KPMG

Auditor's Report on Elecnor, S.A.

(Together with the annual accounts and directors' report of Elecnor, S.A. for the year ended 31 December 2021)

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

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

Independent Auditor's Report on the Annual Accounts

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

To the Shareholders of Elecnor, S.A.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Elecnor, S.A. (the "Company"), which comprise the balance sheet at 31 December 2021, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

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

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

Key Audit Matters

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

Spin-off of the Services and Projects Division See note 5 to the annual accounts	
Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 5 to the accompanying annual accounts, in 2021, the Company spun off its Services and Projects Division to the subsidiary Elecnor Servicios y Proyectos, S.A.U. This transaction requires an in-depth analysis to identify the assets and liabilities of the spun-off economic unit, the Services and Projects Division, on the date the spin-off took accounting effect for the purposes of derecognising them from the Company's balance sheet, and to determine the value at which the Company's investment in Elecnor Servicios y Proyectos, S.A.U. deriving from this transaction had to be recognised. We consider this transaction to be a key audit matter due to its significance and the impact on the annual accounts.	Our audit procedures included the following: - Reading and understanding the deed documenting the spin-off; - Understanding and assessing the analysis conducted by the Company to identify the spun-off assets and liabilities corresponding to the Services and Projects Division; - Checking that the transaction has been recognised in accordance with applicable accounting legislation; - Assessing whether the disclosures in the annual accounts regarding the transaction meet the requirements of the financial reporting framework applicable to the Company.

Other Information: Directors' Report

Other information solely comprises the 2021 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Annual Accounts

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

In preparing the annual accounts, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

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

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

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

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

We communicate with Elecnor, S.A.'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 entity's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital file of Elecnor, S.A. for 2021 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of Elecnor, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation").

Our responsibility consists of examining the digital file prepared by the Company's Directors, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 24 February 2022.

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 23 June 2021 for a period of one year, from the year ended 31 December 2020.

Previously, we had been appointed for a period of three years, renewed annually, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2013.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

This report corresponds to seal no. 03/22/00218 issued by the Spanish Institute of Registered Auditors (ICJCE)

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 18,961

ELECNOR, S.A.

BALANCE SHEET AT 31 December 2021

(Thousands of Euros)

ASSETS	Notes to the Annual Accounts	Year 2021	Year 2020
NON-CURRENT ASSETS		**931,628**	**994,476**
Intangible assets	**Note 7**	**7,292**	**6,075**
Concessions and patents		35	37
Goodwill		-	515
Computer software		7,257	5,523
Property, plant and equipment	**Note 8**	**11,276**	**75,703**
Land and buildings		7,679	16,737
Technical installations and other property, plant and equipment		3,597	58,966
Long-term investments in Group companies and associates		**897,722**	**866,934**
Equity instruments	**Note 10.2**	797,722	858,941
Credits to Group companies	**Notes 10.4 & 20**	100,000	7,993
Long-term financial investments	**Note 10.1**	**1,192**	**7,796**
Equity instruments		-	1,040
Credits to third parties		-	2,176
Derivatives	**Note 11**	216	180
Other financial assets		976	4,400
Deferred tax assets	**Note 17**	**14,146**	**37,968**
CURRENT ASSETS		**207,649**	**1,169,045**
Non-current assets held for sale	**Note 6**	**18,419**	**81**
Inventories		**748**	**31,186**
Raw materials and other materials consumed		-	2,180
Finished goods – short cycle		-	639
Advances to suppliers		748	28,367
Trade and other receivables	**Note 10.5**	**26,716**	**902,261**
Customers, sales and services rendered		11,894	857,816
Customers, Group companies and associates	**Note 20.2**	4,531	20,013
Sundry receivables		90	1,774
Personnel		124	95
Current tax assets	**Note 17**	7,035	4,177
Public Administrations, other	**Note 17**	3,042	18,386
Short-term investments in Group companies and associates	**Notes 10.4 & 20**	**145,219**	**31,534**
Credits to companies		110,400	28,439
Other financial assets		34,819	3,095
Short-term financial investments	**Note 10.1**	**335**	**7,129**
Credits to companies		-	13
Derivatives	**Note 11**	332	143
Other financial assets		3	6,973
Short-term accruals		**291**	**1,356**
Cash and cash equivalents		**15,921**	**195,498**
Cash		15,482	195,123
Cash equivalents		439	375
TOTAL ASSETS		**1,139,277**	**2,163,521**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

BALANCE SHEET AT 31 December 2021

(Thousands of Euros)

EQUITY AND LIABILITIES	Notes to the Annual Accounts	Year 2021	Year 2020
EQUITY		**576,455**	**593,717**
EQUITY	**Note 12**	**579,704**	**599,569**
Capital		**8,700**	**8,700**
Issued capital		8,700	8,700
Reserves		**589,105**	**586,122**
Legal and statutory		1,743	1,743
Other reserves		587,362	584,379
Own shares and equity		**(22,110)**	**(21,899)**
Profit/loss for the year		**9,196**	**31,633**
Interim dividend		**(5,187)**	**(4,987)**
VALUATION ADJUSTMENTS			
Hedges		**(3,249)**	**(5,852)**
NON-CURRENT LIABILITIES		**346,837**	**443,458**
Long-term provisions	**Note 13**	**22,303**	**44,638**
Other provisions		22,303	44,638
Long-term payables	**Note 14**	**319,752**	**392,364**
Bonds and other marketable securities		30,000	-
Loans and borrowings		282,642	381,546
Finance lease payables	**Note 9**	3,385	3,880
Derivatives	**Note 11**	3,725	6,938
Deferred tax liabilities	**Note 17**	**4,782**	**6,456**
CURRENT LIABILITIES		**215,985**	**1,126,346**
Short-term provisions	**Note 13**	**5,633**	**40,255**
Short-term payables	**Note 14**	**76,698**	**118,733**
Bonds and other marketable securities		69,974	69,969
Loans and borrowings		1,829	3,769
Finance lease payables	**Note 9**	485	461
Derivatives	**Note 11**	1,143	1,176
Other financial liabilities		3,267	43,358
Short-term payables to Group companies and associates	**Note 20.2**	**113,308**	**16,883**
Trade and other payables		**20,346**	**948,839**
Suppliers		5,370	378,581
Suppliers, Group companies and associates	**Note 20.2**	0	27,327
Sundry payables		140	36,076
Personnel		2,620	19,096
Current tax liabilities	**Note 17**	1,019	4,111
Public Administrations, other	**Note 17**	5,692	32,732
Advances from customers	**Note 16**	5,505	450,916
Short-term accruals		-	**1,636**
TOTAL EQUITY AND LIABILITIES		**1,139,277**	**2,163,521**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

INCOME STATEMENT
FOR 2021
(Thousands of Euros)

	Notes to the Annual Accounts	Year 2021	Year 2020
CONTINUING OPERATIONS			
Net turnover	**Note 18.1**	**67,456**	**1,544,049**
Sales		9,789	1,544,049
Rendering of services		10,862	-
Dividends		41,313	-
Finance income		5,492	-
Changes in inventories of finished goods		-	**(184)**
Self-constructed assets		-	**3,120**
Materials consumed		**(4,846)**	**(872,677)**
Consumption of raw materials and other consumables	**Note 18.2**	(2,836)	(430,009)
Work carried out by other companies		(2,010)	(442,668)
Other operating income		**1,123**	**8,055**
Non-trading income and other day-to-day income		1,123	7,214
Operating grants included in profit/loss for the year		-	841
Personnel expenses	**Note 18.3**	**(18,684)**	**(444,545)**
Salaries, wages and similar		(16,946)	(345,414)
Employee benefit costs		(1,738)	(99,131)
Other operating expenses		**(19,361)**	**(203,271)**
External services		(19,032)	(183,175)
Taxes		(329)	(6,354)
Losses, impairment and changes in trade provisions	**Notes 10 & 13**	-	(10,195)
Other day-to-day expenses	**Note 8**	-	(3,547)
Depreciation/Amortisation	**Notes 7 & 8**	**(3,897)**	**(14,465)**
Impairment and profit/loss on disposals of fixed assets		**(3)**	**670**
Profit/Loss on disposals and others		(3)	670
Impairment and profit/loss on disposals of financial instruments		**(5,679)**	-
Impairment and losses	**Note 10.4**	(5,825)	-
Profit/Loss on disposals and others		146	-
PROFIT/LOSS FROM OPERATING ACTIVITIES		**16,109**	**20,752**
Finance income		-	**40,054**
From holdings in equity instruments			
– Group companies and associates	**Note 20.1**	-	35,569
Marketable securities and other financial instruments			
– Group companies and associates	**Notes 10 & 20.1**	-	3,600
- Third parties	**Note 10**	-	885
Finance expenses	**Note 14**	**(8,566)**	**(10,198)**
Payables to Group companies and associates	**Note 20.1**	(104)	(343)
Payables to third parties		(8,462)	(9,855)
Translation differences		**88**	**3,391**
Impairment and profit/loss on disposals of financial instruments		**-**	**(7,234)**
Impairment and losses	**Notes 10.2 & 10.4**	-	(10,704)
Profit/Loss on disposals and others	**Notes 6 & 10.2**	-	3,470
FINANCE INCOME/EXPENSES		**(8,478)**	**26,013**
PROFIT/LOSS BEFORE TAXES		**7,631**	**46,765**
Income taxes	**Note 17**	1,565	(15,132)
PROFIT/LOSS FROM CONTINUING OPERATIONS		**9,196**	**31,633**
PROFIT/LOSS FOR THE YEAR		**9,196**	**31,633**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2021

STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Thousands of Euros)

	Notes to the Annual Accounts	Year 2021	Year 2020
PROFIT/LOSS IN THE INCOME STATEMENT (I)		**9,196**	**31,633**
Income and expenses recognised directly in equity:			
- Cash flow hedges	**Note 11**	1,477	(2,507)
- Tax effect	**Note 17**	(369)	627
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		**1,108**	**(1,880)**
Transfers to the income statement			
- Cash flow hedges	**Note 11**	1,994	2,207
- Tax effect	**Note 17**	(499)	(551)
TOTAL TRANSFERS TO THE INCOME STATEMENT (III)		**1,496**	**1,656**
TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)		**11,799**	**31,409**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2021
B) STATEMENT OF TOTAL CHANGES IN EQUITY
(Thousands of Euros)

	Capital	Reserves	Own shares	Profit/Loss for the year	Interim dividend	Valuation adjustments	TOTAL
BALANCE AT 31 December 2019	**8,700**	**584,956**	**(21,963)**	**30,122**	**(4,987)**	**(5,628)**	**591,200**
Total recognised income and expenses	-	-	-	31,633	-	(224)	31,409
Transactions with shareholders:							
– Distribution of profit in 2019 (Note 3)							
Reserves	-	1,249	-	(1,249)	-	-	-
Interim dividend	-	-	-	(4,987)	4,987	-	-
Supplementary dividend	-	-	-	(23,886)	-	-	(23,886)
- Transactions with own shares (net) (Note 12.3)	-	(83)	64	-	-	-	(19)
- Interim dividend	-	-	-	-	(4,987)	-	(4,987)
BALANCE AT 31 December 2020	**8,700**	**586,122**	**(21,899)**	**31,633**	**(4,987)**	**(5,852)**	**593,717**
Total recognised income and expenses	-	-	-	9,196	-	2,603	11,799
Transactions with shareholders:							
– Distribution of profit in 2020 (Note 3)							
Reserves	-	2,760	-	(2,760)	-	-	-
Interim dividend	-	-	-	(4,987)	4,987	-	-
Supplementary dividend	-	-	-	(23,886)	-	-	(23,886)
- Transactions with own shares (net) (Note 12.3)	-	223	(211)	-	-	-	12
- Interim dividend	-	-	-	-	(5,187)	-	(5,187)
BALANCE AT 31 December 2021	**8,700**	**589,105**	**(22,110)**	**9,196**	**(5,187)**	**(3,249)**	**576,455**

ELECNOR, S.A.

