. In line with IAS 8 and its latest amendments, the Group considered this change of input as a change of estimate.

The disclosures required by IAS 8 involve an analysis of the possible accounting impacts in relation to the valuation of energy derivatives at year-end 31 December 2021 with the energy curves of each supplier. The Group did not have the energy curve of the previous supplier at the end of the aforementioned year and was unable to determine the impact of the change in unobservable inputs at the end of the year. However, the valuations of the energy derivatives were analysed using the different energy curves projected by the curve suppliers at 30 June 2021. The energy derivatives analysed for this purpose were those contracted with Centrica, the rest of the energy derivatives in OPDE's portfolio had no impact on the aforementioned date. The valuations of the aforementioned energy derivatives with the energy curves of each supplier had a dispersion at 30 June 2021 of around EUR 1.5 million in the fair value of the derivative financial instruments where if this change had not been made, it would have been recorded as a lower asset, being an asset position at this date given that the contracted prices were higher than the projected energy price trend and, therefore, would have resulted in a lower value under the headings "Adjustments for changes in value - Hedging operations" for 75% of the fair value of the derivative financial instruments and under "Deferred tax assets" for 25%, being a highly effective hedge at 30 June 2021.

At 31 December 2022, the valuation of these derivatives amounts to EUR 279,427 thousand and is recorded under "Derivatives" in non-current liabilities and current liabilities, which is recorded under "Adjustments for changes in value - Hedging transactions" for a negative amount of EUR 215,676 thousand, net of their tax effect in the consolidated balance sheet. Similarly, ineffectiveness associated with these derivatives has been recognised in the amount of EUR 1,835 thousand and, in relation to the options issued, as they are financial instruments classified as fair value through profit or loss as they do not meet the criteria required for the application of hedge accounting, changes in the fair value of the options amounting to EUR 5,701 thousand have been recognised under "Other income and expenses" in the consolidated income statement.

At 31 December 2021, the valuation of these derivatives amounted to EUR 42,312 thousand and was recognised under "Derivatives" in non-current liabilities, which was recognised under "Valuation adjustments - Hedging transactions" for a negative amount of EUR 32,188 thousand (of which EUR 13,274 thousand relate to the cumulative effect from the time of the takeover of the acquired plants described in Note 3.1.c), net of the tax effect on the consolidated balance sheet. Similarly, negative ineffectiveness associated with these derivatives was recognised in the amount of EUR 12,834 thousand and, in relation to the options issued, as they are financial instruments classified as fair value through profit or loss since they do not meet the criteria required for the application of hedge accounting, changes in the fair value of the options amounting to EUR 94 thousand have been recognised under "Other income and expenses" in the consolidated income statement for the year ended 31 December 2021.

The increase in the valuation of these derivatives from December 2021 to December 2022 is due to the increase in energy prices in the market during the year 2022 and the change in future price projections at that date.

The ineffectiveness at 31 December 2021 was due to the valuation of electricity price hedging financial instruments contracted with Centrica Energy Limited, for which long-term electricity price curves provided by an independent third party were used. The measurement of the effectiveness of these hedges was made taking into account that the hourly profile of the hedged item was not perfectly matched to the constant hourly profile of the derivative and, therefore, the hypothetical derivative (hedged item) would differ from the actual derivative by hourly nominals. Specifically, the inefficiencies recorded arose from hourly dispersions in the electricity price of the external supplier's curve that were recorded in the consolidated profit and loss account.

Due to the increase in the dispersion reflected in the estimate of the long-term electricity price curve provided by the independent third party at 31 December 2021, the Senior Management performed an analysis of the historical spot prices at different dates in order to identify the dispersion in energy prices over the total average of the energy market and, consequently, to analyse whether this was a temporary situation at year-end or whether a rebalancing of the accounting hedging should be performed. In the analysis carried out, these results were compared with the result that would be obtained by carrying out the same exercise with the external supplier's energy curve (considering the first year of the curve).

Therefore, based on the analysis performed as described above, the Senior Management determined that this was a matter of measurement and recognition of hedge ineffectiveness that did not require rebalancing of hedges at 31 December 2021. However, this is an issue that has been closely monitored in subsequent assessments to determine the need to rebalance or maintain the current level of coverage.

The electricity derivatives indicated are designated as hedges because they meet all the requirements established by IFRS-EU for the application of hedge accounting, with the exception of written options classified as fair value through profit or loss, as they are not financial instruments that qualify for hedge accounting (See note 3.8). Specifically, with the exception of the written options, these instruments have been formally designated as hedges and the hedge was considered effective.

12. Financial risk management

The Group's activities are exposed to various financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and fair value measurement, as well as climate change risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns.

Responsibility for financial risk management is controlled by the Group's Finance Department, in accordance with the policies approved by the Parent Company's Directors. This department identifies, assesses and hedges the financial risks in close cooperation with the Group's operating units. OPDEnergy provides policies for comprehensive risk management, as well as for specific areas such as currency risk, interest rate risk, liquidity risk, the use of derivative and non-derivative financial instruments and the investment of surplus liquidity.

12.1 Market risk

Currency risk

The Group operates internationally and is exposed to foreign currency risk on the transactions it performs in foreign currencies. Foreign exchange risk arises mainly from commercial transactions abroad that are in a currency other than the Group's functional currency, the euro.

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the date of the transactions. Exchange differences arising from the settlement of these transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, unless they are deferred in equity, as in the case of cash flow hedges and designated net investment hedges. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The detail of the most significant balances in foreign currencies, translated to euros at the year-end exchange rates, is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Trade and other receivables (Note 3.1.c)	9,055	16,820
Other current financial assets	258	258
Cash and cash equivalents	2,188	8,261

The Group is mainly exposed to foreign exchange risk in the following currencies: United States (USD), Chile (CLP), Mexico (MXN) and United Kingdom (GBP).

The following table details the Group's sensitivity to a 10% increase or decrease in the euro (the Group's presentation currency) against the functional currencies of each Group entity. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A 10% strengthening of the functional currency of each Group entity against the Group's presentation currency (euro) generates negative impacts on asset items and positive impacts on liability items in the consolidated balance sheet, while a weakening of these currencies will generate impacts in the opposite sign.

2022

Currency	Change	Thousands of Euros				
		Impact on non-current assets	Impact on cash and cash equivalents	Impact on debt instruments and Bank borrowings	Impact on Equity	Impact on the income statement
USD / EUR	10%	(4,896)	(999)	-	(590)	(299)
MXN / EUR	10%	(27)	(7)	194	1,875	134
CLP / EUR	10%	(516)	(40)	(1,793)	1,413	1,084
GBP / EUR	10%	(271)	(7)	3	(106)	(52)
USD / EUR	-10%	5,985	1,221	-	721	365
MXN / EUR	-10%	33	9	(237)	(2,291)	(163)
CLP / EUR	-10%	630	48	2,191	(1,727)	(1,325)
GBP / EUR	-10%	331	8	(3)	129	64

2021

Currency	Change	Thousands of Euros				
		Impact on non-current assets	Impact on cash and cash equivalents	Impact on debt instruments and Bank borrowings	Impact on Equity	Impact on the income statement
USD / EUR	10%	(7,376)	(2,115)	9,183	807	369

MXN / EUR	10%	(13)	(5)	72	1,786	85
CLP / EUR	10%	(454)	-	391	34	10
GBP / EUR	10%	(184)	(5)	133	(54)	(19)
USD / EUR	-10%	9,016	2,585	(11,223)	(986)	(451)
MXN / EUR	-10%	15	6	87	(2,182)	(104)
CLP / EUR	-10%	555	-	(478)	(41)	(12)
GBP / EUR	-10%	225	7	162	66	24

The detail, by class of financial instrument, of the exchange differences recognised in profit or loss is as follows (in thousands of euros):

2022

	Total
Other consolidated balance sheet positions	(1,891)
Cash	(695)
Total financial assets	(2,586)

2021

	Total
Other consolidated balance sheet positions	1,093
Cash	586
Total financial assets	1,679

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that bear a fixed interest rate and the future flows from assets and liabilities bearing interest at a floating rate.

The Group's income and cash flows from operating activities are not sensitive to fluctuations in market interest rates, as it has no significant interest-bearing assets other than deposits (see Note 11.2).

The Group's interest rate risk arises mainly on bank borrowings and marketable securities issued. Bank borrowings and marketable securities issued on unregulated markets at floating interest rates expose the Group to cash flow interest rate risk (see Note 3.8). At 31 December 2022 and 2021 the Group had contracted interest rate hedges to mitigate interest rate fluctuations on bank borrowings (see Note 11.2).

The sensitivity analysis to an increase or decrease in the long-term interest rate curve in relation to the fair value of interest rate derivatives forming part of cash flow hedging relationships would imply an increase of EUR 6,833 thousand in financial derivative debt when there is an increase of 50 basis points in the interest rate curve (decrease of EUR 5,481 thousand at 31 December 2021). Likewise, a decrease of 50 basis points in the interest rate curve would result in a decrease of EUR 6,833 thousand in financial derivative debt (increase of EUR 6,043 at 31 December 2021). The change in the fair value of derivatives due to an increase or decrease in the forward curve would similarly impact other comprehensive income, as the hedging relationship is expected to be highly effective. In the case of "Bonds and other marketable securities" (Note 11.2), the sensitivity analysis to an increase or decrease in the long-term interest rate curve of 50 basis points would entail a higher financial expense of EUR 34 thousand in the event of an increase in rates and a decrease of EUR 34 thousand in the event of a decrease in the applicable rates (EUR 487 thousand higher expense or income in the event of an increase and decrease in rates, respectively, at 31 December 2021).

Electricity price risk

As indicated in Note 11.3, the Group uses derivative financial instruments to hedge the risk of fluctuations in electricity prices based on its projections, since such fluctuations may have a significant impact on the earnings of the companies that own the solar PV and wind farms under development. The fair value of this type of derivatives is estimated in accordance with valuations performed by independent experts, based on long-term electricity price curves.

The sensitivity analysis to an increase or decrease in OMIE prices (electricity market operator designated to manage the daily and intraday electricity market in the Iberian Peninsula) in the long term in relation to the fair value of the commodity derivatives that form part of the hedging relationships contracted by the Group, would imply an increase of EUR 19,235 thousand in the debt for financial derivatives when there is an increase of EUR 2 MW in the total electricity price curve. Likewise, a decrease of EUR 2 MW in the total electricity prices curve would result in a decrease of EUR 19,235 thousand in the debt for financial derivatives. Both impacts would have the same effect on the Group's consolidated equity as they are instruments designated as hedges.

12.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits at banks and financial institutions, as well as balances with customers, including outstanding accounts receivable and committed transactions. In relation to banks and financial institutions, transactions are only carried out with entities of recognised credit rating, taking into account past experience and other factors. If an independent appraisal of the customers' creditworthiness has not been made, the Financial Department assesses their credit quality on the basis of the financial position of the customer in question, past experience and other factors. The Group does not have a policy of granting long-term loans to its customers, except in exceptional circumstances.

The maximum credit risk exposure of the financial assets at the reporting dates is related to the carrying amount thereof.

The Directors consider that the Group's credit risk is significantly reduced as trade receivables consist of short-term debt with high quality credit performance and no historical default. In this respect, the Group maintains a low credit risk exposure with its main customers (Note 5), taking into account the relatively low collection periods for energy sold and the guarantees obtained in energy sales transactions and the sale of shares through bank guarantees with reputable institutions.

Details of maturities of accounts receivable from third party customers and associated impairments at 31 December 2022 and 2021 are as follows (in thousands of euros):

31 December 2022

	Unmatured	0-30 days	30-60 days	60-90 days	90-180 days	> 180 days	TOTAL
Trade receivables	20,697	5,916	393	-	70	-	27,077
TOTAL	20,697	5,916	393	-	70	-	27,077

31 December 2021

	Unmatured	0-30 days	30-60 days	60-90 days	90-180 days	> 180 days	TOTAL
Trade receivables	12,495	6,036	-	71	57	-	18,659
TOTAL	12,495	6,036	-	71	57	-	18,659

12.3 Liquidity risk

Prudent management of liquidity risk entails the maintenance of sufficient cash and marketable securities, availability of financing through a sufficient level of committed credit facilities and the capacity to settle market positions. In view of the dynamic nature of the underlying businesses, the Group's Financial Department aims to maintain the flexibility of financing through the availability of the credit lines arranged, which complement the financing specific to the turnkey projects.

An exhaustive control of working capital (current assets less current liabilities), the absence of an excessive concentration of risk at any certain bank and the ongoing monitoring of levels of borrowings and the generation of funds enable the business's liquidity risk to be adequately controlled.

In this regard, at 31 December 2022 and 2021, the Group had contracted credit lines whose limits, detailed in Note 11.2, had not been drawn down in full and had the capacity to increase the issuance of debt instruments in unregulated markets that would allow it to continue operating normally and obtain the liquidity necessary to guarantee the development of its projects.