STATEMENT OF CASH FLOWS FOR 2021
(Thousands of Euros)

	Notes to the Annual Accounts	Year 2021	Year 2020
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(22,981)**	**142,294**
Profit/Loss for the year before taxes		7,631	46,765
Adjustments to profit/loss:			
- Depreciation/Amortisation	**Notes 7 & 8**	3,897	14,464
- Changes in provisions		228	8,650
- Impairment adjustments		5,825	21,323
- Profit/Loss on derecognitions and disposals of fixed assets		-	(670)
- Finance income		(46,805)	(40,054)
- Finance expenses		8,566	10,198
- Exchange rate differences		-	(3,391)
- Profit/Loss on derecognitions and disposals of financial instruments	**Notes 6 & 10**	-	(752)
- Other income and expenses	**Note 8**	-	3,547
Changes in current capital			
- Inventories		(575)	(17,692)
- Trade and other receivables		(7,438)	(80,030)
- Other current assets		(53)	(71)
- Trade and other payables		(11,255)	161,787
- Other current liabilities		-	(24)
- Provisions (payments)		-	(7,928)
Other cash flows from operating activities			
- Interest paid		(7,718)	(9,560)
- Dividends received		29,313	35,569
- Interest received		5,492	4,485
- Income tax received (paid)		(10,089)	(4,322)
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**(166,882)**	**(57,113)**
Payments for investments			
- Group companies and associates		(24,362)	(43,531)
- Intangible assets	**Note 7**	(4,401)	(3,625)
- Property, plant and equipment	**Note 8**	(1,010)	(28,749)
- Cash outflow due to spin-off of the business unit	**Note 5**	(194,275)	-
- Other financial assets		(828)	(6,124)
Proceeds from divestments			
- Group companies and associates		57,994	13,248
- Property, plant and equipment		-	733
- Non-current assets held for sale	**Note 6**	-	10,935
- Other financial assets		-	-
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**10,286**	**22,784**
Proceeds from and payments for equity instruments			
– Acquisition of own equity instruments	**Note 12**	(2,422)	(1,588)
– Disposal of own equity instruments	**Note 12**	2,434	1,569
Proceeds from (payments for) financial liabilities			
- Issuance of bonds and other marketable securities	**Note 14.2**	1,307,900	966,000
- Issuance of loans and borrowings	**Note 14.2**	70,000	134,432
- Issuance of payables to Group companies and associates	**Note 20.2**	100,586	14,100
- Issuance of other payables		324	-
- Repayment and cancellation of loans and borrowings	**Note 14.2**	(155,709)	(69,348)
- Repayment and cancellation of payables to Group companies and associates	**Note 20.2**	(5,100)	(24,475)
- Repayment of bonds and other marketable securities	**Note 14.2**	(1,277,900)	(966,020)
- Repayment of other payables		(754)	(3,013)
Payments for dividends and remuneration on other equity instruments			
- Dividends	**Note 3**	(29,073)	(28,873)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**(179,577)**	**107,965**
Cash and cash equivalents at beginning of period		195,498	87,533
Cash and cash equivalents at end of period		15,921	195,498

The accompanying notes form an integral part of the annual accounts.

Elecnor, S.A.

(Annual Accounts and Directors' Report corresponding to the year ended 31/12/2021)

1. Nature, Activities of the Company and Composition of the Group

Elecnor, S.A. (hereinafter, the Company) was incorporated for an indefinite period on 6 June 1958.

The Company's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.

- The making, marketing, construction of the associated works and sale of reinforced concrete and pre-stressed prefabricated items and products made of compound materials, as well as any construction and industry-related products.

- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.

- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.

- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.

- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Company through investments in other companies with a similar statutory activity. In this regard, the management of the business group formed by stakes held in the share capital that go to make up the said group also constitutes part of the Company corporate purpose, as does the provision of assistance and support services to investee companies, to which end it may provide them with the guarantees and bonds that are considered appropriate.

The Company’s registered and tax office is located at Marqués de Mondéjar, 33, in Madrid (Spain).

The General Shareholders’ Meeting of 23 June 2021 approved the spin-off of the Services and Projects Business by Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U. taking accounting effect from 1 January 2021 (Note 5).

Until 2020, the Company was shareholder in various ventures with other venturers, which were included in the annual accounts in accordance with the criteria set forth in Note 4.b. The information concerning joint ventures incorporated in 2020 as Temporary Business Associations (UTEs) is presented in Appendix II. Following the spin-off stated in the above paragraph, these businesses are transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U.

The Company is the head of a group of subsidiaries, and, in accordance with applicable legislation, it discloses consolidated annual accounts separately. The consolidated annual accounts of the Elecnor Group in 2021 were authorised for issue by the Company's Directors at the meeting of the Board of Directors held on 23 February 2022. In accordance with the content of the consolidated annual accounts prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU), consolidated equity at 31 December 2021 amounted to Euros 633,665 thousand (Euros 599,936 thousand at 31 December 2020), consolidated profit/loss attributable to the Parent amounted to Euros 85,883 thousand (Euros 78,303 thousand at 31 December 2020), and the total volume of assets and revenues amounted to Euros 3,285,901 thousand and Euros 3,122,421 thousand, respectively (Euros 3,046,631 thousand and Euros 2,455,952 thousand at 31 December 2020, respectively), and will be deposited with Madrid Company Register within the established legal terms.

The Elecnor Group's consolidated annual accounts for 2020 were approved by the General Shareholders' Meeting of Elecnor, S.A. at their meeting held on 23 June 2021 and have been filed in the Madrid Companies Register.

2. Basis of presentation

2.1. True and fair view

The annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. The annual accounts for 2021 were prepared in accordance with applicable commercial legislation and the rules established in the Spanish General Chart of Accounts and the format requirements laid down in the European Commission Delegated Regulation (EU) 2018/815, to provide a true and fair view of the equity and financial position at 31 December 2021 and the results of its transactions, changes in equity and cash flows corresponding to the financial year ended on that date.

The Directors of the Company consider that the annual accounts for 2021, authorised for issue on 23 February 2022, will be approved with no changes by the General Shareholders' Meeting.

2.2. Comparative information

For comparative purposes, the annual accounts include figures for 2020 alongside the 2021 figures for each item in the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the notes thereto. The 2019 figures were included in the annual accounts for 2020, which were approved at the Ordinary Annual General Shareholders' Meeting on 23 June 2021.

The annual accounts for 2021 are not comparable with those of the previous year due to the spin-off in favour of Elecnor Servicios y Proyectos, S.A.U. in 2021 (see Note 5). In that regard, the Directors deemed that this spin-off does not constitute a discontinued operation because, besides the fact that the business has not been disposed of and there is no intention to dispose of it in the future, the assets and liabilities spun off do not correspond to a component that is separate from the rest, since part of the business has not been transferred.

Royal Decree 1/2021 of 12 January was published on 30 January 2021, amending the Spanish General Chart of Accounts Plan approved by Royal Decree 1514/2007. The amendments include the modification of standard 9 - Financial instruments, which implements changes in the categories of financial assets and liabilities. The classification changes are set out below (see Note 4.g):

- *Financial liabilities:* As regards the financial liabilities recorded in the balance sheet at 31 December 2020, all of them except for hedging derivatives corresponded to Trade and other payables and, with the new criteria, they correspond to Financial liabilities at amortised cost or cost, and there are no changes in valuations.

- *Financial assets:* As regards the financial assets recorded in the balance sheet at 31 December 2020, all of them corresponded to Loans and receivables and, with the new criteria, they correspond to Financial assets at amortised cost, and there are no changes in valuations.

Similarly, on 13 February 2021, the Spanish Accounting and Audit Institute (Instituto de Contabilidad y Auditoría de Cuentas) published its Resolution of 10 February 2021, laying down rules for recording, measuring and preparing annual accounts for the recognition of income from the delivery of goods and the provision of services. This new standard, which is effective for periods beginning on or after 1 January 2021, has no impact on the Company's recognition and measurement of income in 2021.

2.3. Functional currency and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency.

2.4. Critical aspects of measurement and uncertainty estimates and significant judgements in applying accounting policies

The information contained in the annual accounts is the responsibility of the Company's Directors. The preparation of annual accounts requires the application of significant accounting estimates and making judgements, estimates and assumptions in the process of applying the Company's accounting policies. In this connection, there follows a detailed summary of the aspects that have involved the greatest degree of judgement, complexity or in which the assumptions and estimates are not significant for preparing the annual accounts.

Significant accounting estimates and assumptions

- Until the year ended on 31 December 2020, the Company performed a significant portion of its activities in construction contracts with customers. This method is based on performing estimates in relation to the stage of completion of projects. Depending on the method used to determine project progress, significant estimates correspond to costs pending incurring in each contract. In addition, the Company recognises provisions for negative margins when the estimate of total costs exceeds estimated income from contracts. These estimates are subject to changes based on new information regarding the stages of completion.

- Adjustments due to customer insolvencies, the revision of individual balances based on the credit ratings of customers, current market trends and a historical analysis of insolvencies on an aggregate basis involved significant judgements until 2020.

- The calculation of provisions for litigation and inspections is subject to considerable uncertainty. If it is likely that there will be an obligation at the end of the year that will imply an outflow of resources, a provision is recognised if the amount can be reliably estimated. Legal processes usually imply complex legal matters and are subject to considerable uncertainty. The Company relies on third-party advice to estimate the probability of the outcome of litigation and inspections.

Significant judgements in applying accounting policies

The Company's directors consider that the qualitative differences deriving from the novations made with respect to the syndicated debt do not involve material changes.

Changes in estimates

Although the estimates performed by the Company's Directors were calculated based on the best information available at 31 December 2021, it is possible that future events might oblige their modification in the next few years. The effect on the annual accounts of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

3. Distribution of Profit/Loss

The proposed distribution of the Company's profit/loss and reserves for 2021 to be presented to the General Shareholders' Meeting, is as follows:

	Euros
Basis of distribution	
Profit for the year	9,196,247.53
Voluntary reserves	21,554,208.76
Total	**30,750,456.29**
Distribution	
Interim dividend	5,186,747.90
Supplementary dividend	25,563,708.39
Total	**30,750,456.29**

The appropriation of the Company's profit and reserves for the year ended on 31 December 2020, approved by shareholders at their General Meeting of 23 June 2021, was as follows:

	Euros
Basis of distribution	
Profit for the year	31,632,749.89
Voluntary reserves	1,249,867.75
Total	**32,882,617.64**
Distribution	
Voluntary reserves	2,759,499.61
Capitalisation reserves Law 27/2014	1,249,867.75
Interim dividend	4,986,840.00
Supplementary dividend	23,886,410.28
Total	**32,882,617.64**

At the General Shareholders' Meeting held on 23 June 2021 a supplementary dividend of Euros 23,886 thousand (Euros 0.33 per share) was approved, taking into account the interim dividend of Euros 4,987 thousand out of profit for 2020 paid in December 2020.

At the meeting held on 15 December 2021, the Board of Directors of the Company agreed to distribute an interim dividend for 2021 of Euros 5,187 thousand (Euros 4,987 thousand for 2020), which was recognised as a reduction in equity under "Interim dividend" on the liability side of the accompanying balance sheet, which was paid in December 2021.

These distribution amounts did not exceed the profit obtained in the last year by the Company, having deducted the estimated Corporate Income Tax payable on said profit, in accordance with the provisions of article 277 of the Revised Spanish Companies Act.

The provisional accounting statement prepared in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

WORKING CAPITAL POSITION AT 30 September 2021

(Thousands of Euros)

	Thousands of Euros
FORECAST OF DISTRIBUTABLE PROFIT OF ELECNOR, S.A. FOR 2021	
Projected profit net of tax up to 31/12/2021	7,596
Less, required provision to legal reserve	-
Less, prior years' losses	-
Estimated interim dividend to be distributed	5,187
FORECAST OF CASH FLOW FOR ELECNOR, S.A. FOR THE PERIOD FROM OCTOBER 2021 TO DECEMBER 2021	
Cash balance at 30/09/2021	8,866
Net of projected collections and payments up to 31/12/21	21,149
Projected cash balances at 31/12/21	30,015

At 31 December, the amounts of reserves not available for distribution are as follows:

	Thousands of Euros	
	2021	2020
Reserves not available for distribution:		
Legal reserve	1,743	1,743
Goodwill reserve	-	516
Reserve for own shares	22,110	21,899
Capitalisation reserve	7,809	6,559
Differences for adjustments of share capital to euros	15	15
	31,677	**30,732**

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

4. Accounting and Measurement Standards

In preparing its annual accounts for 2021, the Company has applied the main accounting and measurement standards in accordance with the Spanish General Chart of Accounts, as follows:

a) Jointly-controlled operations and assets

Joint ventures are those in which there is a contractual or statutory agreement to share the control over an economic activity, in such a way that strategic operating and financial decisions concerning the activities require the unanimous consent of the Company and the remaining venturers.

In jointly-controlled operations and assets, the Company recognises in the annual accounts the assets that are under its control, the liabilities in which it has incurred and the proportionate part in accordance with its interest percentage in the jointly-controlled assets and the jointly-incurred liabilities; and the part of the proceeds of the sale of goods or provision of services and the expenses incurred by the joint venture. Moreover, the statement of changes in equity and the statement of cash flows also include the proportionate part corresponding to the Company pursuant to the agreements reached.

The transactions, balances, income, expenses and reciprocal cash flows were eliminated in proportion to the Company's interest in the joint ventures.

Profit or loss not realised in non-monetary contributions or descendent transactions by the Company with joint ventures are recognised based on the substance of the transactions. In this connection, in the event that the transferred assets are maintained in the joint ventures and the Company has substantially transferred the risks and rewards inherent to ownership thereof, it only recognises the proportionate part of the profit or loss that correspond to the rest of venturers. Moreover, losses not realised are not eliminated to the extent that they constitute evidence of an impairment in the value of the transferred asset.

Profit or loss on transactions between joint ventures and the Company are only recognised in the proportion thereof that corresponds to the rest of venturers, applying the same recognition criteria in the case of losses as are described in the previous paragraph.

The Company has made the necessary valuation and timing adjustments to integrate the joint ventures in the annual accounts.

The information concerning jointly-controlled economic activities pertaining to Temporary Business Associations (UTEs) integrated in the annual accounts for 2020 is presented in Appendix II.

b) Intangible assets

Assets under Intangible assets are recognised at their acquisition price or production cost. Intangible assets are presented in the balance sheet at cost less amortisation and cumulative impairment adjustments.

Subsequent costs incurred on intangible assets are recognised as an expense, unless they increase the expected future economic benefits attributable to the assets.

Computer software

The Company recognises under this heading the costs incurred in acquiring and developing software. Maintenance costs of computer software are recognised in the income statement for the year in which they are incurred. Computer software is amortised using the straight-line method over a period of 3 years.

Goodwill

Goodwill is measured as outlined in the section on business combinations.

The Company allocates the goodwill resulting from business combinations to each of the Cash-Generating Units (CGU) that are expected to benefit from the synergies from the combination and determines the useful life thereof separately for each CGU. After initial recognition, goodwill is measured at cost less amortisation and cumulative impairment adjustments. The Company amortises goodwill over the course of its useful life, which is 10 years.

Impairment

The Company measures and determines the intangible assets' impairment adjustments and reversals in accordance with the criteria set forth in section d) Impairment of non-financial assets carried at amortised or depreciated cost.

c) *Property, plant and equipment*

Initial recognition

Property, plant and equipment are accounted for at acquisition price or production cost and include updates conducted in accordance with various applicable legal provisions (Royal Decree-Law 7/1996). Property, plant and equipment are presented in the balance sheet at cost less depreciation and cumulative impairment adjustments.

Improvements to properties under operating leases that are definitively added to the leased property are capitalised as higher costs under the relevant heading and depreciated over the contractual term or, if shorter, the estimated useful life of the asset.

Self-constructed property, plant and equipment is capitalised under “Self-constructed assets” in the income statement and recognised at accumulated cost; i.e., external costs plus in-house costs, determined on the basis of materials consumed, direct labour costs incurred and overall manufacturing costs calculated using absorption rates similar to those used for the measurement of inventories.

With regard to “Hand and machine tools” recognised under Property, plant and equipment (Note 8), the Company performed an annual adjustment based on a physical count under “Other operating expenses - Other day-to-day expenses” in the income statement, directly removing said amount from the cost of the asset account. In 2020, this kind of write-off amounted to Euros 3,547 thousand.

Depreciation

Property, plant and equipment is depreciated by distributing the depreciable amount using the straight-line method over its useful life.

The Company determines depreciation of property, plant and equipment by applying the following criteria:

	Years of Useful Life
Buildings	25
Technical installations and machinery	8-10
Furniture and fixtures	10
Information technology equipment	4-7
Motor vehicles	6-10

The Company reviews the residual value, useful life and depreciation method of the property, plant and equipment at the end of each financial year. Any changes to the initially established criteria are recognised as a change in estimate.

Subsequent costs

Subsequent to the initial recognition of the asset, the Company only capitalises those costs incurred that imply an increase in its capacity, productivity or lengthening of useful life, and the carrying amount of the replaced items must be derecognised. In this connection, the costs deriving from the daily upkeep of property, plant and equipment are recognised as they are incurred.

The replacement of items of property, plant and equipment that may potentially be capitalised implies reducing the carrying amount of the items replaced.

Impairment

The Company measures and determines the property, plant and equipment's impairment adjustments and reversals in accordance with the criteria set forth in section d) Impairment of non-financial assets carried at amortised or depreciated cost.

d) Impairment of non-financial assets carried at amortised or depreciated cost

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount, understood as the higher between fair value less the costs to sell and value in use.

Impairment losses are recognised in the income statement.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

A Cash-Generating Unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or group of assets.

Impairment losses for the CGU are allocated, first, to reduce the value of any goodwill allocated to the cash-generating unit; and then, to the other non-current assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU, while not reducing the carrying amount of an asset below the highest of its fair value less costs to sell, its value in use and zero.

Reversal of the impairment loss is recognised with a credit in the income statement. However, reversal of the impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset.

e) Non-current assets held for sale

The Company recognises under this heading non-current assets or disposal groups of items whose carrying amount will be recovered primarily through a sale transaction, rather than through continuing use. To be classified as non-current assets or disposal groups as held for sale, they must be available in their current state for immediate disposal, subject only to the usual and widely accepted terms of sale transactions, and the derecognition of the asset must also be considered to be highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of sale and are not depreciated.

f) Leases

The Company classifies leases as finance leases when substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee under the terms and conditions of the lease at the start of the lease period, otherwise they are classified as operating leases.

Finance leases

At the start of the lease period, the Company recognises an asset and liability as the lower of the fair value of the leased asset or the current value of the minimum lease payments. Initial direct costs are included as the higher asset value. Minimum payments are divided between the financial charge and the reduction of the outstanding debt. Finance expenses are allocated to income statement, by applying the effective interest rate method.

The accounting principles applied to the assets used by the Company pursuant to lease agreements classified as finance leases are those outlined in section d) Property, plant and equipment. Nevertheless, if there is no reasonable certainty that the Company will obtain ownership at the end of the asset lease period, they are amortised over the shorter of the useful life or the term thereof.

Operating leases

The payments from operating leases are recognised as an expense on a straight-line basis over the lease term.

Any collection or payment that may be made upon contracting an operating lease will be treated as an advanced collection or payment that will be taken to profit and loss throughout the period of the lease, as the profits from the leased asset are assigned or received.

g) *Financial instruments*

Recognition and classification of financial instruments

Company classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company recognises a financial instrument when it becomes a party to the contract or legal transaction, in accordance with the terms set out therein, either as an issuer or as a holder or acquirer of the same.

For measurement purposes, the Company classifies financial instruments in the categories of financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or that compulsorily measured at fair value through profit or loss, financial assets and liabilities at amortised cost and financial assets at fair value through equity, separating equity instruments designated as such from the rest of financial assets, and financial assets measured at cost. The Company classifies financial assets at amortised cost and at fair value through equity, except for designated equity instruments, according to the business model and the characteristics of the contractual cash flows. The Company classifies financial liabilities as measured at amortised cost, except those designated at fair value through income statement and those held for trading.

The Company classifies a financial asset at amortised cost, even when it is admitted to trading, if it is held within the framework of a business model aimed at holding the investment in order to obtain cash flows arising from the execution of the contract and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

The business model is determined by key staff at the Company at a level reflecting the manner in which groups of assets are managed jointly to achieve the aim of a specific business. The Company's business model represents the manner in which it manages its financial assets to generate cash flows.

The financial assets within the framework of a business model aimed at holding assets to receive contractual cash flows are managed to generate cash flows in the form of contractual receipts during the life of the instruments. The Company manages the assets held on the portfolio so as to receive these specific contractual cash flows. To determine whether the cash flows are obtained by receiving contractual cash flows from the financial assets, the Company considers the frequency, value and calendar of sales in previous years, the reasons for those sales and the expectations in relation to the future sales activity. Nevertheless, sales do not, of themselves, determine the business model and, accordingly, cannot be considered on their own. Instead, it is information on past sales and expectations of future sales that offers an indication of the way to achieve the Company's stated goal with regard to the management of financial assets and, more specifically, how the cash flows are obtained. The Company considers information on past sales in the context of the reasons for those sales and the conditions at that time as compared to current conditions. To this end, the Company considers that trade and other receivables that will be assigned to third parties and will not be derecognised are maintained in this business model.

In any case, the Company classifies the following financial assets at cost:

- Investments in the equity of Group companies, associates and jointly-controlled entities.

- Investments in equity instruments the fair value of which cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and the derivatives underlying these investments.

- Any other financial asset that is initially classified in the portfolio of fair value through income statement when it is not possible to obtain a reliable estimate of its fair value.