12.4 Capital risk management

The Group's capital management objectives are to safeguard its ability to continue as a going concern, generate returns for shareholders and maintain an optimal capital structure while reducing the cost thereof.

In order to be able to maintain or adjust the capital structure, the Group may vary the amount of the dividends payable to shareholders, reimburse capital, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of its debt ratio, which is in line with the industry. This ratio is calculated by dividing net financial debt by total capital employed in the business. Net financial debt is calculated as follows (in thousands of euros):

	31/12/2022	31/12/2021
Non-current payables	444,060	366,121
Bank borrowings and other short-term liabilities	29,551	12,933
Other financial liabilities	5,696	34
Cash and cash equivalents	(202,528)	(99,575)
Net financial debt (*)	276,779	279,513

(*) Lease liabilities and the valuation effect of derivatives have not been taken into account for the calculation of the net financial debt.

The total capital employed in the company is calculated by adding the amount of net financial debt to equity.

The Group's strategy for the year ended 31 December 2022 led to a debt ratio of close to 1. The debt ratios as at 31 December 2022 and 2021 are as follows (in thousands of euros):

	31/12/2022	31/12/2021
Net financial debt (a)	276,779	279,513
Equity (b)	117,107	25,343
Total capital employed in the business (c) = (a+b)	387,886	304,856
Debt ratio (a/c)	0.71	0.92

12.4 Climate change risk management

The OPDEnergy Group bases its entire activity on the development, financing, construction and operation of renewable energy assets, and is thus an active player in the fight against climate change.

In this sense, the transition towards a low-carbon economy may represent an opportunity for the Group, with a business model based on renewable energies and aligned with climate change mitigation policies and related global agreements. Renewable energies foster an economy less dependent on fossil fuels and reductions in greenhouse gas emissions, so a decarbonisation of the economy would increase the market in which the Group operates. However, potential risks that could have an impact on the organisation have also been identified, such as:

- Political and legal risks, i.e., risks arising from possible actions of political bodies and regulatory changes that may lead to legal instability.
- Market risk, related to situations in which changes and imbalances in the supply and demand of certain components and services may occur, especially due to a growth in activity in favour of an energy transition.
- Technological risk, which relates to the constant technological innovations that arise or are favoured in the transition process, and the consequent obsolescence of equipment for the replacement of old systems.

On the other hand, physical risks are those related to events (acute risks) or long-term changes (chronic risks) resulting from climate change, depending on the location of the Group's facilities, for example:

- Increase in extreme weather events and natural disasters, which can lead to increased downtime and higher operation and maintenance costs.
- Changes in weather patterns that may affect operating temperatures, as well as the amount of available sunlight in photovoltaics and the kinetic energy of wind in wind power, as sources of electricity generation at the assets.

In this context, the OPDE Group promotes the implementation of a risk management model, which allows taking advantage of the opportunities that may arise from climate change mitigation and adaptation; but at the same time anticipating threats to eliminate or reduce undesired effects. Some actions are outlined below:

- Maximise the opportunity to promote a decarbonisation of the economy with a business model based on renewable energies and providing the Group with a better positioning and reputational image in a society that is increasingly aware of sustainability.
- Respond to the need for efficient adaptation to combat climate change threats and ensure the resilience of energy assets, avoiding claims and losses due to extreme events.

13. Inventories

The detail of "Inventories" in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Trade	298	246
Raw materials and other supplies	-	16
Work in progress (Note 3.1.c)	6,015	15,067
Advances to suppliers	1,308	292
Total	7,620	15,621

The heading "Trade" mainly includes photovoltaic materials for installation or sale.

Under "Work in progress" the Group recognises renewable energy plants under construction or development intended for subsequent sale. The detail of this line item for the years ended 31 December 2022 and 2021 is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Patents and licenses	-	208
Plant	2,819	4,801
Right-of-use assets (Note 9)	3,196	10,058
Total	6,015	15,067

At 31 December 2022 (as at 31 December 2021) the plants recorded as "Work in progress" relate to projects under development, located in Spain, which will be sold in the following years in accordance with the transaction described in Note 3.1.c. The geographical distribution of inventories classified as "Work in progress" is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Spain	6,015	15,067
Total	6,015	15,067

As at 31 December 2022, as at 31 December 2021, the Group has no renewable energy plants already connected that are intended for sale.

At 31 December 2020, "Work in progress" included a provision of EUR 506 thousand, which was recognised by the Group for possible impairment losses in relation to capitalised development costs recognised under "Changes in inventories of finished goods and work in progress" in the consolidated income statement and which was derecognised during the year 2021 together with the projects to which it was associated. In this regard, the Directors and Senior Management of the Group consider that the net realisable value of the wind farm developments recognised in inventories at 31 December 2022 is higher than the net carrying amount at which they are carried.

The changes resulting from disposals recorded under "Changes in inventories of finished goods and work in progress" in 2022 and 2021 are as follows (in thousands of euros):

2022:

	Opening balance	Derecognitions	Amounts reversed	Ending balance
Impairment of work in progress	-	-	-	-
Total	-	-	-	-

2021:

	Opening balance	Derecognitions	Amounts reversed	Ending balance
Impairment of work in progress	506	(506)	-	-
Total	506	(506)	-	-

In the year ended 31 December 2022, the Group has not capitalised any amount as an increase in the value of inventories as finance costs (EUR 266 thousand in 2021, attributable to the financing associated with renewable energy plants that have taken more than twelve months to come on stream) (see Note 11.2).

The Group has also capitalised staff costs and work performed by third parties not associated with construction, mainly amounting to EUR 473 thousand and EUR 11,483 thousand, respectively, relating to the development of photovoltaic power plant projects, as an increase in the value of inventories during the years ended 31 December 2022 and 2021.

The Group has taken out insurance policies to provide cover for the risks to which inventories are subject. It is considered that these policies sufficiently cover such risks.

14. Equity and shareholders' equity

14.1 Share capital

On 17 March 2021, the General Extraordinary and Universal Shareholders' meeting of the Parent Company resolved to modify the governing body by previously dismissing the Directors to form a seven-member Board of Directors. The effectiveness of the appointment of the three independent Directors and the executive Director was subject to the admission to listing of the shares on the Spanish Stock Exchanges. Likewise, at the same meeting it was agreed to double the number of shares of the parent company by reducing their nominal value from EUR 10 to 0.02 per share, at a ratio of 500 new shares for each old share, without changing the amount of share capital from 211,844 shares to 105,922,000 shares.

At 31 December 2021, the share capital of the Parent Company consisted of 105,922,000 fully subscribed and paid-up shares of EUR 0.02 par value each, the distribution of which is shown below:

	% of ownership
Aldrovi, S.L.	42.18%
Marearoja Internacional, S.L.	42.18%
Jalasa Ingeniería, S.L.	15.64%
	100.00%

On 22 July 2022, the Group's Parent Company, Opdeenergy Holding, S.A., was listed on the Spanish Stock Exchange in Barcelona, Bilbao, Madrid and Valencia. In this respect, the Group's parent company increased its share capital by issuing 42,111,474 new fully subscribed and paid-up ordinary shares with a par value of

EUR 0.02 each. Consequently, following this increase, the share capital is set at EUR 2,960 thousand divided into 148,033,474 shares at EUR 0.02 per share. Likewise, this capital increase has been carried out with a share premium of EUR 4.73 for each new share, amounting to EUR 199,158 thousand.

In connection with these capital increases, the Group has recorded the incremental costs associated with them with a charge to reserves (Note 14.2), net of their tax effect, amounting to EUR 6,617 thousand.

At 31 December 2022, the shareholders directly holding more than 10% of the share capital are as follows:

	% of ownership
Aldrovi, S.L.	29.90%
Marearoja Internacional, S.L.	29.90%
Jalasa Ingeniería, S.L.	11.08%
INDUMENTA PUERI, S.L.	6.00%

14.2 Reserves and retained earnings

The breakdown of reserves is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Legal reserve	602	602
Voluntary reserves	66,694	74,011
Total reserves of the Parent	67,296	74,613
Reserves in consolidated companies	(15,830)	1,670
Total consolidated reserves	(15,830)	1,670
Total reserves	51,466	76,283

Legal reserve

Under the Consolidated Companies Law, the Parent must transfer 10% of net profit for each year to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

At 31 December 2022 and 2021, this reserve had reached the legally required minimum.

The heading "Reserves of consolidated companies" included legal reserves corresponding to subsidiaries totalling EUR 4,577 thousand at the end of 2022 (31 December 2021: EUR 4,574 thousand).

Voluntary reserves - Dividends distributed

During the financial year 2022, the General Meeting of Shareholders of the Parent Company resolved to approve the distribution of dividends in the amount of EUR 700 thousand charged to reserves. At 31 December 2022, these dividends had been paid in full.

During the financial year 2021, the General Meeting of Shareholders of the Parent Company resolved to approve the distribution of dividends totalling EUR 2,800 thousand, EUR 1,400 thousand out of 2021 profits and EUR 1,400 thousand out of reserves. At 31 December 2021, these dividends had been paid in full.

The voluntary reserves are unrestricted as to their use.

Other equity instruments

The Group recognises in this caption the increase in equity corresponding to the share-based payment plan approved during the year 2022 (Notes 3.21 and 19.3).

14.3 Treasury shares

At 31 December 2022, the Parent Company holds 181,936 treasury shares, all of which have been acquired during 2022 and are freely transferable.

15. Provisions and contingencies

The detail of "Provisions" in the consolidated balance sheets at 31 December 2022 and 2021 is as follows (in thousands of euros):

	31/12/2022	31/12/2021
Provision for decommissioning of farms (Notes 3.4 and 7)	7,027	6,676
Other provisions	154	105
Long-term provisions	7,181	6,781
Other provisions (Notes 13 and 19.3)	1,305	5,203
Short-term provisions	1,305	5,203

Long-term provisions:

Plants that are recorded under "Property, plant and equipment" in the consolidated balance sheet (Note 7) are required to incur future decommissioning costs when removing their facilities from their original site at the end of the concession or lease contract. As a general rule, as the construction of these plants progresses and always before completion, the Group records a provision for the present value of the expected decommissioning costs at the end of the contract. Specific changes in measured decommissioning liabilities will result in a change in the cost of the related asset.

The remaining amount recognised under "Long-term provisions" relates to other obligations accrued to the employees of the Group's Italian companies in accordance with the legislation in that country.

Short term provisions:

On 1 May 2022, an additional remuneration plan was approved for a member of Senior Management subject to the achievement and successful completion of each sale included in the sale and purchase agreement of 20 Spanish companies entered into by the Group during 2021 (Notes 3.1.c and 19.3). At 31 December 2022, the Group has made provision under this heading for the bonus corresponding to the companies already disposed of.

At 31 December 2021, the Group had recognised under this heading the provisioned amount to which a member of Senior Management would be entitled based on the agreement acquired by the Group in 2017, associated with the achievement of a liquidity event, and which was paid in 2022 (Notes 1, 14 and 19.3), as well as an amount of EUR 1,634 thousand corresponding to additional variable remuneration corresponding to another member of Senior Management (Note 19.3), which was also paid in 2022.

16. Information on average payment period to suppliers. Second final provision of Law 31/2014 of 3 December

The information required by the Third Additional Provision of Law 18/2022, of 28 September, on the creation and growth of companies and Law 15/2010, of 5 July (amended by the Second Final Provision of Law 31/2014, of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016, on the information to be included in the notes to the financial statements in relation to the average payment term to suppliers in trade transactions, is detailed below.

	2022	2021
	Days	
Average payment term to suppliers	18	13
Ratio of transactions paid	17	12
Ratio of outstanding transactions	28	19
	Amount (thousands of euros)	
Total payments made	201,089	22,778
Total outstanding payments	61,956	2,929

In accordance with the ICAC Resolution, the calculation of the average supplier payment term takes into account the commercial transactions corresponding to the delivery of goods or services accrued in each financial year.

For the sole purpose of providing the information foreseen in this Resolution, suppliers are considered to be trade creditors for debts with suppliers of goods or services, included under the headings "Trade and other payables - Suppliers", "Trade and other payables - Suppliers, Group companies and associates" on the current liabilities side of the consolidated balance sheet, referring only to the Spanish entities included in the consolidable group.

"Average payment term to suppliers" is defined as the time elapsed between delivery of goods or provision of services by the supplier and the actual payment for the transaction.

Additionally, in accordance with Law 18/2022, of September 28, on the creation and growth of companies, the following information is presented (It is not included, in accordance with the provisions of the regulations, the comparative information corresponding to the year 2021):

	2022
Monetary volume (thousands of euros)	149,768
Percentage of total payments made	74%
Number of invoices	3,344
Percentage of total invoices	43%

The maximum legal payment term applicable to the Group in 2022 under Law 11/2013 of 26 July establishing measures to combat late payment in commercial transactions and in accordance with the transitional provisions set out in Law 15/2010 of 5 July is 30 days (unless the conditions set out therein are met, which would allow this maximum payment period to be increased to 60 days).