The Company designates a financial liability initially at fair value through income statement, if by doing so it eliminates or significantly reduces any accounting asymmetry or inconsistency in the measurement or recognition that would otherwise emerge, if the measurement of the assets or liabilities or recognition of the profit/loss thereof were performed on a different basis or a group of financial liabilities or of financial assets and financial liabilities is managed, and its performance assessed, on a fair value basis, in accordance with a documented investment strategy or risk management strategy, and information is provided internally concerning said group on the same basis to key staff from the Company's management.

Offsetting principles

The Company only offsets financial assets against financial liabilities when it has a legally enforceable right to offset the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument, based on its contractual terms and for financial assets not considering future credit losses, except for those acquired or originated with losses incurred, for which the effective interest rate adjusted for credit risk, i.e. considering credit losses incurred at the time of acquisition or origination, is used.

However, financial assets and liabilities with no established interest rate, the amount of which is due or payable in the short term and where the effect of discounting is not material, are measured at their nominal value.

Investments in Group companies, associates and jointly-controlled entities

Group companies are understood to be companies over which the Company exercises control, either directly or indirectly through subsidiaries, as provided in article 42 of the Commercial Code, or companies that are controlled by any means by one or several physical or legal persons acting jointly or under single management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain profits from its activities, considering potential voting rights held by the Company or third parties that are exercisable or convertible at the end of each reporting period for these purposes.

Associates are companies over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the company but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Company or other companies, are considered when assessing whether an entity has significant influence.

Jointly-controlled entities are those managed jointly by the Company or one or more Group companies, including parent entities or physical persons, and one or more third parties external to the Group.

Investments in Group companies, associates and jointly-controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for investments in associates and jointly-controlled entities the transaction costs incurred and subsequently measured at cost, less cumulative impairment adjustments. Investments in Group companies acquired prior to 1 January 2010 include in the acquisition cost the transaction costs incurred.

Interest and dividends

The Company recognises interest and dividends on financial assets accrued after the time of acquisition as income in the income statement.

The Company recognises interest on financial assets measured at amortised cost using the effective interest method and dividends when the Company’s right to receive them is declared.

If dividends paid unequivocally come from profit generated prior to the acquisition date because amounts have been distributed in excess of the profits generated by the investee or any company in which the latter has an interest since the acquisition, they are deducted from the carrying amount of the investment.

Derecognition of financial assets

Financial assets are derecognised when the associated rights to receive cash flows have expired or been transferred and the Company has substantially transferred the risks and rewards deriving from their ownership. Furthermore, the derecognition of financial assets in circumstances where the Company retains the contractual rights to receive the cash flows only occurs upon assumption of contractual obligations resulting in the payment of those cash flows to one or more recipients and the following requirements are met:

- The payment of cash flows is conditional upon prior collection;
- The Company may not proceed to sell or pledge the financial asset; and
- Cash flows collected on behalf of possible recipients are sent without material delay, with the Company not being able to reinvest the cash flows. Investments in cash or cash equivalents made by the Company in the settlement period between the collection date and the date of remittance agreed with the eventual recipients are exempt from this criterion, provided that the accrued interest is attributed to the eventual recipients.

The criteria for recognising the derecognition of financial assets in transactions in which the Company neither substantially transfers nor substantially retains the risks and rewards inherent to ownership are based on an analysis of the degree of control retained. Thus:

- If the Company has not retained control, the financial asset is derecognised and any rights or obligations created or retained due to the transfer are recognised separately as assets or liabilities.
- If control has been retained, the Company continues to recognise the financial asset for its continuing involvement in the financial asset and it recognises an associated liability. The continuing involvement in the financial asset is determined by the amount of the Company's exposure to changes in the value of the asset. The asset and the associated liability are measured based on the rights and obligations that the Company has recognised. The associated liability is recognised in such a way that the carrying amount of the asset and associated liability is equal to the amortised cost of the rights and obligations retained by the Company, when the asset is measured at amortised cost, or at the fair value of the rights and obligations held by the Company, if the asset is measured at fair value. The Company continues to recognise income arising from the asset to the extent of its continuing involvement and expenses arising from the associated liability. Changes in the fair value of the asset and the associated liability are recognised consistently in profit/loss or in equity, pursuant to the general recognition criteria set out above, and should not be offset.

Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses have been incurred when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company follows the criterion of recognising the pertinent impairment adjustments on financial assets at amortised cost, when debtor insolvency has prompted a reduction or delay in estimated future cash flows.

Moreover, in the case of equity instruments, there is impairment when the carrying amount of the asset becomes non-recoverable due to a prolonged or significant decline in its fair value.

- Impairment of financial assets measured at amortised cost

The amount of the impairment loss of financial assets measured at amortised cost is measured as the difference between the asset's carrying amount and the current value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The impairment loss is recognised against profit and loss and is reversible in subsequent years, if the reduction may objectively be linked to an event subsequent to its recognition. However, the reversal is capped at the amortised cost of the assets had the impairment loss not been recognised.

- Impairment of investments in Group companies, associates and jointly-controlled entities and equity instruments measured at cost

Impairment is calculated as the difference between the carrying amount of the investment and its recoverable amount, the latter of which is understood as the current value of future cash flows from the investment or the fair value less costs to sell, whichever is higher.

In that regard, the current value of future cash flows from the investment is calculated as a function of the Company's interest in the current value of estimated cash flows in ordinary activities and the final disposal or the estimated flows expected from the distribution of dividends and resulting from the final disposal of the investment.

However, in certain cases, barring better proof of the recoverable amount of the investment, in estimating the impairment of this kind of asset, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date and in accordance with generally applicable accounting principles and standards in Spain. If the investee forms a subgroup of companies, the equity shown in the consolidated annual accounts is taken into account, provided that these annual accounts have been authorised for issue. Otherwise, the equity reflected in the separate annual accounts is considered.

In subsequent years, reversals of impairment in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment had been recognised.

Confirming

The Company has arranged confirming lines with various financial institutions to manage supplier payments. Given that this operation does not involve any type of financing for the Company, which pays on the date established with the supplier, liabilities whose settlement is managed by financial institutions are deemed to be of a commercial nature and are thus shown under the heading "Trade and other payables" in the balance sheet until the time they are settled, cancelled or expire.

At 31 December 2021 and 2020, the amount of outstanding reverse factoring transactions that have been fully recognised as trade payables amounts to Euros 1,114 thousand and Euros 206,951 thousand, respectively.

Guarantees

Guarantees delivered are measured in accordance with the criteria set forth for financial assets.

Derecognitions and modifications of financial liabilities

The Company derecognises a financial liability or a portion thereof when it has fulfilled the obligation contained in the liability or when it is legally released from the principal responsibility contained in the liability either pursuant to judicial proceedings or by the creditor.

The exchange of debt instruments between the Company and the counterparty or substantial modifications to initially recognised liabilities are recognised as an extinguishment of the original financial liability and recognition of a new financial liability, provided the instruments have substantially different terms.

The Company considers that the terms are substantially different if the current value of the cash flow discounted under the new terms, including any fees paid net of any fees received, and using for the purpose of the discount the original effective interest rate, differs by at least 10 per cent from the current discounted value of the remaining cash flows of the original financial liability.

However, the Company also considers qualitative factors in order to assess whether the conditions are substantially different.

If the exchange is recognised as the extinguishment of the original financial liability, the costs or fees are recognised in the income statement. Otherwise, the costs or fees adjust the liability's carrying amount and are amortised using the amortised cost method during the remaining life of the modified liability. In the case of the latter, a new effective interest rate is determined at the modification date, which is the rate that matches the current value of the flows payable under the new conditions with the carrying amount of the financial liability at that date.

The Company recognises the difference between the carrying amount of the financial liability or a part thereof cancelled or assigned to a third party and the consideration paid as a charge or credit against the income statement.

Hedge accounting

Derivative financial instruments that meet hedge accounting criteria are initially recognised at fair value.

The Company uses cash flow hedges.

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the hedged risk and the manner in which the Company measures the effectiveness of the hedge.

Accounting for hedge operations is only applicable when there is an economic relationship between the hedged item and the hedging instrument, credit risk does not exert a dominant effect on the value adjustments resulting from this economic relationship and the coverage ratio of the hedge relation is the same as the one resulting from the amount of the hedged item the Company actually uses to cover said amount of the hedged item. Nevertheless, that designation must not reflect an imbalance between the weightings of the hedged item and the hedging instrument such that a hedging ineffectiveness is generated, regardless of whether or not it is recognised, that might give rise to an accounting result contrary to the purpose of hedge accounting.

For cash flow hedges of forecast transactions or a component thereof, the Company assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit/loss.

At the start of the hedge relation and continuously the Company assesses whether the relationship prospectively fulfils the effectiveness requirements. The Company assesses effectiveness at each balance sheet date or when there are significant changes that affect effectiveness requirements.

The Company only designates as hedged items assets, liabilities, firm commitments and highly probable planned transactions.

- Cash flow hedges

The Company books as income and expenses recognised in equity the gains or losses from fair value measurement of the hedge instrument corresponding to the part identified as effective hedge.

The separate component of income and expenses recognised associated with the hedged item is adjusted to the lower of the cumulative profit/loss on the hedging instrument from inception of the hedge and cumulative change in the fair value of the hedged item (i.e., the current value of the hedged expected future cash flows from inception of the hedge).

In hedges of planned transactions that give rise to the recognition of a financial asset or liability, the associated gains or losses that were recognised in income and expenses recognised are reclassified to profit/loss in the same year or years during which the asset acquired or liability assumed affects profit and loss and under the same heading of the income statement.

h) Own equity instruments held by the Company

The acquisition by the Company of equity instruments is presented separately at acquisition cost as a decrease in the shareholders' equity in the balance sheet. No profit or loss was recognised in the income statement for transactions with own equity instruments.

Discretionary dividends related to equity instruments are recognised as a reduction in equity when they are approved by the General Shareholders' Meeting.

In spin-offs, capital reductions and dividends through the delivery of businesses, including investments in group companies, to other group companies, the Company recognises the difference between the carrying amount of the equity items delivered and the amount of the debt to the shareholders (partners) in reserves.

i) Inventories

Inventories are initially measured at acquisition or production cost.

Acquisition cost includes the amount invoiced by the seller after deducting any discount, price cut or other similar item and the interest on the nominal amount of debits, plus additional expenses incurred until the goods are ready for sale and expenses directly attributable to the acquisition.

Advances on inventories are initially recognised at cost. In subsequent years and provided that the period between payment and receipt of the inventories exceeds one year, advances accrue interest at the supplier's incremental rate.

When the cost of inventories exceeds net realisable value, inventories are written down to net realisable value.

The previously recognised adjustment is reversed against profit or loss, if the circumstances that caused the impairment have ceased to exist or when there is clear evidence of an increase in net realisable value as a result of changes in economic circumstances. The impairment reversal is limited to the lower between cost and the new net realisable value of inventories.

Inventories impairment adjustments and reversals are recognised under Changes in inventories of finished goods and work in progress and Materials consumed, depending on the type of inventories.

j) Foreign currency transactions and balances

Foreign currency transactions and balances

Foreign currency transactions were translated into Euros by applying to the amount in foreign currency the spot exchange rate on the dates on which the transactions were carried out.

Where there are different exchange rates, the rate that best reflects the value at which the transactions will be settled is used.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rates at the transaction dates.