17. Public authorities and tax matters

Until 31 December 2019, the Group was taxed under the consolidated tax regime in accordance with the provisions of Navarre Corporation Tax Law 24/1996 of 30 December, as this is where the companies' registered offices are

located in Spain (Note 1). Since the beginning of the fiscal year 2021, and as a result of the change of registered office, the Parent Company and various subsidiaries have been taxed under the Tax Consolidation Regime, regulated in Chapter VII of Title VII of Royal Legislative Decree 4/2004, of 5 March, and are taxed in accordance with the provisions of article 55 et seq. of Law 27/2014, of 27 November, on Corporate Income Tax (hereinafter, LIS).

Since 30 December 2010, the Parent Company is taxed as the parent company in the consolidated tax group No. 3100047 on Value Added Tax. The Parent Company has a debit position of EUR 14,040 thousand with the tax authorities in relation to this tax (EUR 371 thousand at year-end 2021) and a credit position of EUR 737 thousand.

The other subsidiaries located abroad file tax returns in accordance with the tax legislation in the countries in which they are located.

17.1 Current tax receivables and payables

The detail of the current tax receivables and payables in the consolidated balance sheets as at 31 December 2022 and 2021 is as follows (in thousands of euros):

Tax receivables

	31/12/2022	31/12/2021
VAT refundable (*)	18,183	9,727
Income tax refundable (Note 17.8)	9,563	728
Other accounts receivable from Tax Authorities	853	586
Total	28,599	11,041

(*) Corresponds mainly to the VAT borne by the Group companies located in Spain in relation to the photovoltaic solar modules and the expenses incurred for the construction of the new solar parks.

Tax payables

	31/12/2022	31/12/2021
VAT payable	1,009	1,248
Income tax payable	104	68
Accrued social security taxes payable	267	205
Other accounts payable to public authorities	802	1,283
Total	2,182	2,804

17.2 Reconciliation of the accounting profit to the tax loss

The reconciliation of the consolidated accounting profit (loss) for the year to the taxable profit (tax loss) for corporate income tax purposes is as follows (in thousands of euros):

	2022	2021
Consolidated profit (loss) for the year from continuing operations (before tax)	63,295	(23,793)

Permanent differences		
Dividends from Investments in Group companies	(93)	(200)
Exemption on disposal of investees (*)	(63,426)	6
Penalties from tax audit, favourable resolutions	571	242
IPO Cost	(8,822)	-
Other	793	(87)
Temporary differences:		
Consolidation adjustments	(6,351)	4,780
Limitation to the deductibility of financial expenses	8,110	1,517
Impairment losses in Group companies (**)	-	435
Provision for early income (***)	(1,802)	(4,325)
Provisions (Notes 15 and 19.3)	(230)	(4,297)
Other	1,557	(4,297)
Taxable profit (tax loss)	6,398	(30,019)

(*) Result generated by disposals of investments in Group companies held by holding companies and which are not deductible for tax purposes.

(**) Corresponds to non-deductible expenses under Chilean law, related to provisions for invoices to be issued and received.

The permanent negative difference for the year 2022 corresponds to the result generated by the disposal of holding companies of photovoltaic parks that, in accordance with article 21 of the LIS, and according to the understanding of the administrators and their tax advisors, can be considered exempt for Eliminate double taxation of capital gains.

Permanent and temporary differences mainly include adjustments arising from differences between EU-IFRS and local accounting principles, elimination of the results of intercompany transactions and adjustments related to the order backlog. As previously commented, until 31 December, 2019 the Parent company and most of the Spanish subsidiaries had filed consolidated tax returns in accordance with the provisions of the Foral Law 24/1996, of December 30, of the Foral Community of Navarra and since the beginning of fiscal year 2021, the Parent Company and various dependent companies are taxed under the Tax Consolidation Regime, regulated by the LIS.

17.3 Reconciliation between accounting profit and income / (expense) for income taxes

The reconciliation of the accounting profit (loss) to the income tax (expense)/income is as follows (in thousands of euros):

	2022	2021
Accounting Profit or loss before tax - Profit / (Loss)	63,295	(23,793)
Permanent differences	(70,977)	(39)
Adjusted accounting profit	(7,682)	(23,832)
Tax charge at tax rates in force in each country	2,052	5,111
Deferred tax assets and liabilities recognised (*)	(1,898)	(650)
Recognition of tax loss carryforwards (**)	3,844	1,755
Application of tax loss carryforwards	(1,396)	-
Capitalisation of deductions	-	771
Deactivation of deductions	(821)	(479)
Impact of consolidation adjustments	(557)	(568)

Adjustments to the IS of previous years	(520)	-
Other tax adjustments	(791)	61
Total tax income / (expense)	(86)	6,001

(*) Corresponds to temporary differences generated in Spain and deferred tax assets and liabilities arising from differences between EU-IFRS and local accounting principles in Mexico, the United States, Chile and Italy.

(**) The Group's Directors have decided to recognise the tax losses generated by Opdeenergy Holding, S.A., Opde Chile SPA and Opde Italy in 2022 and 2021 considering that, in accordance with the applicable tax and accounting legislation, these assets will be recovered.

17.4 Breakdown of current and deferred income taxes

The breakdown of corporate income tax (expense)/income is as follows (in thousands of euros):

	2022	2021
Current income tax	(2,257)	(1,059)
Deferred tax	2,171	7,060
Total tax income / (expense)	86	6,001

17.5 Assets for registered deferred tax

Details of deferred taxes and their movement during 2022 are as follows (in thousands of euros):

	2021	Additions	Derecognitions	Adjustments for changes in value	2022
Temporary differences (Deferred tax assets)					
Derivatives (Nota 11.1 y 12)	6,320	-	-	62,189	68,509
Temporary differences arising from consolidation adjustments	5,508	439	-	-	5,947
Provisions (Notes 15 and 19.3)	828	854	(828)	-	854
Non-deductible finance costs	1,210	-	-	-	1,210
Tax loss carryforwards-	11,411	3,844	(1,396)	-	13,859
Tax credits-	1,044	-	(821)	-	223
Total deferred tax assets recognised	26,321	5,137	(3,045)	62,189	90,602

The deferred tax assets indicated above were recognised on the consolidated balance sheet because the Group's Directors considered that, based on the best available estimates of the Group's future earnings, including certain tax planning measures, it is probable that these assets will be recovered.

Several Group companies are engaged in the construction of solar plants, which the Group has recognised under "Property, plant and equipment" at 31 December 2022 (Note 7). The unrealised gains on these operations are eliminated, giving rise to a tax effect on them, which is recovered mainly in the year in which the ownership interests of the subsidiaries that own these plants are sold or depreciated.

The deferred tax assets for tax loss carryforwards and deductions that the Group has recognised at year-end 2022 relate basically to deductions and taxable income of Spanish and Chilean construction companies which, due to the nature of their activity and ownership of renewable energy plants, have a long-term business plan that offers high visibility as to the income to be obtained in the future.

These tax assets have been recorded considering the recoverable amounts of the tax bases and deductions derived from these business plans, which mainly consider the following key variables:

- Estimated expected results from the sale of companies holding photovoltaic farm developments in 2022 and 2023 (Note 3.1.c).
- Energy sales price: prices based on PPA contracts in the case of fixed price contracts, or estimates based on independent expert valuations in the case of variable (market) prices, all considering the maintenance of regulatory frameworks.
- Projected revenues over the life of the plants, estimated at 25 to 30 years.
- Energy production estimates (MW), based on historical data recorded in the areas where the plants are located, corrected for the expected degradation of the solar panels.

Estimates of future results have been made, where deferred tax assets relate to renewable energy plants, in line with the assumptions used to assess the recoverable amount of these plants and detailed in Note 3.6.

According to Group Senior Management estimates, the capitalised tax loss carryforwards and deductions will be recovered within 7-10 years depending on the country in which they were generated.

Lastly, the Group has recognised EUR 68,509 thousand related to energy price and interest rate derivatives mainly from Spanish and Chilean construction companies.

Tax loss carryforwards

At year-end 2022, the detail of the tax loss carryforwards recognised in the consolidated balance sheet is as follows (in thousands of euros):

Year of generation	Importe total en	Tax loss carryforwards by country (in tax charge)				
		Spain	Chile	USA US.	Italy	UK
2013	1,102	1,102	-	-	-	-
2014	32	-	-	-	32	-
2015	15	-	-	-	15	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	307	307	-	-	-	-
2020	1,070	1,070	-	-	-	-
2021	7,489	3,691	2,247	1,467	-	84
2022	3,844	-	3,231	537	-	76
TOTAL	13.859	6,170	5,478	2,004	47	160

The aforementioned tax loss carryforwards correspond mainly to Opde Energy Holding, S.A. Other Photovoltaic Energy Productions, S.L., Opde Chile SPA, Horus Renewables Corp., Eólica La Estrella, S.P.A S.p.A, Opde Energy Generation, S.p.A, . and Austriansolar Chile Uno, S.p.A. The expiry of these tax losses, in accordance with the legislation in force in each country, are as follows:

	Expiry (year)
Spain	No time limit applies

Chile	No time limit applies
Italy	No time limit applies

Deductions registered

At year-end 2022, the deductions pending recognition in the consolidated balance sheet relate to deductions generated by Almaraz Fotovoltaica XXXIV, S.L., Sociedad Ibérica de Generación de Energía XVI, S.L., Sociedad Ibérica de Generación de Energía XVII, S.L. and Otras Producciones de Energía Fotovoltaica, S.L., the last year of maturity of which is as follows (in thousands of euro):

	Thousands of Euros		
	Year of accrual	Amount in tax charge	Expiry
Tax assets-			
Double taxation deductions	2020	223	No limit applies
Double taxation deductions	2022	-	
Total		223	

17.6 Liabilities for registered deferred tax

Details of deferred tax liabilities are as follows:

	Thousands of Euros				
	31/12/2021	Additions	Derecognitions	Adjustments for changes in value	31/12/2022
Temporary differences					
Goodwill (Notes 3.1.c and 6)	2,643	27	-	-	2,670
Temporary differences arising from consolidation adjustments	784	996	-	-	1,780
Derivatives	967	-	-	5,608	6,575
Other	209	38	-	-	247
Total deferred tax liabilities recognised	4,603	1,061	-	5,608	11,272

17.7 Unrecognised deferred tax assets

The Group has not recognised certain deferred tax assets in the consolidated balance sheet because it considers that the requirements established in the applicable accounting standards regarding the probability of their future recovery have not been met. The detail of these unrecognised assets is as follows:

Tax loss carryforwards

Year of generation	Thousands of Euros			
	Total amount in tax charge	Spain (*)	Italy	U.S.A.
2011 and previous years	7	6	1	-
2012	3	-	3	-

2013	16	-	16	-
2014	20	-	20	-
2015	8	-	8	-
2016	15	-	15	-
2017	2	-	2	-
2019	-	-	-	-
2020	6	-	6	-
2021	696	-	129	567
2022	686	-	263	423
TOTAL	1,459	6	463	990

(*) Tax loss carryforwards incurred by companies filing consolidated tax returns in accordance with Navarre tax legislation prior to the creation of the consolidated tax group. These amounts can only be offset on an individual basis.

Temporary differences

Year of generation	Total amount in tax charge (thousands of euros)
2015	22
2016	18
2017	27
2018	21
2019	7
2020	21
2021	55
2022	137
TOTAL	308

All the temporary differences included in the foregoing table relate to temporary differences arising from the limitation on the deductibility of finance costs at Opde Puglia, S.R.L. and Opde Solare S.R.L.

17.8 Years open for review and tax audits

Under current legislation, taxes cannot be considered to be definitively settled until the declarations filed have been inspected by the tax authorities or the four-year limitation period has elapsed. Likewise, in accordance with current legislation, the Administration's right to check the tax bases offset or pending offset or deductions applied or pending application shall expire ten years from the day following the end of the regulatory period established for filing the tax return corresponding to the tax year or period in which the right to offset such bases or apply such deductions arose.

For the Spanish companies, at year-end 2022, the Group has the 2017 and subsequent years open for review for corporate income tax and other applicable taxes. However, on 3 July 2015 an inspection was opened for the 2010 and 2013 financial years corresponding to corporate income tax and, in particular, with the tax regime of the Business Development Companies (SPE) of the Group companies Opdenenergy Holding, S.A. and Otras Participaciones Industriales, S.L.

In July 2014, inspection and investigation proceedings were initiated jointly on the Group companies, Opdenenergy Holding, S.A., OPDE Participaciones Industriales, S.L., Otras Producciones de Energía Fotovoltaica, S.L. and the company that left the Group in 2014: Proyectos Integrales Solares, S.L., in relation to the taxation of the regime for Business Promotion Companies (SPE). As a result of the tax audits, the Parent Company, as representative of the OPDEnergy tax group, was required to pay an amount of EUR 4,039

thousand, which was to be borne in full by the OPDEnergy Group. The directors of the Parent Company were in total disagreement with this resolution, and therefore filed several successive appeals before the various administrative authorities, obtaining rulings that were partially favourable to their claims.

Finally, on 20 November 2020, the appeal was resolved, again ruling partially in favour of the Parent Company's claims, resulting in the recognition of tax loss carryforwards for the Tax Group in the amount of EUR 5 million and the refund of the penalty previously imposed in the amount of EUR 1,651 thousand plus interest of EUR 160 thousand. This resolution was susceptible to a cassation appeal by any of the parties.

As at 31 December 2020, based on the two favourable rulings previously obtained in the various courts during 2020 and in agreement with its legal advisors, the Group's management considered that the rulings would not be appealed by the tax authorities and deemed the ruling in its favour to be virtually certain. In this respect, the Group recognised a current tax asset of EUR 1,651 thousand, with a charge to "Other income" in the consolidated income statement for the year ended 31 December 2021, and deferred tax assets of approximately EUR 1,237 thousand.

On 19 January 2021, the cassation period ended without appeal by the Navarra Tax Authorities, and the judgment handed down by the Navarra High Court of Justice became final on 20 November 2020.

On the other hand, and due to the different interpretations that may be given to tax standards applicable to the transactions conducted by the Company, there may be other tax liabilities of a contingent nature that are not susceptible of an objective calculation. However, in the opinion of the Group's Directors, the possibility of these contingent liabilities materialising is remote and, in any case, the tax liability that might arise from them would not materially affect these financial statements. Similarly, the Group's Directors are of the opinion that the Group has no uncertain tax positions under any of the tax laws applicable to it.

Furthermore, in the opinion of the Group's Directors and its tax advisors, the transfer pricing system is adequately designed and supported in order to comply with applicable tax regulations. It is considered that there are no significant risks in this connection that could give rise to material liabilities for the Group in the future.

18. Income and expenses

18.1 Revenue

The breakdown by geographical area of the Group's revenue from continuing operations is as follows:

	2022	2021
Spain	88%	54%
Chile	9%	14%
United States of America	-	22%
Mexico	-	1%
Italy	3%	9%
	100%	100%

The breakdown, by business line, of the Group's revenue for the financial years 2022 and 2021 is as follows:

	2022		2021	
Provision of services	879	1%	1,531	3%
Provision of development services to third parties	3,421	3%	-	0%
Sales of solar plant holding companies (Note 3.1)	70,846	61%	9,490	22%
Sale of energy and other	40,317	35%	32,474	75%

	115,463	100%	43,495	100%
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The main transactions carried out by the Group in 2022 and 2021 are the sales of companies holding or developing solar plants in Spain and the United States (Note 3.1.c), which cease to form part of the Group, amounting to EUR 70,846 thousand (EUR 9,490 thousand in 2021), as well as invoicing for development services rendered amounting to EUR 3,421 thousand. In addition, the revenue from the sale of energy from the Group's connected plants in Spain, Chile and Italy (Note 3.15). In this regard, the sale of energy produced by various power plants in Spain corresponds to sales made to the distributor Nexus Energía, S.A. amounting to EUR 74,105 thousand (EUR 47,580 thousand in 2021) and settlements of financial instruments for hedging energy prices held with Centrica Energy Limited amounting to EUR 46,538 thousand (EUR 25,878 thousand in 2021), see (Note 12.1)

18.2 Staff costs

The detail of this item in the consolidated income statement for the years 2022 and 2021 is as follows (in thousands of euros):

	2022	2021
Wages, salaries and similar expenses	14,378	5,515
Termination benefits (Note 3.13)	218	40
Employee benefit costs	1,781	1,398
Other	328	324
	16,705	7,197

The average number of employees by category in 2022 and 2021 is as follows:

	Number of Employees	
	2022	2021
Management	12	8
University graduates, technical and administrative staff	149	129
	161	137

(*) The Group include as Managers the members of Group's Steering Committee.

At 31 December 2022 and 2021, the Group's workforce includes one employee with a disability.

In addition, the Group's headcount as at 31 December 2022 and 2021, by gender and category, is as follows:

	2022			2021		
	Men	Women	Total	Men	Women	Total
Management (*)	12	1	13	6	2	8
University graduates, technical and administrative staff	96	57	153	90	45	135
	108	58	166	96	47	143

(*) The Group include as Managers the members of Group's Steering Committee.

18.3 Other operating expenses

The detail of "Other operating expenses" in the consolidated income statement for fiscal years 2022 and 2021 is as follows (in thousands of euros):

	Thousands of Euros	
	2022	2021
Leases (Note 9)	423	261
Repair and maintenance	3,228	136
Independent professional services	5,535	6,973
Transport	323	-
Insurance premiums	1,667	886
Banking	392	968
Advertising, publicity and public relations	22	51
Supplies	651	169
Taxes other than income tax	1,181	2,744
Other operating expenses	2,209	1,327
	15,631	13,515

The Group has increased the cost of repairs and maintenance and insurance premiums due to the higher number of plants in operation during FY22.

Accrual of expenses - Transfer of use

During the financial year 2021, the Group signed a contract as an assignee for the shared use of a substation for the grid feed-in of electricity owned by third parties outside the Group for the solar plant owned by Planta Solar Opde 6, S.L. In this way, the Group obtained the transfer of the use of an established capacity for the feed-in of electricity to the nodes.

The contract was signed for a period similar to the useful life of the plant (30 years) for a total amount of EUR 1,600 thousand, which was paid in advance. As a result, the Group recognised a prepaid expense amounting to EUR 1,440 thousand at 31 December 2022 (EUR 1,493 thousand at 31 December 2021) under "Long-term accruals" on the asset side of the consolidated balance sheet in respect of the expense for early assignment of use, as well as a prepaid finance expense of EUR 54 thousand in 2022 (EUR 54 thousand in 2021) for the financial component of the contract under "Long-term accruals and deferred income" in the consolidated balance sheet. The expense recognised in this connection in financial year 2022, as in financial year 2021, is not material. According to the analysis carried out by Group's Senior Management, this contract does not fall within the scope of NIIF 16 on Leases, as it has been determined that the contract does not contain a lease, but rather the provision of a service.

In relation to this contract, in 2021 the Group signed a shared-use assignment contract for one of its substations for a period similar to the useful life of the assignee plant (30 years) for a total amount of EUR 4,100 thousand, which was collected in advance. As a result, at 31 December 2022 the Group has a prepaid income of EUR 3,736 thousand under "Long-term accruals and deferred income" in the consolidated balance sheet (EUR 3,872 thousand at 31 December 2021) relating to income from the early transfer of use, as well as a prepaid finance income of EUR 137 thousand for the financial component of the contract under "Long-term accruals and deferred income" in the consolidated balance sheet. The expense recognised in this connection in financial year 2022, as in financial year 2021, is not material.

18.4. Finance income

The detail of "Finance income" in the consolidated statement of profit or loss for the fiscal years 2022 and 2021 is as follows (in thousands of euros):

	2022	2021
Financial instruments measured at amortised cost-		
Associates	98	474
Third parties (Note 11.1)	208	383
	306	857

18.5 Finance costs

The detail of "Finance costs" in the consolidated statement of profit or loss for the fiscal years 2022 and 2021 is as follows (in thousands of euros):

	2022	2021
Financial instruments measured at amortised cost-		
Bank borrowings	(11,616)	(7,965)
Debt instruments and other marketable securities	(6,283)	(7,697)
Lease liabilities	(2,465)	(1,086)
Update of decommissioning provisions	(126)	(161)
Other financial cost	(675)	
	(21,166)	(16,909)

19. Related party transactions and balances

19.1 Related party transactions

Details of related party transactions in 2022 and 2021 are as follows (in thousands of euros):

2022

	Income from sales and services
<u>Associates:</u>	
Renter Gestiones, S.L.	574
Infraestructura Energética del Norte, S. de R.L. de C.V.	20
Energía Solar de Poniente, S. de R.L. de C.V.	20
	614

2021

	Income from sales and services
<u>Associates:</u>	
Renter Gestiones, S.L.	375
Planta Solar OPDE la Fernandina, S.L.	50
Planta Solar OPDE Extremadura 2, S.L.	49
Planta Solar OPDE Andalucía 1, S.L.	50
A2 Renovables LLC Holding	429
Infraestructura Energética del Norte, S. de R.L. de C.V.	128
Energía Solar de Poniente, S. de R.L. de C.V.	286
	1,367

In 2022 and 2021 the revenues relating to the solar PV plants relate to the operation and maintenance work carried out by some entities of the group for the Spanish solar farms (up to the time of acquisition - Note 3.1.c) and for the Mexican solar farms. These revenues have been recognised in accordance with the operation and maintenance contracts signed between the operators and the customers.

In addition, transactions have been carried out with companies related to directors of the parent company corresponding to management services rendered by these companies in 2022 and 2021, amounting to EUR 144 thousand and EUR 230 thousand respectively, which have been recorded with a charge to "Other operating expenses" in the consolidated income statement for the years 2022 and 2021.

The detail is as follows (in thousands of euros):

	2022	2021
Aldrovi, S.L.	44	77
Jalasa Ingeniería, S.L.	53	73
Marearoja Internacional, S.L.	47	80
Total	144	230

The above amounts include the fees for the management services and were paid up to the date of the IPO of the parent company's shares. Note 19.3 details the additional commitments acquired with certain directors and executives of the Parent Company.

19.2 Balances with associates

The detail of "Related party balances" at 31 December 2022 and 2021 is as follows (in thousands of euros):

31/12/2022:

	Long term loans granted	Trade receivables from associates and related companies
<u>Associates:</u>		
Renter Gestiones, S.L.	-	247

Infraestructura Energética del Norte, S. de R.L. de C.V.	-	4
Energía Solar de Poniente, S. de R.L. de C.V.	-	4
Trend Energético, S.R.L.	693	-
	693	255

31/12/2021:

	Long term loans granted	Trade receivables from associates and related companies	Short term loans granted
<u>Associates:</u>			
Renter Gestiones, S.L.	-	82	-
Infraestructura Energética del Norte, S. de R.L. de C.V.	-	7	-
A2 Renovables LLC Holding	-	-	21
Trend Energético, S.R.L.	616	-	-
	616	89	21

The account for loans granted to companies at 31 December 2021 relates mainly to subordinated loan agreements entered into with each of the associates (Note 11.1). The purpose of these loan agreements was to partially finance the design, construction and operation of the photovoltaic farm.

On the other hand, the accounts receivable recorded under the heading "Trade receivables from associates and related companies" in the consolidated balance sheet correspond mainly to the amount receivable at year-end corresponding to the operation and maintenance service contracts signed by Opde O&M, S.L. (for plants in Spain) and Inversiones Solares del Altiplano S. de R.L. de C.V. (plants in Mexico), as the service provider, with each of the companies indicated (see Note 19.1).

19.3 Remuneration of Group directors and senior executives

Remuneration paid to members of the Board of Directors

In the 2022 financial year (since the IPO date), the members of the Parent Company's Board of Directors have accrued and received an amount of 212 thousand euros for their status as directors. Said amount does not include the remuneration received by the CEO, since it is included in the amount received by Senior Management.

The members of the Parent's Board of Directors did not accrue or receive any remuneration in 2022 or 2021, except as indicated below due to their status as directors. Also, the Group had not granted any advances or loans to the Directors and it did not have any pension, retirement bonus or special termination benefit obligations to them.

For information purposes, it is hereby disclosed that the entites, Aldrovi, S.L., Jalasa Ingeniería, S.L. and Marearoja Internacional, S.L. are companies related to three members of the Board of Directors and provide and invoice services to the Parent until the IPO in accordance with the signed contracts (see Note 19.1).

In addition, the Group has taken out a third-party liability insurance policy for its officers the cost of which amounted to EUR 50 thousand in 2022 (31 December 2021: EUR 28 thousand).

Remuneration of Senior Management

In 2022 and 2021 the remuneration received by Senior management amounted to 1,776 and 1,259 thousand euros, (said remuneration includes the amount accrued by the CEO), respectively, includes remuneration for all items including life insurance in favor of the CEO, except for the bonuses detailed below.

The Group acquired in 2017 an agreement with a member of senior management in the event of a liquidity event. The actions necessary for a future share issue on the Spanish Stock Market did not commence until the end of 2020, as the Directors considered the possibility of such an event occurring to be remote until that time. These actions continued throughout the 2021 financial year, although the transaction was not finally concluded in 2021. The Group updated, in accordance with the best estimate, the provision that the Group had recorded under "Short-term provisions", the balance of which at 31 December 2021 amounted to EUR 3,568 thousand, reversing during 2021 an amount of EUR 2,409 thousand with a credit to "Staff costs" in the consolidated income statement for 2021.