Exchange gains and losses emerging when foreign currency transactions are settled and in translating monetary assets and liabilities denominated in foreign currencies into Euros are recognised in profit or loss.

k) Income tax

Income tax revenue or expenses include both current and deferred taxes.

Current income tax assets or liabilities are measured by the amounts expected to be paid to or recovered from the taxation authority, based on the prevailing tax rules and rates or on those that have been approved and are pending publication at the end of the year.

Current or deferred income tax is recognised in profit and loss unless there is a transaction or economic event that has been recognised in the same financial year or another year, against equity or from a business combination.

From 1 January 2021, the Company will be taxed under the tax consolidation regime, being the parent of the tax group, with the following companies: Aplicaciones Técnicas de la Energía, S.L.U., Area 3 Equipamiento Diseño e Interiorismo, S.L.U., Jomar Seguridad, S.L.U., Ehisa Construcciones y Obras, S.A.U., Elecnor Seguridad, S.L.U., Audeca, S.L.U., Deimos Engineering and Systems, S.L.U., Deimos Space, S.L.U., Aerogeneradores del Sur, S.A., Enerfin Enervento Exterior, S.L., Enerfin Enervento, S.L.U., Enerfin Sociedad de Energía, S.L., Galicia Vento, S.L., Parque Eólico Cofrentes, S.L.U., Parque Eólico de Malpica, S.A., Parque Eólico Cernégula, S.L.U., Enerfin Renovables, S.L.U., Enerfin Renovables II, S.L.U. , Enerfin Renovables IV, S.L.U., Enerfin Renovables V, S.L.U., Elecnor Servicios y Proyectos, S.A.U., Elecred Servicios, S.A.U., Internacional de Desarrollo Energético, S.A.U., Stonewood Desarrollos, S.L.U., Eresma Solar, S.L.U., Parque Eólico Montañes, S.L.U., Enerfin Renovables VI, S.L., Enerfin Renovables VII, S.L., Enerfin Renovables VIII, S.L., and Enerfin Renovables IX, S.L.

The accrued Corporate Income Tax expense of the companies under the consolidated accounting system, is determined taking into account –in addition to the parameters to be considered in case of individual taxation set out above– the following:

- Temporary and permanent differences generating as a result of the elimination of profit/loss from transactions between Group companies, deriving from the process of determining the consolidated tax base.
- The deductions and allowances corresponding to each company in the tax group in the consolidated accounting system; for these purposes, the deductions and allowances will be allocated to the company that conducted the activity or obtained the income necessary to obtain the right to the tax deduction or allowance.

Temporary differences arising from eliminations of profit/loss between companies in the tax group are recognised in the company generating the profit or loss and are measured at the tax rate applicable to that company.

For the portion of the tax losses of certain Group companies that have been offset by the other companies in the consolidated Group, a reciprocal credit and debit arises between the companies to which they correspond and the companies offsetting them. If there is a tax loss that cannot be offset by the other consolidated Group companies, these tax loss carryforwards are recognised as deferred tax assets, and the tax group is considered to be the taxpayer for their recovery.

The parent of the Group recognises the total amount payable (to be repaid) for consolidated Corporate Income Tax with a charge (credit) to Receivables (Payables) from/to Group companies and associates.
The amount of the debt (receivable) corresponding to subsidiaries is recorded with payment (debited) to Payables (Receivables) to/from Group companies and associates.

Recognition of deferred tax liabilities

The Company recognises deferred tax liabilities in all cases except those arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit/loss nor taxable income.

Recognition of deferred tax assets

The Company recognises deferred tax assets provided that it is likely that sufficient taxable profits will be obtained in the future to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of the Public Administration.

The Company only recognises deferred tax assets deriving from tax loss carryforwards to the extent that it is likely that the Company will have future taxable profits against which the tax assets can be utilised within the legally established period, up to a maximum of ten years, unless they are likely to be recovered in a longer period, when tax legislation allows them to be utilised in a longer period or does not establish any time limits in this connection.

At the end of each reporting period the Company reviews the recognised deferred tax assets, making any appropriate adjustments to the extent that there is uncertainty regarding their future recovery. Likewise, at the end of each year, the deferred tax assets not recognised on the balance sheet are evaluated and these are recognised to the extent that their recovery with future taxable profit becomes likely.

In determining future taxable profit, the Company takes into account tax planning opportunities, provided it intends to adopt them or is likely to adopt them.

Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured by the applicable tax rates in the years in which the assets are expected to be realised or the liabilities paid, based on prevailing rules and rates or those that have been approved and are pending publication and having considered the fiscal consequences deriving from the manner in which the Company expects to recover the assets or settle the liabilities. In this connection, the Company has considered the deduction due to the reversal of temporary measures pursuant to transitory provision thirty-seven of Corporate Income Tax Law 27/2014, of 27 November, as an adjustment in the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations performed in 2013 and 2014.

Classification

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and sight bank deposits placed with credit institutions. This heading also includes other highly liquid short-term investments which can be readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Accordingly, this heading includes investments that are due within less than three months from their acquisition date.

m) Provisions and contingencies

In preparing the annual accounts, the Company's Directors distinguish between:

- Provisions: current obligations, whether legal, contractual, implicit or tacit, as a result of a past event; recognised by the Company when there is likely to be an outflow of resources requiring future profits to cancel the obligation; and it is possible to reliably estimate the amount of the obligation.

- Contingent liabilities: possible obligations arising from past events, the materialisation of which will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the Company.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the year, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where it is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated.

Provisions are reversed against profit and loss when it is not likely to be an outflow of resources to extinguish the obligation.

Unless these are considered as remote, contingent liabilities are not recognised in the annual accounts, but are instead disclosed in the notes to the annual accounts.

Tax provisions

Tax provisions related to the estimated amount of taxes payable determined on the basis of the general criteria set forth above. Provisions are allocated against income tax for the annual rate, to finance expenses for late payment interest and to other profit/loss for fines. The effect of changes in estimated provisions from prior years are recognised under their related headings except when correcting an error.

<u>*Provisions for termination benefits*</u>

Involuntary termination benefits are recognised when the Company has a detailed formal plan and it has raised a valid expectation that it will carry out the process by starting to implement the plan or announcing its main features to those affected by it.

In 2021, the amount recognised in this connection under “Personnel expenses – Wages, salaries and similar” in the accompanying income statement amounted to approximately Euros 277 thousand (approximately Euros 4,028 thousand in 2020). At 31 December 2021, the Company has no provision for this item (Euros 3,498 thousand in 2020). The Company’s Directors consider that potential future staff cuts will not have a material impact on the accompanying annual accounts.

n) Income from sales of construction contracts and services rendered

The Company carries out various construction projects for customers. The projects are considered to be a single execution obligation satisfied over time. This is because projects are tailored specifically for customers and they tend to be highly integrated. Revenue from projects is recognised over time because the Company’s execution produces an asset controlled by customers and with no alternative use for the Company, which is entitled to proceeds from execution completed until year end.

The Company recognises the revenue from contracts using the percentage of completion method based on costs incurred over total estimated costs. The Company makes adjustments in accordance with the progress for inefficiencies not initially envisaged in the contract. Moreover, the Company only recognises revenue for cost incurred to the extent that the Company delivers a good that is not different, the customer expects to obtain control of the good prior to obtaining service therefrom, the cost of the good delivered is significant in relation to the total estimated costs and the Company acquires the good from a supplier and is not significantly involved in designing and manufacturing the good.

The Company adjusts progress towards completion as the circumstances change and books the impact prospectively as a change in estimate.

Revenue recognised by the percentage of completion method is recognised as a contractual asset, to the extent that the amount is not due and as a receivable if there is an unconditional right to payment. If the payment received by the customer exceeds the recognised revenue, an advance from customers is recognised. If the time elapsed between accrual of the revenue and the estimated payment date exceeds twelve months, the Company recognises the revenue at the current estimated value of the amount receivable discounted at an interest rate that reflects the client’s credit risk. The Company subsequently recognises finance income. If the time elapsed between receiving the payment from the customer and booking the revenue using the percentage of completion exceeds twelve months, the Company recognises a finance expense charged to liabilities from the date on which the advance is received to the date on which the revenue is booked. The interest rate used to recognise the finance expense is determined by the Company’s incremental borrowing rate.

Penalties for breaches associated with the quality or rational efficiency of the Company’s service are recognised as an expense with a negative sign under Net turnover.

o) Environment

The Company takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

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

Items of property, plant and equipment acquired by the Group for consistent use in its activity and whose main purpose is to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Company’s activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section d) Property, plant and equipment.

p) Transactions between Group companies

Transactions between Group companies, except those relating to mergers, spin-offs and non-monetary business contributions, are recognised at the fair value of the consideration delivered or received. The difference between that value and the amount agreed is recognised in accordance with the underlying economic substance.

In spin-offs between group companies, the contributor measures its new shareholding at the net value of the assets and liabilities contributed.

5. Spin-off by Separation of the Projects and Services Business

On 2 March 2021, the Board of Directors of Elecnor, S.A. (Spin-off Company) and Elecnor Servicios y Proyectos, S.A.U. (Beneficiary Company) jointly drew up and signed a joint spin-off project.

On 23 June 2021, the Company's General Shareholders' Meeting approved the plan to spin off Elecnor, S.A. to the subsidiary Elecnor Servicios y Proyectos, S.A.U. The effective date of accounting of the transaction was considered to be the beginning of 2021, taking Elecnor, S.A.'s balance sheet at 31 December 2020 as the separated balance sheet.

This transaction was formalised in a public deed on 28 July 2021 and registered by the spun-off company Elecnor, S.A. at the Madrid Companies Register on 30 July 2021.

The purpose of this spin-off project is to allow the results of the Services and Projects Business Area and its capacity for strategic development to be shown individually, to allow improvements to be made to the management of the resources used in the business and their focus on projects, and to expand and improve the mechanisms for obtaining the resources necessary for such a purpose.

The Board of Directors of the Spin-off Company and of the Beneficiary Company agree to exclude from the scope of the spin-off operation the business conducted by certain branches and subsidiaries abroad, which are part of the Spun-off Economic Unit, since they cannot be transferred for operational reasons. In any event, all service and project activities will be conducted through the beneficiary company and its subsidiaries, gradually and when these operational reasons allow as such. Furthermore, certain companies in the process of liquidation or disposal have been excluded from the scope of the spin-off.

This spin-off involved the transfer en bloc of the Spun-off Economic Unit (services and projects business) to the Beneficiary Company for Euros 140 million, which, in return, increased its share capital by issuing new shares for the amount of Euros 1,505 thousand with a share premium of Euros 138,702 thousand, fully subscribed by the Company.

This spin-off of the Services and Projects business resulted in the derecognition of net assets for the amount of Euros 140 million and the recognition of an investment in Elecnor Servicios y Proyectos, S.A.U. for the same amount, with no impact on the equity of the Company.

As part of this transaction, the Company has granted a Euros 240 million loan to Elecnor Servicios y Proyectos, S.A.U. the effective date of accounting being 1 January 2021 and bearing interest at an annual rate of 2%.

This transaction has applied the special tax regime provided for in Chapter VII of Title VII of Law 27/2014, of 27 November, on Corporate Income Tax, and the tax authority has been informed of the same.