Following the IPO of the Group (Notes 1 and 14) during financial year 2022, this remuneration was settled, the final amount of which amounted to EUR 3,569 thousand. In this regard, the member of senior management who received such amount declared that he would reinvest 100% of the net amount of the CEO IPO Premium (i.e. the gross amount less the application of any withholding of the Value Added Tax) to subscribe for Related Investor Shares in the Related Investor Tranche of the Offering (the "CEO IPO Premium Shares").

The Group also acquired commitments with certain OPDE Group executives consisting of the recognition of additional variable remuneration amounting to EUR 1,634 thousand, which at 31 December 2021 was fully provisioned and recognised under "Short-term provisions" in the consolidated balance sheet, and which have been settled during 2022 (Note 15).

On the other hand, on 1 May 2022, an additional remuneration plan was approved for a member of Senior Management subject to the achievement and successful completion of the contract for the sale and purchase of 20 Spanish companies executed by the Group during 2021 (Note 3.1.c). The amount of the extraordinary remuneration shall be paid separately for each company disposed of at the time the sale becomes final and will be calculated based on the final impact of each transaction on the Group's consolidated shareholders' equity. This amount will be accrued as the sale agreements are executed. At 31 December 2022, a short-term provision of EUR 1,305 thousand has been recognised for the bonus corresponding to two companies already disposed of.

On 1 May 2022, a remuneration plan was approved to incentivise the permanence of various members of Senior Management, consisting of a total incentive amount to be received in cash payable in two tranches, the accrual of which was conditional on each employee remaining with the Group between 30 May 2022 and 2023 for the first tranche, and between 30 May 2023 and 2024 for the second tranche.

- The first tranche was paid in May 2022 for an amount of approximately EUR 560 thousand, and an expense was recognised under "Staff costs" in the consolidated income statement.
- In the event of an IPO of the Parent's shares, the second tranche would be settled early (and without the need to comply with the established holding period) at the discretion of the Parent by means of cash or delivery of shares. Those employees who received this incentive, and whose national law permitted them to participate in the IPO, would be required to reinvest the net proceeds received in shares of the Parent through the tranche established for related investors in the context of the IPO. In these cases, the second tranche of the incentive plan will be considered an equity-settled plan and would therefore be recorded under "Staff costs" with a balancing entry in the Group's equity (Notes 3.21, 14 and 19.3).

With the IPO of the Opdeenergy group (Notes 1 and 14), the permanence condition has been eliminated, and the total amount of the expense associated with this remuneration plan amounts to EUR 823 thousand.

Finally, following the Group's IPO, a long-term incentive plan has been approved for a limited number of Group executives. This plan is intended to motivate and reward managers appointed by the Parent Company's directors, enabling them to be part of the Group's long-term value creation. In this respect, the plan consists in the delivery to these employees of a number of shares to be determined by the Board of Directors under certain conditions. The main features of the Plan are as follows:

- The vesting period shall commence from the time of joining and acceptance of the plan by each designated employee and shall end on 31 December 2024.
- Shares under the plan will be granted 365 days after the end of the vesting period and will vest upon satisfaction, at the end of the vesting period, of the following conditions:
 - o Condition of service. Necessary condition of permanence in the participant's employment until the date of payment of the plan;
 - o Performance conditions. The number of shares to be delivered to each participant will be determined by the gradual achievement of certain Group performance ratios associated with the total shareholder rate of return (market condition), EBITDA (non-market condition) and the volume of projects in pre-construction (non-market condition).

These performance conditions will be calculated as at 31 December 2024 on the values projected to that year. The distribution of the estimated expense is subject to estimates made by the Group at the date of grant of the plan and subsequent closings, of the achievement and probability of fulfilment of both the market and non-market conditions set out in the plan.

The incentive compliance metrics will be the shareholder's rate of return at 40%, EBITDA at another 40% and the volume of projects in pre-construction at the remaining 20%; establishing minimum amounts below which the incentive will not accrue, as well as the possibility of an over bonus of up to 175%. The number of shares to be received by each participant will be determined by the incentive attributed to him/her in the plan, the share price (average of the share price of the 20 sessions prior to 31 December 2024) and the achievement of targets (between 0% and 175%). For the accounting recording of this incentive plan, an external valuator was consulted who, using the "Monte Carlo simulation method" and considering the volatility of the share for companies in the sector in which the Group operates for a comparable period, estimated that the fair value amounted to approximately EUR 5.4 million at the grant date.

During fiscal year ended 31 December 2022, this plan has led to the recording of a personnel expense of EUR 819 thousand with a balancing entry in equity in the accompanying consolidated balance sheet.

19.4 Information regarding situations of conflict of interest by Directors (article 229 of the Capital Companies Law)

At year-end 2022, neither the Company's Directors nor any persons related to them, as defined in article 229 of the Consolidated Text of the Spanish Companies Act, had notified the Board of Directors of any direct or indirect conflict of interest that they might have with the Parent company.

20. Information on the environment

The OPDE Group is aware that photovoltaic and wind energy assets occupy large areas of land and can affect a wide range of environmental aspects such as the soil and water system, the atmosphere, vegetation, fauna and landscape, which is why it applies a precautionary approach and promotes continuous improvement in the environmental management of its activities.

The Group takes into account environmental protection requirements ("environmental laws") in its global operations. The Group considers that it substantially complies with such laws and that it has procedures in place designed to promote and guarantee its fulfilment. Thus, during 2022, as in the previous fiscal year, the Group did not receive any sanctions for environmental non-compliance in the regions where it operates. In addition, it conducts annual compliance assessments to identify new developments in current legislation and to prevent penalties and violations.

In addition, the OPDE Group advocates appropriate environmental processing of projects from the outset, avoiding incidents related to permits, standards or regulations and placing special emphasis on projects for monitoring birdlife, archaeology, use of information sources and prior review of land prior to project development. The OPDE Group does not move forward with a project that does not have a favourable impact resolution or declaration issued by the competent authority.

Furthermore, in order to safeguard compliance with environmental regulations in each plant under construction and/or operation, the Group develops and implements Environmental Monitoring Programmes (EMP), guaranteeing the supervision and adoption of the appropriate measures in relation to the protection and improvement of the environment and the minimisation, where appropriate, of environmental impact.

21. Other information

21.1 Contingencies

Contingent liabilities

The Group does not have any contingent liabilities due to litigation arising from the ordinary course of business which are expected to give rise to significant liabilities.

Bank guarantees

At 31 December 2022, the Group had provided guarantees to third parties in connection with the development and construction of solar PV installations in various currencies, mainly corresponding to guarantees for the provisional acceptance of constructed solar PV installations, guarantees to municipalities for works to be performed or already performed and guarantees provided for awarded tenders. The breakdown by currency is as follows (in thousands):

	2022		2021	
	Local currency	Euros	Local currency	Euros
Euros	103,483	103,483	73,600	73,600
Chilean pesos	1,135,078	1,239	7,353	7,600
Us dollar	27,541	25,822	45,800	40,400

The guarantees provided by the Group are mostly guarantees given for interconnection rights acquired, common energy evacuation infrastructures, PPA contracts for their connection on date and for turnkey contracts. The total amount of these project guarantees is EUR 44,635 thousand in 2022 and EUR 18,723 thousand in 2021.

The guarantees and sureties would mainly be called due to non-compliance with the completion dates of the various projects. However, the Group's Directors consider that these situations are not common and are not expected to occur, and therefore the liabilities that could arise from the guarantees provided would not be material

Also, the Group has recognised deposits and term deposits under "Current financial assets - Other financial assets" and "Non-current financial assets - Other financial assets" which are pledged to secure bank guarantees amounting to EUR 617 thousand, (2021 year-end: (EUR 617 thousand).

In 2022 and 2021 the Parent Company has taken out surety insurance for an amount of EUR 156,735 thousand and EUR 129,433 thousand, respectively.

21.2 Guarantees

Guarantees in agreements for sale and execution of solar PV facilities (turnkey)

The Group guarantees to remedy the flaws or defects in the execution and completion of the projects for the construction of the solar PV plants, provided that they are directly allocable thereto, for a period of two years from the final delivery date of the solar PV plant.

The guarantee assumed by the Group with respect to the products and materials supplied by it for the construction of the plants shall be covered by and limited to the warranty provided by the manufacturers of those materials. In addition, the Group offers the assembly guarantee, although at the date of this report, no warranty expenses had been incurred (Note 3.15).

At 31 December 2022 and 2021, the Group had not recognised any provisions for this warranty given that there is no historical experience in this connection and it is considered that the manufacturers' warranties for the components used by the Group would provide adequate cover for any incident.

21.3 Audit fees

During financial year 2022, the fees related to the account audit services and other services provided by the auditor of the Group's consolidated financial statements, Deloitte, S.L., and by companies belonging to the Deloitte network, as well as the fees for services billed by the auditors of the individual financial statements of the companies included in the consolidation and by the entities linked to them by control, common ownership or management have been the following (in thousands of euros):

	Thousands of Euros	
	2022	2021
Audit services	235	185
Other verification services	462	164
Total audit and related services	697	349
Tax advisory services	40	41
Other services	-	186
Total professional services	737	576

22. Earnings (or losses) per share

22.1 Basic

The basic earnings (or loss) per share from continuing operations for the years ended 31 December 2022 and 2021 are as follows:

	Thousands of Euros	
	2022	2021
Profit attributable to shareholders of the Parent	63,209	(17,792)
Weighted average number of ordinary shares outstanding	124,612,572	105,922,000
Average number of treasury shares	(43,359)	-
Basic earnings / (loss) per share	0,51	(0.17)

Basic earnings per share are calculated by dividing the profit attributable to the Parent's shareholders by the weighted average number of ordinary shares outstanding during the year (Note 14).

22.2 Diluted

Diluted earnings per share are calculated by adding the weighted average number of ordinary shares outstanding to reflect the conversion of all diluted potential ordinary shares.

	Thousands of Euros	
	2022	2021
Profit attributable to shareholders of the Parent	63,209	(17,792)
Weighted average number of ordinary shares outstanding	124,612,572	105,922,000
Average number of treasury shares	(45,359)	-
Effect of the share-based payment programme (Note 19.3)	260,061	-
Basic earnings / (loss) per share	0,51	(0.17)

23. Events Subsequent to Year-End

During the month of January 2023, Opdenenergy has obtained a favorable Environmental Impact Statement (DIA) for a total of 2,320MW affected by the expiration of Royal Decree-Law 23/2020. All these projects, which already have the environmental approval of administration, add up to a total of 2,320MW, of which 96MW correspond to projects already built, 806MW to projects in the construction phase, 1,101MW to projects for the asset sale agreement with Bruc and 317MW to projects that the company estimates to put under construction in 2023.

During the month of January 2023, the start-up of the Manzanares 1 photovoltaic project (Planta Solar Opde 50, S.L.) took place. This project has an installed capacity of 41.5 MW and the energy generated is part of the long-term purchase and sale agreement signed with Céntrica.

Additionally, during the months of January and February 2023, various Project debt drawdowns of the loan agreements signed with BBVA and ING have taken place for a total of approximately 115 million euros.

Finally, the Group has signed a financing contract for a total of 16.5 million euros for the construction of the La Francesca photovoltaic project, located in Italy. The project has an installed capacity of 24 MW and is under construction. It will sell 100% of its energy to the market once its construction is finished and its exploitation begins.

No subsequent event has occurred that may affect the 2022 consolidated annual accounts, apart from the events described above.



**Consolidated Directors' Report for the
fiscal year 2022**



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1. SITUATION OF THE ENTITY

Opdenenergy Holding, S.A. ("Opdenenergy", "the Company" or "the Parent") and its subsidiaries ("the Opdenenergy Group" or "the Group") form a consolidated group of companies operating in the renewable energy sector as a sustainable independent power producer ("IPP"), focusing on the development, construction, operation, maintenance, management and sale of energy from its onshore wind and solar assets in the different markets in which it operates.

As of 31 December 2022, the company has a secured project pipeline of over 2.4 GW (including projects in operation, under construction and under construction soon), of which 1.8 GW is in operation and under construction, and a pipeline under development of +11 GW (projects categorised as *Farm-Down* with formalised sales agreement but pending transfer, *Advanced Stage*, *Early Stage* and *Identified Opportunities*).

1.1 SEGMENTS, BUSINESS DIVISIONS AND INTERNATIONAL PRESENCE

Currently, the Group activity is focused on the operation of energy assets, managing all its phases: Development & Engineering, Procurement and Construction, Structuring and Financing, operation and maintenance services and energy sales. Hence, the Group counts with three operating segments:

- Development & EPC (Engineering, Procurement and Construction)
- Energy Sales and Services.
- Central Services / Structure

Operating segments are based on the internal reports, which are reviewed, discussed and assessed regularly by the senior management and the Board of Directors, which is the ultimate body responsible for taking decisions and for allocating resources to the segments and evaluating their performance. In this respect, the segments figures stated in the aforementioned internal reports include the revenue and margins eliminated on consolidation, since the Directors consider that they reflect the Group's actual activity more accurately than the consolidated figures, which only reflect transactions performed with third parties.