The impact of the spun-off balance sheet and the simultaneously formalised debt with accounting date 1 January 2021 is as follows:

	Thousands of Euros
Non-current assets	
Intangible assets (Note 7)	**658**
Goodwill	516
Computer software	142
Property, plant and equipment (Note 8)	**64,065**
Land and buildings	8,953
Technical installations and other property, plant and equipment	55,112
Long-term investments in Group companies and associates (Note 10.2)	**200,451**
Equity instruments	200,451
Long-term financial investments	**7,478**
Equity instruments	1,040
Credits to third parties	2,176
Other financial assets	4,262
Deferred tax assets	**32,564**
Current assets	
Non-current assets held for sale	**81**
Inventories	**31,013**
Raw materials and other materials consumed	2,180
Finished goods – short cycle	639
Advances to suppliers	28,194
Trade and other receivables	**885,826**
Customers, sales and services rendered	847,148
Customers, Group companies and associates	19,792
Sundry receivables	1,522
Personnel	95
Public Administrations, other	17,269
Short-term investments in Group companies and associates	**7,593**
Credits to companies	4,498
Other financial assets	3,095
Short-term financial investments	**7,129**
Credits to companies	13
Derivatives	143
Other financial assets	6,973
Short-term accruals	**1,118**
Cash and cash equivalents	**194,275**
Cash	194,264
Cash equivalents	11
Total assets	**1,432,251**

	Thousands of Euros
Non-current liabilities	
Non-current provisions (Note 13)	**22,335**
Other provisions	22,335
Non-current payables (Note 14.2)	**14,154**
Loans and borrowings	14,154
Long-term payables to Group companies and associates (Note 5)	**150,000**
Deferred tax liabilities	**6,455**
Current liabilities	
Current provisions (Note 13)	**34,850**
Current payables (Note 14.2)	**42,549**
Loans and borrowings	1,598
Derivatives	537
Other financial liabilities	40,414
Short-term payables to Group companies and associates	**101,754**
Trade and other payables	**918,320**
Suppliers	377,226
Suppliers, Group companies and associates	27,175
Sundry payables	36,099
Personnel	19,304
Current tax liabilities	4,169
Public Administrations, other	6,524
Advances from customers	447,823
Short-term accruals	**1,633**
Total liabilities	**1,293,677**
Total net assets	**140,201**

6. Non-current assets held for sale

At 31 December 2021 the Company has classified the investment in the associate Gasoducto de Morelos, S.A.P.I. de C.V. and the loan granted to it for the total amount of Euros 18,419 thousand as held for sale, on the basis of the sale agreement executed on 17 December 2021. This transaction is subject to compliance with the conditions precedent inherent to this type of transaction, and control of the transaction will not be transferred until these conditions are met. The Company estimates that the transaction will be completed in 2022. No impairment resulted from these transactions since the fair value less costs to sell is higher than the carrying amount.

7. Intangible assets

Details of “Intangible assets” were as follows:

2021

	Thousands of Euros				
	Administrative Concessions	Computer software	Goodwill	Commercial rights	Total
COST:					
Balance at 31 December 2020	**79**	**16,493**	**1,031**	**2,087**	**19,690**
Additions	-	4,605	-	-	4,605
Derecognitions due to spin-off (Note 5)	-	(1,845)	(1,031)	-	(2,876)
Disposals	-	-	-	-	-
Balance at 31 December 2021	**79**	**19,253**	**-**	**2,087**	**21,419**
ACCUMULATED DEPRECIATION:					
Balance at 31 December 2020	**(42)**	**(10,970)**	**(516)**	**(2,087)**	**(13,615)**
Charges	(2)	(2,728)	-	-	(2,730)
Derecognitions due to spin-off (Note 5)	-	1,702	516	-	2,218
Disposals	-	-	-	-	-
Balance at 31 December 2021	**(44)**	**(11,996)**	**-**	**(2,087)**	**(14,127)**
Net cost at 31 December 2021	**35**	**7,257**	**-**	**-**	**7,292**

2020

	Thousands of Euros				
	Administrative Concessions	Computer software	Goodwill	Commercial rights	Total
COST:					
Balance at 31 December 2019	**79**	**12,938**	**1,031**	**2,228**	**16,276**
Additions	-	3,625	-	-	3,625
Disposals	-	(70)	-	(141)	(211)
Balance at 31 December 2020	**79**	**16,493**	**1,031**	**2,087**	**19,690**
ACCUMULATED DEPRECIATION:					
Balance at 31 December 2019	**(41)**	**(8,829)**	**(412)**	**(2,228)**	**(11,510)**
Charges	(1)	(2,211)	(104)	-	(2,316)
Disposals	-	70	-	141	211
Balance at 31 December 2020	**(42)**	**(10,970)**	**(516)**	**(2,087)**	**(13,615)**
Net cost at 31 December 2020	**37**	**5,523**	**515**	**-**	**6,075**

The Company’s fully amortised intangible assets at 31 December 2021 amounted to Euros 10,894 thousand and it fully corresponds to computer software and commercial rights (Euros 10,928 thousand at 31 December 2020, chiefly corresponding to computer software and commercial rights).

At the end of 2021 and 2020, the Company has no investments commitments in intangible assets.

8. Property, plant and equipment

Details of "Property, plant and equipment" were as follows:

2021

	Thousands of Euros					
	Land	Buildings	Technical Installations and Machinery	Hand and machine tools (Note 4.c) Furniture and fixtures	Other Property, Plant and Equipment	Total
COST:						
Balance at 31 December 2020	**14,649**	**9,056**	**124,288**	**20,124**	**13,233**	**181,350**
Additions	-	-	619	75	113	**807**
Derecognitions due to spin-off (Note 5)	(7,998)	(6,366)	(120,440)	(19,099)	(10,154)	**(164,057)**
Disposals	-	-	(74)	(9)	-	**(83)**
Balance at 31 December 2021	**6,651**	**2,690**	**4,393**	**1,091**	**3,192**	**18,017**
ACCUMULATED DEPRECIATION:						
Balance at 31 December 2020	**-**	**(3,607)**	**(84,585)**	**(5,641)**	**(8,431)**	**(102,264)**
Charges	**-**	(105)	(706)	(55)	(301)	**(1,167)**
Derecognitions due to spin-off (Note 5)	**-**	2,050	82,991	4,996	6,572	**96,609**
Disposals	**-**	-	72	9	-	**81**
Balance at 31 December 2021	**-**	**(1,662)**	**(2,228)**	**(691)**	**(2,160)**	**(6,741)**
CUMULATIVE IMPAIRMENT:						
Balance at 31 December 2020	**(1,432)**	**(1,929)**	**-**	**(22)**	**-**	**(3,383)**
Impairment losses	-	-	-	-	-	-
Derecognitions due to spin-off (Note 5)	1,432	1,929	-	22	-	3,383
Irreversible impairment losses	-	-	-	-	-	-
Balance at 31 December 2021	**-**	**-**	**-**	**-**	**-**	**-**
Net cost at 31 December 2021	**6,651**	**1,028**	**2,165**	**400**	**1,032**	**11,276**

2020

	Thousands of Euros					
	Land	Buildings	Technical Installations and Machinery	Hand and machine tools (Note 4.c) Furniture and fixtures	Other Property, Plant and Equipment	Total
COST:						
Balance at 31 December 2019	**14,649**	**9,039**	**107,364**	**17,586**	**13,039**	**161,677**
Additions	-	17	19,824	6,189	2,146	**28,176**
Disposals	-	-	(2,900)	(3,651)	(1,952)	**(8,503)**
Balance at 31 December 2020	**14,649**	**9,056**	**124,288**	**20,124**	**13,233**	**181,350**
ACCUMULATED DEPRECIATION:						
Balance at 31 December 2019	**-**	**(3,376)**	**(78,609)**	**(4,600)**	**(8,423)**	**(95,008)**
Charges	**-**	(231)	(8,818)	(1,145)	(1,955)	**(12,149)**
Disposals	**-**	-	2,842	104	1,947	**4,893**
Balance at 31 December 2020	**-**	**(3,607)**	**(84,585)**	**(5,641)**	**(8,431)**	**(102,264)**
CUMULATIVE IMPAIRMENT:						
Balance at 31 December 2019	**(1,432)**	**(1,921)**	**-**	**(22)**	**-**	**(3,375)**
Impairment losses	-	(8)	-	-	-	(8)
Irreversible impairment losses	-	-	-	-	-	-
Balance at 31 December 2020	**(1,432)**	**(1,929)**	**-**	**(22)**	**-**	**(3,383)**
Net cost at 31 December 2020	**13,217**	**3,520**	**39,703**	**14,461**	**4,802**	**75,703**

The additions for 2020 are mainly the machinery necessary for the works done by Elecnor, S.A. Furthermore, in 2020, the company's Oman branch made investments of Euros 8,969 thousand in the development of its activity.

At 31 December 2021 and 2020, the Company did not have individually significant items of property, plant and equipment.

Cost disposals in 2020 included the annual adjustment of machine tools that implied an expense of Euros 3,547 thousand, recognised under Other day-to-day management expenses in the accompanying income statement.

The cost of property, plant and equipment which, at 31 December 2021 and 2020, is fully depreciated and in use as follows:

	Thousands of Euros	
	2021	2020
Buildings, technical installations and machinery	1,109	53,282
Furniture and fixtures	446	2,102
Information technology equipment	1,110	3,236
Motor vehicles and others	-	512
	2,665	**59,132**

The Company's procedures include taking out insurance policies to cover possible risks to which various items within its property, plant and equipment are exposed. At 31 December 2021 and 2020, the policies taken out covered the net carrying amount of the property, plant and equipment.

As indicated in Note 9, at the end of 2021 and 2020 the Company had finance lease agreements pertaining to its property, plant and equipment.

At the end of 2021 and 2020, the Company had no significant investments commitments in property, plant and equipment.

Moreover, at 31 December 2021 and 2020, the Company had the following items of property, plant and equipment located abroad:

2021

	Thousands of Euros		
Country	Cost	Accumulated depreciation	Net
Angola	-	-	-
Dominican Republic	-	-	-
Mexico	-	-	-
Brazil	-	-	-
Italy	-	-	-
Ghana	-	-	-
Mauritania	-	-	-
Cameroon	2,272	(1,110)	1,162
Panama	-	-	-
El Salvador	-	-	-
Oman	-	-	-
Mozambique	-	-	-
Other	52	(43)	9
	2,324	**(1,153)**	**1,171**

2020

Country	Thousands of Euros		
	Cost	Accumulated depreciation	Net
Angola	1,709	(521)	1,188
Dominican Republic	996	(632)	364
Mexico	276	(276)	-
Brazil	255	(254)	1
Italy	5,987	(3,715)	2,272
Ghana	1,060	(391)	669
Mauritania	403	(185)	218
Cameroon	1,622	(624)	998
Panama	1,260	(604)	656
El Salvador	953	(118)	835
Oman	8,969	(1,804)	7,165
Mozambique	346	(26)	320
Other	1,031	(394)	637
	24,867	**(9,544)**	**15,323**

9. Leases

Finance leases – Lessee

At the end of 2021 and 2020, as a finance lessee, the Company recognised finance leases as follows:

2021

	Thousands of Euros		
	2021		
	Land	Buildings	Total
Cost	6,651	2,480	9,131
Accumulated depreciation	-	(1,447)	(1,447)
Total	**6,651**	**1,033**	**7,684**

2020

	Thousands of Euros		
	2020		
	Land	Buildings	Total
Cost	6,651	2,480	9,131
Accumulated depreciation	-	(1,347)	(1,347)
Total	**6,651**	**1,133**	**7,784**

The Company's only finance lease agreement at the end of 2021 and 2020 corresponds to its offices in Bilbao, signed on 11 June 2007, and recognised in the gross amount of Euros 9,131 thousand, an amount that corresponds to the updated value on the date of signing the minimum payments agreement for the duration of the contract term.