Historically, the Development and EPC business line has been the largest operating segment of the company due to the impact of project sales in the past. However, due to the effective business shift since 2018 into being a larger power generation platform, the Power & Services business line is increasingly contributing to the operating results as seen in this FY 2022, and as the company continues to develop its project pipeline and grows and matures the plant portfolio. Energy sales continue to grow as the company adds new capacity to its portfolio of operating assets.

Geographical footprint

Opdenenergy is a diversified group with a strategic presence in Europe and the Americas, with offices in six markets and a presence in nine countries. In relation to the geographic business divisions in which the Group distributes the net amount of its turnover, management has identified the following: Spain, Italy, United Kingdom, Poland, France, United States, Chile, Mexico and Colombia.

The Group's international presence continues to grow, as we will undertake new projects in Spain, Italy, France, Poland, the United Kingdom, the United States, Mexico, Chile, Colombia and the Dominican Republic. In this regard, the group expects that 45-65% of its production mix will be located in Europe, against 20%/30% in the US and the rest in Latin America. Our extensive international track record over the 17 years of the company's existence allows us to develop transversal practices and procedures applicable in all the countries where we are present.

1.2 AREAS OF ACTIVITY

OPDEnergy derives synergies in the management of all segments of the value chain of its renewable energy assets:

Development and EPC

The development and EPC area seeks and generates investment opportunities in energy assets and studies, designs, executes and controls the engineering and construction of projects until the energy assets are commissioned.

By working along the entire value chain of renewable energy assets, projects are generally initiated from the *greenfield*, collaborating with local resources to:

-
- Select the optimal location.
 - Address technical and economic studies.
 - Processing and obtaining licenses and permits.
 - Formalise agreements that guarantee the investment.

For the EPC it is used a working scheme of "Project Management Office (PMO)" applied on the stages of:

- Resource study and basic engineering.
- Acquisition of equipment and main services.
- Detailed engineering.
- Construction management, commissioning, and activation.

Occasionally, projects may be acquired at an advanced stage of maturity.

Energy Sales and Services

The Energy Sales and Services area manages the operation and availability of energy assets, seeking opportunities to take advantage of and optimise their useful life.

Assets are managed under the following assumptions:

- Maximise energy generated.
- Reduce operational expenses.
- Increase process safety.
- Guarantee the reliability of the equipment.

Revenues are also generated through the sale of the electricity produced by the solar PV plants under a specific PPA contract or other type of sales model. The amount of income generated depends mainly on the production level of the plant and the sale price of the electricity. Revenues are generated from creditworthy purchasers with investment grade credit ratings, which include a combination of government entities or central and national utilities, as well as private companies. In general, long-term electricity sales agreements are established with these power purchasers that accrue a fixed price, in some cases subject to inflation or indexation rate adjustments, for the electricity generated by owned solar PV and wind plants.

1.3 STRATEGY

OPDEnergy defines its strategy based on the following principles, resulting from an exhaustive analysis of the internal and external issues present in the context in which the organization is framed:

- Internationalisation.
- Dynamism and adaptability.
- Diversification of energy sources.
- Continuous improvement in the management of projects.
- Maximising return on assets.

The Group's strategy, objectives and value proposition for the upcoming years are summed up in the following bullet points:

- Well-established platform led by a highly experienced management team with a proven track-record for identifying, securing, developing, funding and managing renewables projects.
- Compelling transformation plan to become a leading large-scale IPP with a presence in Europe and the Americas, building on its unrivalled capabilities and track record as an integrated renewable energy developer of the company.
- Strategic presence in stable Organisation for Economic Co-operation and Development (hereinafter "OECD") countries in Europe and the presence long-standing experience in the sector. The group expects 45-65% of its production mix to be located in Europe, against 20%-30% in the US and the rest in Latin America.
- Geographic and technological diversification with exposure to strategic and growth markets, with revenues mostly contracted and denominated in hard currencies.
- Long-term growth potential backed by a secured project pipeline of approximately 1.8 GW operational or under construction, +600MW to start construction soon and a portfolio of 11GW in various stages of maturity.
- Hedging 60/70% of the generation portfolio through PPA's with Off-takers Investment Grade. The remaining 30/40% to merchant brings more growth potential.
- Asset rotation to improve the generation mix, complement recurring cash flows from assets in production and accelerate the development of new production capacity.
- Play a relevant role in the Environmental, Social and Corporate Governance (hereinafter "ESG") transition, investing and contributing positively and in an active manner to the environment and society while targeting sustainable long-term returns.

2. BUSINESS DEVELOPMENT IN 2022

Operational Milestones

During the period Opdenenergy reached 1.8 GW in operation and construction in Spain, Italy, the United States and Mexico. This significant progress is a boost to the business plan set out in the IPO. It should also be noted that, as of the date of this report, the Group has a total of 680MW in operation, to which it expects to add 510MW during the first half of 2023 and 580MW during the second half of the year.

Our pipeline exceeds 11GW at various stages of maturity, which supports the Company's future growth and demonstrates the Company's ability to generate new growth opportunities.

Milestones of the Bruc Energy transaction

The agreement with Bruc consists of the sale of a portfolio of 20 solar projects in Spain with a total capacity of 1,101 MW. Opdenenergy will continue to develop these projects until they reach the Ready to Build (RtB) phase. The solar plants included in the deal are located in the provinces of Cadiz, Zaragoza, Valladolid, Burgos, Teruel, Seville and Soria.

Subsequent to closure, all the necessary environmental licences have been obtained to execute the entire project.

According to the structure of the contract signed with Bruc Energy, 77% of the total sale price of the shares is recorded upon the effective transfer of the shares, with the remaining 23% subject to the development phase between the transfer of the shares after obtaining the environmental permit and the achievement of the Ready to Build milestone.

During the period, the transfer of 662MW to Bruc Energy has been completed, with the consequent partial recognition of the revenue related to this sale.

Funding milestones

During the reporting period the refinancing of the corporate bond with EIG and Generali was completed, extending the amount up to a maximum of EUR 250 million and improving the conditions. However, as of the date of this Opdenenergy report, the facility has not been fully disbursed and EUR 51.7 million remains to be disbursed. This improvement in the terms contemplated in the bond, as well as the increase in the amount available, supports the Company's business plan and provides additional funds for its execution.

In July 2022, a green finance agreement was executed with BBVA and the European Investment Bank ('EIB) to finance a portfolio of solar PV projects in Spain with an aggregate gross installed capacity of 605MW. The agreement includes a long-term project finance facility with a principal amount of up to EUR 301 million of senior debt, a EUR 29 million PPA guarantee facility and a EUR 17 million credit facility to cover 6 months of debt service reserve account.

In addition, in July 2022, a green finance agreement was signed with ING to finance a portfolio of solar PV projects in Spain with an aggregate gross installed capacity of 167MW. The total agreement of EUR 107 million includes a long-term project debt, a PPA guarantee facility and a credit facility to cover the debt service reserve account.

As at 30 December 2022, the financing is signed for the 24 MW "La Francesca" project in Benevento (Italy) for a total of EUR 16.5 million with Kobus Partners.

3. BUSINESS PERFORMANCE AND RESULTS

3.1 FINANCIAL INDICATORS

The selected financial information included in this section has been extracted from the Group's audited consolidated financial statements as at 31 December 2022, which include audited consolidated financial information as at 31 December 2021 for comparative purposes. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS-EU") in accordance with Regulation (EC) No 1606/2002 of the European Parliament and Council and effective at 31 December 2022.

Income statement

Highlights of the results for the financial years 2022 and 2021 are:

<i>Thousands of Euros</i>	2022	2021
Revenue	115,463	43,495
Adjusted EBITDA	85,729	14,082
<i>Adjusted EBITDA margin</i>	74,25%	32.38%
Adjusted EBIT	70,052	3,393

3.2 ALTERNATIVE PERFORMANCE MEASURES (APM)

We present certain Alternative Performance Measures ("APMs") to provide additional information that favours the comparability and understanding of the financial information and to facilitate the process of decision making and evaluation of the Group's performance. The APMs should be considered by the user of the financial information as supplementary figures presented in accordance with the basis of presentation of the Group's audited consolidated financial statements as at 31 December 2022. The APMs used by the Group are:

Adjusted EBITDA

Definition: Revenue + Change in stocks of finished goods and work in progress + Impairment of inventories - Procurements + Other operating income – Staff costs - Other operating expenses +/- IPO costs and other adjustments.

Explanation of use: THE ADJUSTED EBITDA is considered by us as a measure of the performance of our activity, as it provides an analysis on the profit/loss of the year excluding interest, taxes, depreciation and amortisation. It is used to evaluate the capacity to generate operating cash flow from the projects. Additionally, it is a magnitude widely used by investors when assessing companies, as well as by rating agencies and creditors to assess the level of indebtedness by comparing EBITDA with net debt or with debt service.

<i>Thousand of euros</i>	2022	2021
Revenues	115.463	43.495
Changes in inventories of finished goods and work in progress	(1.983)	746
Impairment of inventories(1)	-	424
In-house work on non-current assets	6.217	4.730
Supplies	(2.445)	(15.468)
Other operating income	813	960
Staff costs	(16.705)	(7.197)
Other operating expenses	(15.631)	(13.515)
IPO costs and other adjustments (2)	-	(93)
Adjusted EBITDA	85.729	14.082

(1 For 2021, corresponds to: (i) EUR 2,315 thousand for expenses for third-party services relating to the IPO during 2020 classified within "External Services" which are not contemplated for the calculation of EBITDA; (ii) EUR 7,612 thousand corresponding to the reversal of the expense for the provision recorded at 31 December 2020 for the liquidity event not culminated in that period explained below; (iii) EUR 3,569 thousand relating to the provision arising from the probable occurrence of the liquidity event recorded at 31 December 2021 and (iv) EUR 1,634 thousand relating to the long-term strategic bonus provisioned in 2021.

Adjusted EBIT

Definition: Adjusted EBITDA + Depreciation and amortisation and others.

Depreciation and amortisation charge and others include "Depreciation of fixed assets", "Impairment and gains/losses on disposal of fixed assets" and "Other gains/losses" in the consolidated income statement for each year.

Explanation of use: EBIT provides an analysis of the profit/loss for the year excluding interest and taxes. It is used to assess the operating results generated by the business in each financial year.

Thousands of Euros	2022	2021
Adjusted EBITDA	85,729	14,082
<i>Adjusted EBITDA margin</i>	<i>74,25%</i>	<i>32,38%</i>
Depreciations & others	(15,677)	(10,689)
Adjusted EBIT	70,052	3,393

ADJUSTED EBITDA MARGIN

Definition: Adjusted EBITDA / Revenue

Explanation of use: EBITDA Margin is considered as a measure of the performance of our activity, as it provides information on the percentage contribution that EBITDA represents on revenue. This contribution allows for comparative analyses to be made on the performance of the margin of our projects.

Thousands of Euros	2022	2021
Adjusted EBITDA	85,729	14,082
Revenue	115,463	43,495
Adjusted EBITDA margin	74,25%	32,38%

NET FINANCIAL DEBT (excluding IFRS 16)

Definition: Short-term and long-term bonds and other marketable securities + Short-term bank borrowings + Short-term and long-term bank borrowings associated with renewable energy plants + Other financial liabilities - Cash and cash equivalents. Excluding the effect of the valuation of derivatives and finance lease liabilities.

Explanation of use: Net Financial Debt is a financial magnitude that measures the net debt position of a company. Additionally, it is a magnitude widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to assess the level of net indebtedness.

Thousands of Euros	31 December	
	2022	2020
Long-term debt instruments and other marketable securities	194,769	137,550
Short-term debt instruments and other marketable securities	15,977	-
Bank borrowings	-	-
Long-term Bank borrowings associated to renewable energy plants	249,291	228,571
Short-term Bank borrowings associated to renewable energy plants	13,574	12,933
Other financial liabilities	5,696	34
Cash and cash equivalents	(202,258)	(99,575)
NET FINANCIAL DEBT (excluding IFRS 16)	276,779	279,513

DEBT RATIO

Definition: Net Financial Debt / Total Capital employed in the company (Total Capital employed for the company is calculated as Net Financial Debt + Equity).

Explanation of use: Debt ratio shows how a Company can cover or pay back its debt if net financial debt and EBITDA are held constant. However, if a company has more cash than debt, the ratio can be negative.

Thousands of Euros	31 December	
	2022	2021
Net financial debt excluding IFRS 16 (a)	276,779	279,513
Equity (b)	111,107	25,343
Total capital employed in the business (c) = (a+b)	387,886	304,856
Debt ratio (a/c)	0,71	0.92

WORKING CAPITAL

Definition: Current assets - Current liabilities

Explanation of use: Working Capital is considered by us as a measure of our financial condition, as it provides an analysis of our liquidity, operational efficiency (optimisation of short-term resources and processes to generate positive investment returns) and short-term financial health.

Thousands of Euros	31 December	
	2022	2021
Current assets	276,628	146,195
Current liabilities	325,057	124,445
WORKING CAPITAL	(48,429)	21,750

3.3 ALTERNATIVE PERFORMANCE MEASURES (APMs) BY OPERATING SEGMENT

Below we present the revenue as well as the APMs of our three operating segments:

2022

	Thousands of Euros				
	EPC & Development	Energy Sales and Services	Corporate	Consolidation adjustments	TOTAL
Operating income:					
- From third parties	74,267	88,719	-	(47,523)	115,463
- From group companies	252,915	4,149	575	(257,639)	-
(-) Direct cost	(212,353)	(38,594)	-	252,736	(1,789)
Gross Margin	114,829	54,274	575	(52,426)	117,252
(-) G&As	(16,673)	(22,084)	(4,443)	11,677	(31,523)
EBITDA	98,156	34,190	(3,974)	(41,113)	85,729
(-/+) Depreciations & others	(1,474)	(15,021)	(1,180)	1,998	(15,677)
EBIT	96,682	17,169	(5,048)	(38,751)	70,052

2021

	Thousands of Euros				
	EPC & Development	Energy Sales and Services	Corporate	Consolidation adjustments	TOTAL
Operating income:					
- From third parties	46,561	63,207	2,657	(68,931)	43,495
- From group companies	9,903	32,204	1,388	-	43,495
- From group companies	36,658	31,003	1,269	(68,931)	-
(-) Direct cost	(43,310)	(25,879)	2,635	56,987	(9,568)
Gross Margin	3,251	37,328	5,292	(11,944)	33,927
(-) G&As	(3,667)	(13,568)	(10,493)	7,976	(19,751)
Provisioned liquidity event bonus (*)	-	-	(2,409)	-	(2,409)
Expenses for failed IPO (*)	-	-	2,315	-	2,315
Adjusted EBITDA	(416)	23,760	(5,294)	(3,968)	14,082
(-/+) Depreciations & others	(728)	(13,489)	(241)	3,770	(10,689)
Adjusted EBIT	(1,144)	10,271	(5,536)	(198)	3,393

4. MANAGEMENT OF MAIN RISKS AND UNCERTAINTIES

The Group is committed to risk management. Risks are assessed and addressed through the Risk Management Department, which promotes the implementation of a Risk Management Model in order to:

- Promote and develop a management that allows to identify, evaluate, treat and control the risks derived from the activities that the Group carries out, in its different geographical areas and integrated in all its levels.
- Maintain a minimum risk tolerance level, which allows the achievement of the expected results and strategic objectives.
- Take advantage of opportunities that may have desired effects to improve the performance of the Group and boost its growth, continuous improvement and competitiveness

-
- Anticipate threats that may have undesirable effects on the Group or affect the achievement of objectives, in order to eliminate or reduce these effects.

Risks are classified into operating risks, financial risks and climate change risks.

4.1.- OPERATING RISKS

Regulatory risk

The electricity generation activity is regulated in all the jurisdictions in which the Group operates. Therefore, regulation can have a direct impact on the Group's income. An overview of the most relevant regulatory frameworks affecting the Group is set out in Note 1 of the notes to the audited consolidated financial statements of the Group as at 31 December 2022.

Also, we are subject to extensive environmental, climate change, health and safety regulations, as well as political, social, environmental and community actions. Failure to do so could result in adverse publicity for the Group and potentially significant monetary damages, which could even lead to the suspension or cessation of business operations. Consequently, we invest a lot of effort in ensuring compliance with all regulations.

Currently, there is a stable regulatory outlook in the key geographies in which the Group operates.

Customer concentration

The directors consider that the Group's credit risk is significantly reduced, as trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Additionally, the Group does not have a significant credit risk exposure to any single counterparty. Concentration risk is limited due to the fact that the customer base is large and unrelated.

Interruption of the activity

We face a risk of interruption as our normal operations can be affected by outages, system failures, or natural disasters. For this reason, we have insurance policies to cover ourselves in the event of such disasters; however, they could cause significant damages to our results and future operations.

4.2 FINANCIAL RISKS

The Group's activities are exposed to various financial risks: market risk (including foreign currency risk and interest rate risk), credit risk, liquidity risk and fair value measurement. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns.

Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk on the transactions it performs in foreign currencies. Foreign currency risk arises mainly from commercial transactions performed abroad that are in a currency other than the euro, which is the Group's functional currency.

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that bear a fixed interest rate and the future flows from assets and liabilities bearing interest at a floating rate.

The Group's interest rate risk arises mainly from bank borrowings and marketable securities issued. Bank borrowings and marketable securities issued on unregulated markets at floating interest rates expose the Group to cash flow interest rate risk. The Group had arranged an interest rate hedge in order to mitigate fluctuations in interest rates.

Electricity price risk

The Group uses derivative financial instruments to hedge the risk of fluctuations in electricity prices based on its projections, since such fluctuations may have a very significant impact on the earnings of the companies that own the solar PV and wind farms under development.

Credit risk

Credit risk arises from cash and cash equivalents and deposits at banks and financial institutions, as well as balances with customers, including outstanding accounts receivable and committed transactions. In relation to banks and financial institutions, transactions are only performed with renowned high-quality entities, taking into account past experience and other factors. If an independent appraisal of the customers' creditworthiness has not been made, the Financial Department assesses their credit quality on the basis of the financial position of the customer in question, past experience and other factors. The Group does not have a policy of granting long-term loans to its customers, except in exceptional circumstances.

The maximum credit risk exposure of the financial assets is the carrying amount thereof.

Liquidity risk

Prudent management of liquidity risk entails the maintenance of sufficient cash and marketable securities, availability of financing through a sufficient level of committed credit facilities and the capacity to settle market positions. In view of the dynamic nature of the underlying businesses, the Group's Financial Department aims to maintain the flexibility of financing through the availability of the credit lines arranged, which complement the financing specific to the turnkey projects.

An exhaustive control of working capital (current assets minus current liabilities), the absence of an excessive concentration of risk at any bank and the ongoing monitoring of levels of borrowings and the generation of funds enable the business's liquidity risk to be adequately controlled.

4.3 RISKS ARISING FROM CLIMATE CHANGE

Environmental risks are risks associated with natural catastrophes, climate change and the interactions of human exploitation of the environment. Key business operations could be paralysed as a result of natural catastrophes (e.g. storms, hurricanes, earthquakes or floods). The Group's performance is exposed to the potential impact of climate change in its various manifestations of physical risk, whether chronic or catastrophic.

Weather cycles can affect consumers' energy demand patterns and energy supply and demand. In addition, there are potential financial and reputational risks arising from political, legal, technological and market changes.

5. RD&I ACTIVITIES

In Opdenenergy we have a strong commitment to innovation as is a relevant part of our corporate culture. This constant innovation is what allows us to offer a differentiated product and help us becoming leaders in the sector. We believe that investing in Research, Development and Innovation is a core aspect to surviving and growing in the market, for those reasons the investments we make in this division grows on a yearly basis.

The Group expectation is to continue to focus its efforts on innovation and while be investing in the following areas:

- Artificial intelligence.
- Storage.

Technologies

The main sources of energy linked to our activities are:



Fotovoltaica
Photovoltaic

Eólica "onshore"
Wind "onshore"

Sistemas híbridos
Hybrid systems

Sistemas de almacenamiento
Storage systems

Based on the solar business, where we acquired our experience, our growth and maturity have allowed us to define a strategy aimed at diversifying the business, extending the spectrum of technologies to operate with equal efficiency in wind energy and also attending to other solutions such as the demand for storage or hybrid systems.

6. ACQUISITION AND DISPOSAL OF TREASURY SHARES

At 31 December 2022, the Parent Company holds 181,936 treasury shares, all of which have been acquired during 2022 and are freely transferable.

7. DIVIDEND POLICY

Opdenenergy is a growth-focused company and considers dedicating all cash flows generated to this end. Opdenenergy does not plan to distribute dividends in the coming years. After such period, the Group will evaluate the approval of a dividend policy based, inter alia, on financial results and future business prospects.

The Company's ability to distribute dividends in the near future will depend on a number of circumstances and factors, including (but not limited to) the amount of distributable profits and reserves and its investment plans, earnings, level of profitability, cash flow generation, restrictions on payment of dividends under applicable law (both on the Company and on any Group entity), including compliance with covenants in the debt instruments, the level of dividends paid or shares repurchased by other comparable listed companies doing business in Spain and such other factors as the Board of Directors or the General Shareholders' Meeting may deem relevant from time to time. In that regard, payment of dividends is generally proposed by the Board of Directors and must be approved by the General Shareholders' Meeting.

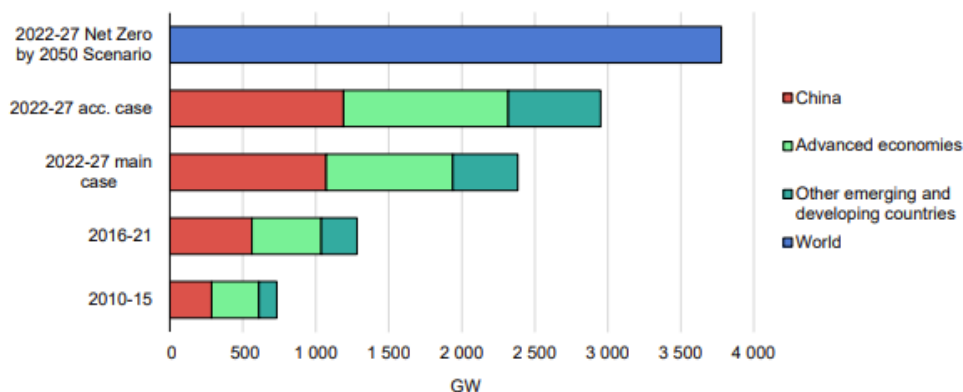
8. FORESEEABLE EVOLUTION OF THE ENTITY

Our strategic vision envisages the Group moving from a leading vertically integrated developer to a large-scale IPP with a presence in Europe and the Americas, with a gross capacity of 3GW of projects in operation and under construction by the end of 2025.

Regarding the evolution forecast, we have a growth perspective based on:

- Diversified large scale global independent power producer.
- The reinforce of key areas such as: Research, Development and Innovation in artificial intelligence, storage and hydrogen, Asset management / Sale of energy under PPA contracts and some commercial exposure, Operation and maintenance and Local presence.
- Opdenenergy is well positioned to benefit from the global expansion of renewable energy, as the IEA expects installed capacity to grow to around 2.5TW by 2027, mainly from solar PV and wind generation. The global energy trends are focused in increasing digitalisation and electrification and reducing energy decentralization and decarbonization.

Renewable capacity growth in the main and accelerated cases, 2010-2027 (IEA - Report: Renewables 2022 Analysis and forecast to 2027)



IEA. CC BY 4.0.

Note: acc. case = accelerated case.

The Group's strategic presence in key OECD markets is well established and we forecast a significant growth in the medium and long term.

The objectives of the Group are:

- Long-term presence in key markets showing transformational and tangible renewable growth dynamics.
- Consolidate our technological diversification, with a special focus on solar photovoltaic, onshore wind and energy storage, as well as analysing different technologies such as hydrogen.
- Continue to promote our policy of growth in number of employees, presence in international markets and number of offices in the coming years.

9 CORPORATE GOVERNANCE

The Annual Corporate Governance Report for the financial year 2022 is included as an Annex to this Directors' Report as required by article 538 of the Spanish Companies Act.

Due to the recent admission to trading of the Company's shares, new Bylaws were approved on 22 July 2022, bringing us in line with the transparency objectives and governance requirements of the Good Governance Code for Listed Companies.

General Shareholders' Meeting

The General Meeting of Shareholders is the highest decision-making and control body of the Company in matters within its competence, through which the shareholder's right to intervene in the taking of essential decisions of the Company is articulated. The general meeting of shareholders, duly convened and constituted, shall represent all shareholders and all shareholders shall be bound by its decisions, without prejudice to the established rights of challenge. The Company shall at all times ensure equal treatment of all shareholders who are in the same position as regards information, participation and the exercise of voting rights at the general meeting of shareholders.

Board of Directors

The administration, the governance and the representation are entrusted to the Board of Directors, which is vested with the broadest powers and authority to manage, direct, administer and represent the Company. The Board of Directors may entrust the day-to-day management of the Company to delegated management bodies and, in this case, shall concentrate its activity on the general supervisory function and on the consideration of those matters of particular importance for the Company.

The detailed competences and powers of the Board of Directors are set out in the Regulations of the Board of Directors.

The Group's Board of Directors is composed of seven members: three proprietary directors, three independent directors and one executive director. The members of the Board of Directors are listed below:

Alejandro Chaves
Chairman and CEO

Date of appointment 29 June 2022.