Said contract expires in 2027 and payment will be over 240 monthly instalments.

The contract is subject to annual increases indexed to Euribor + 55 basis points and the Company has arranged a swap to hedge against interest rate fluctuations which expires on the same date as the contract (Note 11).

At the end of 2021 and 2020, the Company has contractually agreed the following minimum finance lease payments with lessors (including, if any, purchase options), based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews:

	Thousands of Euros			
	2021		2020	
Finance leases minimum payments	Nominal amount	Current value	Nominal amount	Current value
Less than one year	696	485	700	461
Between 1 and 5 years	3,924	3,385	2,758	2,124
More than 5 years	-	-	1,862	1,756
Total	**4,620**	**3,870**	**5,320**	**4,341**

The reconciliation between the amount of future minimum lease payments and their current value is as follows:

	Thousands of Euros	
	2021	2020
Future minimum payments	3,720	4,420
Purchase option	900	900
Unaccrued finance expenses	(750)	(979)
Current value	**3,870**	**4,341**

Operating leases – Lessee

In addition, in 2021 and 2020 the operating lease expenses included under "Other operating expenses – External services" in the accompanying income statement amounted to approximately Euros 1,347 thousand and Euros 49,813 thousand, respectively. At the end of 2020, the Company's most significant operating leases were for machinery and motor vehicles, and buildings used to carry out its infrastructure activities. This amount included machinery and motor vehicle leases which, due to their inherent activity, were leased for the duration of the works, and amounted to Euros 40,325 thousand.

In 2021, as a result of the transaction described in Note 5, these leases linked to the Services and Projects business are no longer assumed by the Company, rather by Elecnor Servicios y Proyectos, S.A.U. The most significant operating leases at the end of 2021 are those relating to its offices, amounting to Euros 1,332 thousand.

At the end of 2021 and 2020, the Company has contractually agreed the following minimum lease payments with lessors, based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews:

Non-cancellable future minimum payments	Thousands of Euros	
	Nominal amount	
	2021	2020
Less than one year	777	7,164
Between 1 and 5 years	3,190	10,949
More than 5 years	5,310	10,439
Total	**9,196**	**28,552**

10. Investments in equity instruments of Group companies, associates and jointly-controlled entities, Financial investments and Trade receivables

10.1. Long- and short-term financial investments

The amounts under the headings "Long-term financial investments" and "Short-term financial investments" in the balance sheets at 31 December 2021 and 2020 are as follows:

Category	Thousands of Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Equity instruments	-	-	1,040	-
Credits	-	-	2,176	438
Deposits and securities	976	3	4,400	6,973
Derivatives (Note 11)	216	332	180	143
Impairment adjustments	-	-	-	(425)
Total	**1,192**	**335**	**7,796**	**7,129**

Non-current "Deposits and securities" in the above table at 31 December 2021 and 2020 corresponds to security and other deposits delivered in relation to the various operating leases entered into by the Company (Note 9).

The current "Deposits and securities" heading in the table prior to 31 December 2020 corresponded mainly to a deposit maturing in the short term and accruing an interest rate of 1.7%. This asset is part of the Service and Projects business and has therefore been transferred to Elecnor Servicios y Proyectos, S.A.U. as part of the transaction described in Note 5.

10.2. Investments in equity instruments of Group companies, associates and jointly-controlled entities

The breakdown of non-current investments in equity instruments of Group companies, associates and jointly-controlled entities at 31 December 2021 and 2020 is as follows:

	Thousands of Euros					
	Balance 31/12/2020	Additions	Derecognitions	Transfer to non-current asset held for sale (Note 6)	Derecognitions due to spin-off (Note 5)	Balance 31/12/2021
Group companies:						
Interests	492,369	140,207	(1,330)	-	(255,566)	375,680
Disbursements pending	(1,900)	(4)	-	-	1,827	(77)
Impairment adjustments	(57,913)	-	1,219	-	54,556	(2,138)
	432,556	**140,203**	**(111)**	**-**	**(199,183)**	**373,465**
Associates:						
Interests	16,469	-	-	(14,262)	(1,888)	319
Disbursements pending	(2)	-	-	-	-	(2)
Impairment adjustments	(902)	-	-	-	620	(282)
	15,565	**-**	**-**	**(14,262)**	**(1,268)**	**35**
Jointly-controlled entities:						
Interests	410,820	13,402	-	-	-	424,222
	410,820	**13,402**	**-**	**-**	**-**	**424,222**
Total	**858,941**	**153,605**	**(111)**	**(14,262)**	**(200,451)**	**797,722**

	Thousands of Euros				
	Balance 31/12/2019	Additions	Derecognitions	Transfers	Balance 31/12/2020
Group companies:					
Interests	482,639	3,756	-	5,974	492,369
Disbursements pending	(1,964)	-	64	-	(1,900)
Impairment adjustments	(43,675)	(2,371)	-	(11,867)	(57,913)
	437,000	**1,385**	**64**	**(5,893)**	**432,556**
Associates:					
Interests	16,469	-	-	-	16,469
Disbursements pending	(2)	-	-	-	(2)
Impairment adjustments	(902)	-	-	-	(902)
	15,565	**-**	**-**	**-**	**15,565**
Jointly-controlled entities:					
Interests	407,951	2,869	-	-	410,820
	407,951	**2,869**	**-**	**-**	**410,820**
Total	**860,516**	**4,254**	**64**	**(5,893)**	**858,941**

The most significant information concerning interests in Group companies, jointly-controlled entities and associates at the end of 2021 and 2020 is shown in Appendix I to these annual accounts.

Equity instruments

The main movements in 2021 under "Equity instruments" in the above table were as follows:

- As a result of the spin-off described in Note 5, the Company derecognised investments in group companies and associates for a total amount of Euros 200,451 thousand and increased the investment in Elecnor Servicios y Proyectos, S.A.U. by Euros 140,207 thousand.

- Shareholder contributions to the multi-group company Celeo Concesiones e Inversiones, S.L.U. amounting to Euros 13,402 thousand.

- The Company has reclassified the investment in the associate Gasoducto de Morelos, S.A.P.I. de C.V. for a total amount of Euros 14,262 thousand as held for sale, based on the sale agreement executed on 17 December 2021 (see Note 6).

The main movements in 2020 under "Equity instruments" in the above table were as follows:

- Contribution of partners the Group company Eledepa, S.A. for Euros 1,665 thousand (2,000 thousand US Dollars).

- Shareholder contributions to the multi-group company Celeo Concesiones e Inversiones, S.L.U. amounting to Euros 2,869 thousand.

- The Company reclassified the impairment recorded in the loan granted to the Company Elecnor Perú S.A.C to participation impairment for Euros 11,867 thousand and the value of the loan receivable for Euros 5,974 thousand. This reclassification had not an impact on the attached income statement in 2020.

The functional currency of foreign interests is the currency of the countries in which their registered offices are located.

Provision for impairment of equity instruments

In accordance with the criteria set forth in Note 4.h, the Company assesses impairment and, where appropriate, calculates the relevant recoverable amount, when there is objective evidence that the future cash flows from its investments in equity instruments are being reduced.

Details of provisions for impairment of equity instruments at 31 December 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Omninstal Electricidade, S.A.	-	1,996
Elecnor de Argentina, S.A.	-	16,127
Elecven, S.A.	-	2,216
Montelecnor, S.A.	-	13,224
Elecnor Energie und BAU GmbH	-	1,367
Elecnor South África, Ltd.	2,138	2,138
Elecnor Perú, S.A.C.	-	17,958
Elecnor Angola, S.A. Group	-	802
Betonor, S.L.	-	420
Parque Eólico Montañes, S.L.	-	427
Other	282	2,140
	2,420	**58,815**

In 2019, given the situation of Elecnor Perú, S.A., the Company allocated an impairment of Euros 5,593 thousand in the value of its interest and the loan granted to that company in the amount of Euros 11,867 thousand (Note 10.4). Elecnor Perú, S.A.C. had a contract with Consorcio Constructor Ductos del Sur to build the Gasoducto Sur Peruano (Southern Peruvian Gas Pipeline) which was cancelled in 2017, with Euros 27 million pending payment to the company, of which Euros 25 million are payable by the Odebrecht Group in 2021. Due to Odebrecht's financial difficulties and the fact that Elecnor Perú, S.A.C. does not currently have any other contracts in execution, the Company booked an impairment based on the underlying carrying amount of that company and considering that it was unlikely to recover the amount payable from Odebrecht. In 2020, the Company transferred the impairment of the credit recorded in 2019 to investment impairment as detailed in the previous section "Equity instruments".

In 2021, no impairment losses on investments in group companies, associates and jointly-controlled entities were registered.

10.3. Information on the nature and level of risk of financial instruments

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

Market risk

Foreign currency risk

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

In order to manage and minimise this risk, the Company uses hedging strategies (see note 11), since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

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

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor, S.A. has external financing to carry out its operations under the form of a "Syndicated Loan". The hedging instruments, which are specifically assigned to financial debt instruments and are limited to the same nominal value as the latter and the same maturity dates as the hedged items, are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

Liquidity risk

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

At 31 December 2021, the Company has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

Credit risk

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

Other risks

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

The technological means used to safely and successfully deal with the months of the pandemic lockdowns were mainly: over-dimensioning communications, immediately buying in laptops and distributing them at various work centres, establishing secure and robust VPN technologies, securing workplaces with next-generation anti-virus treatments, dual-factor authentication, training employees with regard to cybersecurity and, in particular, the human factor.

10.4 Financial investments in Group companies and associates

Details of "Long- and short-term investments in Group companies and associates", except Investments in equity instruments, on the assets side of the balance sheet at 31 December 2021 and 2020, is as follows:

Category	Thousands of Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Credits to companies	100,000	134,387	7,993	46,833
Dividends receivable	-	12,000		
Tax credits (Note 4.k)	-	18,025	-	-
Other financial assets	-	8,187	-	6,264
Impairment adjustments	-	(27,380)	-	(21,563)
Total	**100,000**	**145,219**	**7,993**	**31,534**

Long-term credits to Group companies

The balance at 31 December 2021 corresponds in full to the portion pending repayment in 2024 related to the loan granted to the subsidiary Elecnor Servicios y Proyectos, S.A.U. (see Note 5). The total outstanding balance of this loan at 31 December 2021 amounts to Euros 190 million, of which Euros 90 million is recognised as Credits to companies under current assets as it matures in 2022.

The balance at 31 December 2020 corresponded in full to the credit receivable from the company Gasoducto de Morelos S.A.P.I. de C.V. that accrues annual interest at a rate of 7.5%. As a result of the agreement to sell this company formalised in 2021, at 31 December 2021 the Company has reclassified both the investment and the outstanding receivable for the amount of Euros 4,158 thousand to non-current assets held for sale (see Note 6). In 2021 the Company received approximately Euros 3.8 million in payments relating to this credit (Euros 2.6 million in 2020).