Gustavo Carrero
Proprietary director

Date of appointment 29 June 2022.

Javier Remacha
Proprietary director

Date of appointment 29 June 2022.

Chony Martín
Independent director

Date of appointment 29 June 2022.

Cristina Fernández
Independent director

Date of appointment 29 June 2022.

Mar Gallardo
Independent director

Date of appointment 29 June 2022.

Luis Cid
Executive director

Date of appointment 29 June 2022.

The Board of Directors has the following committees, which are attributed with the legal functions and those established in the Code of Good Corporate Governance approved by the CNMV.

Delegated Committees of the Board

The Board of Directors has created an Audit Committee, an Appointments and Remuneration Committee and a Sustainability Committee, with the objective of periodically supervising and analysing the internal and external audit system, corporate governance and compliance policies, as well as modifications and updates that contribute to continuous improvement in the area of sustainable development and corporate social responsibility.

Audit committee

The Audit Committee is an internal body of a permanent, informative and consultative nature, without executive functions, with powers of information, advice and proposal in relation to its own functions.

The Audit Committee is the body responsible for (among other functions):

- Supervise the effectiveness of the internal control of the Company and its group, the internal audit and the financial and non-financial risk management systems (including operational, technological, legal, social, environmental, political and reputational or corruption-related risks), ensuring that the policies and systems established for internal control are effectively applied in practice, and discuss with the auditor any significant weaknesses in the internal control system detected in the course of the audit, all without breaching their

independence. To this end, if material weaknesses are identified, they shall submit recommendations or proposals to the management body and the corresponding deadline for their follow-up.

- Oversee the process of drawing up and presentation of regulated financial and non-financial information and submitting recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- Ensure that the financial statements submitted by the Board of Directors to the general meeting of shareholders are drawn up in accordance with accounting regulations and that in those cases in which the auditor has included a qualification in its audit report, the chairman of the audit committee clearly explains the audit committee's opinion on their content and scope at the general meeting, making a summary of said opinion available to the shareholders at the time of publication of the notice of the meeting, together with the rest of the proposals and reports of the Board of Directors, a summary of said opinion.

Appointments and Remuneration Committee

The Appointments and Remuneration Committee is an internal body of a permanent, informative and consultative nature, without executive functions, with powers of information, advice and proposal in relation to its own functions, which, among others, are as follows:

- Evaluate the balance of skills, knowledge and experience on the Board of Directors. Analysing the other occupations of each director of the Company, ensuring that directors devote sufficient time to this in practice and, if this is not the case, proposing appropriate measures.
- Establish a representation target for the under-represented gender on the Board of Directors and develop guidance on how to achieve this target.
- Submit to the Board of Directors proposals for the appointment of directors, as well as to report on proposals for the appointment, re-election and removal of senior management personnel and the basic conditions of their contracts.
- Propose, observe and review the Company's remuneration policy and the remuneration of directors.
- Propose a policy for the selection of directors.

Sustainable Development Committee

The Sustainable Development Commission is an internal body of a permanent, informative and consultative nature, without executive functions, with powers of information, advice and proposal in relation to its own functions:

- Oversee compliance with the Company's corporate governance rules and internal codes of conduct, ensuring that the corporate culture is aligned with its purpose and values.
- Oversee the implementation of the general policy regarding the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders.
- Evaluate and periodically review the corporate governance system and the company's environmental and social policy to ensure that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders. Supervise that the company's practices in environmental and social matters are in line with the strategy and policy established.
- Supervise and evaluate the processes of relations with the different stakeholders. Monitor the Company's performance in the area of corporate reputation and report thereon to the Board of Directors when appropriate.
- Issue the reports and carry out the actions that, within its sphere of competence, correspond to it.

Below is a table showing the breakdown of responsibilities by director:

Director	Category	Audit Committee	Appointments and Remuneration Committee	Sustain. Development Committee
Consejero	Categoría	Comisión de Auditoría	Comisión de Nombramientos y Retribuciones	Comisión Sostenibilidad
Alejandro Javier Chaves	Dominical		●	
Gustavo Carrero Diez	Dominical	●		
Francisco Javier Remacha	Dominical			●
Chony Martín Vicente-Mazariegos	Independiente	●	●	
Cristina Fernández González-Granda	Independiente		●	●
Mar Gallardo Mateo	Independiente	●		●
Luis Cid	Ejecutivo			

● Presidente de la Comisión ● Miembro de la Comisión

All details concerning:

- Bylaws
- Regulations of the Board of Directors
- Internal rules of conduct
- Policy and code book

It is available at: <https://opdenery.com/gobierno-corporativo/consejo-de-administracion/>

Senior Management:

Steering Committee

At the date of preparation of these consolidated financial statements, the Senior Management (reporting directly to the Board of Directors and/or the Chief Executive Officer) is as follows:

Mr. Luis Cid	Chief Executive Officer (CEO)
Mr. Tomás Collantes	Chief Financial Officer (CFO)
Mr. Alfonso Alvarez	Director of the Legal Department
Mr. Mario González	Chief Operating Officer (COO)
Ms. Sandra Pinillos	Human Resources Director
Mr. Pierre Nadelar	Director of Investor Relations and Communication
Mr. Abraham Morales	Business Development Manager Europe
Mr. Luis Polo	Country Manager USA
Mr. Carlos Ortiz	Country Manager Chile
Mr. Antonio Capua	Country Manager Italy and France
Mr. Andreu Saladié	Country Manager Mexico and Colombia

10. STRONG COMMITMENT TO SUSTAINABILITY AND BUSINESS ETHICS

At Opdenergy we invest our time, effort and resources in generating a strong commitment to the corporate sustainability of our activities.

Because of the climate change we face in the world, our strategy and investments are mainly oriented to the use of renewable sources for the promotion of a low carbon economy. We also contribute to society by promoting local employment and integration, maintaining strong ethical values, a firm commitment to worker safety and quality.

The baseline information is included in the organisation's sustainability reports, which are published on a regular basis.

10.1 POLICIES ON SUSTAINABILITY, QUALITY, ENVIRONMENT AND HEALTH AND SAFETY

Within the framework of the Group's activity and business model, and based on the fundamental strategic pillars of the company, the Board of Directors is committed to addressing environmental, social and governance aspects, as well as to demonstrating its leadership in quality, environment and health and safety, by defining a sustainability strategy with the objectives of:

- Maintain high ethical standards in the conduct of its business based on good governance.
- Promote a low-carbon economy and managing the risks of climate change, maximising renewable energy generation, respecting biodiversity and the landscape.
- Improve environmental performance in procurement and asset life cycle management, promoting the circular economy and the use of supply chains with responsible suppliers.
- Respond to the needs and expectations of its stakeholders, promoting the participation of local communities.
- Creating fair and safe working environments, providing the necessary environment and respecting human and labour rights.
- Ensure transparency in accountability by providing material information in a clear, truthful and simple manner.
- Ensure compliance with applicable requirements, incorporating key international sustainability standards, relevant legal and regulatory requirements, as well as other requirements to which the Organisation subscribes.
- Contribute to the achievement of the Sustainable Development Goals and achieve continuous improvement in the management of its ASG aspects.

In addition, the Group has promoted the implementation of a Management System that allows us:

- Promote the adoption of a process approach, understand the Group and its context and incorporate risk-based thinking to address risk and opportunities, achieve goals and adapt to changes.
- Integrate the most demanding standards in accordance with a highly competitive market and provide products and services (projects) that enhance customer satisfaction and meet the requirements of its stakeholders.
- Contribute to protect the environment through prevention of pollution, sustainable use of natural resources and promotion of energy efficiency and a low carbon economy.
- Provide safe and healthy working conditions for the prevention of work-related injuries and health impairments, with a commitment to eliminate hazards and reduce risks to occupational health and safety.
- Encourage consultation and participation of workers and their representatives.
- Ensure compliance with legal, regulatory and any applicable requirements subscribed by Opdenergy.

-
- Achieve continuous improvement in terms of quality, environment, safety and health.

The abovementioned policies support the strategic direction of the Group and serve as a reference to establish the long-term objectives and vision of the Group. Such policies are applicable to any activity, area or subsidiary company of the Group. Management grants the availability of the necessary resources for its fulfilment and requests all the people working on behalf of the Group to actively participate and contribute.

10.2 ETHICAL PRINCIPLES AND RULES OF CONDUCT

The Board of Directors of Opdenenergy has decided to approve and implement this Code of Ethics, which aims to establish the basic principles that shall govern the Group's behaviour. This Code of Ethics is not intended to cover all possible situations that may arise in the development of the Group's activity, but to establish a series of guidelines and minimum standards of conduct. Such ethical standards are set below and are applicable for all members of our Group.

Compliance with applicable regulations

Complying with all applicable regulations, including both legal and regulatory requirements and other requirements that the Group may be legally bound. The legal framework of the geographical area (international, national and local) has to be taken into consideration.

Conflict of interest

Members of the Group must proceed impartially in situations of conflict of interest in which they may be involved. Especially, no personal or professional activities shall be carried out, nor direct or indirect interests pursued, that might interfere with the applicable responsibilities in the Group.

Illicit payments and anti-corruption principles

Members of the Group are prohibited from offering or accepting illicit payments in any situation, such as (but not limited to), bribes, kickbacks and other similar compensations.

Human rights and employee rights

Respecting the principles embodied in the Universal Declaration of Human Rights of the United Nations (UN), as well as fundamental principles and rights included in the Declaration of the International Labour Organization (ILO). Especially, they commit not to participate in the trafficking of human beings, not to employ child labour, or to use forced, involuntary or enslaved labour. The members of Opdenenergy shall maintain strict and objective recruitment programs, focusing exclusively on the candidate's academic, personal and professional merits and their human resource needs.

Quality

Ensuring the compliance of the products and services with the applicable requirements, promoting an approach to increase customer satisfaction and respond to the needs and expectations of stakeholders. For such purpose the Group shall assign the workers with the necessary means to do so.

Environment

Pursuing the engagement to protect the environment, through the prevention of pollution, the sustainable use of natural resources and the promotion of energy efficiency and a low carbon economy. Workers will receive the necessary means to do so, and awareness will be promoted.

Health and Safety at work

Guarantying adequate conditions of safety, hygiene and wellbeing to address the engagement to prevent harm and deterioration of health. The workers will receive the relevant protective equipment and all the necessary training in

the subject. Unsafe behaviours will not be tolerated. The members of our Group must respect meticulously the applicable regulations regarding health and safety in all locations where they develop their business activities, as well as safeguard their compliance by other internal or external workers.

Social commitment and support to the local community

Committing to promote the improvement of the quality of life and well-being of all people and communities that are related to our activities and, in particular, they must respect scrupulously the legal framework, cultural diversity and customs and current principles in force in the geographical area.

Confidentiality, information management and protection

Committing to respect confidentiality and the right to privacy in all its appearances and, in particular, with regard to the applicable provisions and requirements regarding the protection of personal data, as well as the information provided by third parties. It is forbidden to disclose personal data or information provided by third parties (unless express consent of the interested parties, legal obligation or compliance with judicial or administrative resolutions), to reveal confidential information of the Group, to provide incorrect or inaccurate information deliberately and to use the information for their own benefit or that of third parties in an unlawful manner. Special attention will be paid to the signing of confidentiality agreements (Non-disclosure agreement) in situations that require the sharing of sensitive information.

Communication and transparency

Commit to transmitting true and complete information about their business activities. The communication will always be made in accordance with the rules and in the terms established by the applicable legislation.

The Code of Ethics is complemented by other policies and commitments, which are publicly available on the Group's website.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

During the month of January 2023, Opdenenergy has obtained a favorable Environmental Impact Statement (DIA) for a total of 2,320MW affected by the expiration of Royal Decree-Law 23/2020. All these projects, which already have the environmental approval of administration, add up to a total of 2,320MW, of which 96MW correspond to projects already built, 806MW to projects in the construction phase, 1,101MW to projects for the asset sale agreement with Bruc and 317MW to projects that the company estimates to put under construction in 2023.

During the month of January 2023, the start-up of the Manzanares 1 photovoltaic project (Planta Solar Opde 50, S.L.) took place. This project has an installed capacity of 41.5 MW and the energy generated is part of the long-term purchase and sale agreement signed with Céntrica.

Additionally, during the months of January and February 2023, various Project debt drawdowns of the loan agreements signed with BBVA and ING have taken place for a total of approximately 115 million euros.

Finally, the Group has signed a financing contract for a total of 16.5 million euros for the construction of the La Francesca photovoltaic project, located in Italy. The project has an installed capacity of 24 MW and is under construction. It will sell 100% of its energy to the market once its construction is finished and its exploitation begins.

No subsequent event has occurred that may affect the 2022 consolidated annual accounts, apart from the events described above and the information reflected in Note 23 of the Group's audited consolidated financial statements as at 31 December 2022.