Short-term credits to Group companies

The breakdown by company of “Short-term investments in Group companies and associates – Credits to Group companies” under current assets at 31 December 2021 and 2020, is as follows:

	Thousands of Euros	
	2021	2020
Elecdor, S.A.	-	1,133
Jomar Seguridad, S.L.	-	300
Elecnor Servicios y Proyectos, S.A.U.	90,024	-
Enerfin Enervento Exterior, S.L.	20,400	23,800
IQA Operations Group Ltd.	-	1,101
Elecnor Senegal, S.A.	-	1,961
Celeo Apolo FV, S.L.	-	75
Other	-	69
	110,424	**28,439**

On 29 September 2016, the Company and Duro Felguera, S.A. (shareholders in Dunor Energía S.A.P.I. de CV) agreed to grant a credit to Dunor Energía S.A.P.I. de CV amounting to a total of USD 13,700 thousand, granted proportionately by each shareholder. The term of this credit is of one year, and it may be extended annually. The Company impaired the outstanding balance at 31 December 2019, of Euros 6,422 thousand, since it considered it unlikely to be recovered due to the recurring losses and the company’s weak equity position. In 2021, the Company made further contributions of Euros 5,800 thousand to Dunor Energía S.A.P.I. de CV due to its poor financial position, impairing this since it does not expect to recover anything considering that this company has one sole project that it has completed (contributions of Euros 8,332 thousand in 2020 that the Company impaired in full). Of this amount, the Company records Euros 3,393 thousand as “Other financial assets” of a current account that it maintains with Dunor Energía S.A.P.I. de CV over the payment in 2020 of loans and borrowings that the Company has to face as guarantor. The Company does not expect to have to make any additional payments to this company.

In 2020, the company granted Enerfin Enervento Exterior, S.L.U. two credits for Euros 13,300 thousand and Euros 21,000 thousand on 30 June and 9 November, respectively. These credits accrue annual interest of 2% and are for one year, renewable each year. The amount of these credits outstanding at 31 December 2021 is approximately Euros 20,400 thousand (Euros 23,800 thousand at 31 December 2020).

10.5. Trade and other receivables

Details of trade and other receivables at 31 December 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Group (note 20.2)		
Customer	5,199	16,229
Impairment adjustments	(985)	(949)
Associates and jointly-controlled entities (note 20.2)		
Customer	317	6,265
Impairment adjustments	-	(1,532)
Non-related		
Customer	17,751	928,006
Other receivables	90	2,580
Personnel	124	95
Public Administrations, Corporate Income Tax (Note 17)	7,035	4,177
Public Administrations, other (note 17)	3,042	18,386
Impairment adjustments	(5,857)	(70,996)
Total	26,716	902,261

The analysis of movements in 2021 and 2020 under changes in allowance accounts related to impairment losses due to credit risk of trade and other receivables is as follows:

	Thousands of Euros		
	Current		
	Customer	Receivables	Total
Balance at 31 December 2019	(67,002)	(821)	(67,823)
Charges	(13,228)	(19)	(13,247)
Applications	6,232	-	6,232
Reversals	2,607	34	2,641
Other	(1,280)	-	(1280)
Balance at 31 December 2020	(72,671)	(806)	(73,477)
Charges	(67)	-	(67)
Applications	-	-	-
Reversals	-	-	-
Derecognitions due to spin-off	65,410	806	66,216
Other	486	-	486
Balance at 31 December 2021	(6,842)	-	(6,842)

At 31 December 2021, the net balance of non-related customer receivables is wholly contributed by the Cameroon branch that the Company has not yet been able to transfer for operational reasons (see Note 5) and the debt has not been sold.

At 31 December 2020, non-related customer receivables included Euros 91,503 thousand in unprovisioned debt past due, of which Euros 21,245 thousand is past over one year due.

The carrying amount of financial assets. recognised in the balance sheet at amortised cost does not present significant differences with respect to their fair value.

Net income and expense by categories of financial assets at 31 December 2021 amounted to an expense of Euros 333 thousand and corresponded to finance income from loans and receivables applying the amortised cost method totalling Euros 5,492 thousand and impairment losses on loans and receivables totalling Euros 5,825 thousand (expense of Euros 6,121 thousand at 31 December 2020 corresponding to finance income on receivables applying the amortised cost method totalling Euros 4,485 thousand and impairment losses on loans and receivables totalling Euros 10,606 thousand).

10.6 Amounts denominated in foreign currencies

At 31 December 2021, the Company does not have material monetary financial assets denominated in foreign currency, as these were linked to the Services and Projects activity which has been spun off to Elecnor Servicios y Proyectos, S.A.U. (see Note 5).

The breakdown at 31 December 2020 of the main monetary financial assets denominated in foreign currency is as follows:

2020

	Thousands of Euros					
	Long-term credits to Group companies	Long-term financial investments	Trade and other receivables	Short-term investments in Group companies	Short-term financial investments	Cash and cash equivalents
AOA	-	229	39,807	-	-	529
BOB	-	-	472	-	3	286
DOP	-	41	11,223	-	4,349	369
DZD	-	787	16,132	-	-	107
GBP	-	-	-	1,101	-	31
GHS	-	11	7,203	-	-	242
GMD	-	-	1,205	-	-	-
GNF	-	3	2,742	-	-	80
HNL	-	2	2,344	-	-	856
HTG	-	-	12,744	-	-	-
JOD	-	-	5,226	-	5	81
KWD	-	-	1,423	-	-	314
MAD	-	-	297	-	-	3,898
MRO	-	-	5,649	50	-	178
MXN	-	-	322	-	-	333
NOK	-	-	9,719	-	-	3,308
OMR	-	142	28,607	-	-	3,789
USD	7,993	37	32,784	2,856	12	13,437
VES	-	-	1	3	-	1
XAF	-	47	11,087	-	-	857
XOF	-	-	1,125	509	-	-
Other	-	83	2,479	-	-	2,712
TOTAL	**7,993**	**1,382**	**192,591**	**4,519**	**4,369**	**31,408**

11. Derivative financial instruments

The Company uses derivative financial instruments to cover the risks to which its business activities, transactions and future cash flows are exposed, mainly risks as a result of changes in exchange rates and interest rates. Details of hedging instruments in force at 31 December 2021 and 2020 are as follows:

Interest rate swaps**:**

	Thousands of Euros					
	2021			2020		
Year of contract	Notional amount	Measurement of swaps floating to fixed rate	Measurement of swaps floating to floating rate	Notional amount	Measurement of swaps floating to fixed rate	Measurement of swaps floating to floating rate
2016	-	-	-	145,000	(592)	(48)
2017	145,000	(1,027)	(332)	80,000	(2,061)	77
2018	38,500	(2,832)	145	-	(4,106)	66
2019	16,500	(242)	71	-	(567)	37
Total	**200,000**	**(4,101)**	**(116)**	**225,000**	**(7,326)**	**132**

The total amount of cash flow hedges recognised in equity at 31 December 2021 was an income of Euros 1,477 thousand, before the tax effect (an expense of Euros 2,507 thousand, before the tax effect, at 31 December 2020).

The total amount of cash flow hedges transferred from income and expenses recognised in equity to finance expenses in the income statement was Euros 1,994 thousand, before the tax effect (Euros 2,207 thousand, before the tax effect, at 31 December 2020).

In 2019, the Company arranged interest rate hedges tied to the syndicated financing obtained the previous year, pursuant to the novation contract of 14 November 2018, and described in Note 14. Specifically, these are 8 interest rate swaps of an initial nominal amount of Euros 1.5 million and a maximum nominal amount of Euros 54 million with 8 banks and a basis swap transaction for an initial nominal amount of Euros 1.5 million and a maximum nominal amount of Euros 54 million, in which floating interest rates are swapped.

The company has not contracted interest rate hedges tied to syndicated financing in 2021 and 2020.

Interest rate swaps assigned to the lease agreement**:**

	Thousands of Euros			
	2021		2020	
Year of contract	Notional amount	Measurement of swaps floating to fixed rate	Notional amount	Measurement of swaps floating to fixed rate
2018	3,920	(104)	4,391	(203)

Exchange rate hedging instrument:

	Thousands of Euros	
Year	2021	2020
Notional amount (USD sale) (*)	-	2,100
Exchange rate measurement	-	143
Notional amount (USD purchase) (*)	-	6,207
Exchange rate measurement	-	(537)

(*) Figures expressed in the pertinent currency

The Company has fulfilled the requirements set forth in Note 4.g to be able to classify as hedges the financial instruments detailed.

12. Equity

The composition and movement of equity is presented in the statement of changes in net equity.

12.1. Capital

At 31 December 2021 and 2020, the share capital of Elecnor, S.A. was represented by 87,000,000 book entry shares, each with a par value of Euros 0.10, fully subscribed and paid in.

The shares of the Company are listed on the Spanish electronic trading system.

At 31 December 2021 and 2020, the Company's shares were held as follows:

Interest %	2021	2020
Cantiles XXI, S.L.	52.76%	52.76%
Santander Asset Management, S.A., SGIIC	3.09%	3.09%
Other (*)	44.15%	44.15%
	100.00%	**100.00%**

(*) All with an interest % of less than 3%.

12.2. Reserves

Details of “Reserves” are as follows:

	2021 Thousands of Euros							
	Legal and statutory reserve	Voluntary reserves	Capitalisation reserve	Reserve for own shares	Goodwill reserve	Differences for adjustments of capital to euros	Profit/loss for the year	Total
Balance at 31 December 2020	1,743	555,390	6,559	21,899	516	15	31,633	617,755
Profit for 2021	-	-	-	-	-	-	9,196	9,196
Distribution of profit for 2020								
Voluntary reserves	-	2,760	-	-	-	-	(2,760)	-
Dividends	-	-	-	-	-	-	(28,873)	(28,873)
Transfers	-	(734)	1,250	-	(516)	-	-	-
Changes in own shares	-	12	-	211	-	-	-	223
Balance at 31 December 2021	1,743	557,428	7,809	22,110	-	15	9,196	598,301

	2020 Thousands of Euros							
	Legal and statutory reserve	Voluntary reserves	Capitalisation reserve	Reserve for own shares	Goodwill reserve	Differences for adjustments of capital to euros	Profit/loss for the year	Total
Balance at 31 December 2019	1,743	556,208	4,408	21,963	619	15	30,122	615,078
Profit for 2020	-	-	-	-	-	-	31,633	31,633
Distribution of profit for 2019								
Voluntary reserves	-	1,249	-	-	-	-	(1,249)	-
Dividends	-	-	-	-	-	-	(28,873)	(28,873)
Transfers	-	(2,048)	2,151	-	(103)	-	-	-
Changes in own shares	-	(19)	-	(64)	-	-	-	(83)
Balance at 31 December 2020	1,743	555,390	6,559	21,899	516	15	31,633	617,755

a. Legal reserve

The legal reserve has been allocated in accordance with article 274 of Spanish Companies Act, which establishes that, in any event, a figure equal to 10% of the profit for the year must be earmarked to the reserve until it reaches at least 20% of share capital.

The legal reserve can be used to increase capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

At 31 December 2021 and 2020, the Company has appropriated to this reserve the minimum amount required by the Spanish Companies Act.

b. Reserve for own shares

The reserve for own shares has been allocated in accordance with article 149 of the Spanish Companies Act. This reserve may be freely available provided that the Company has sufficient freely available reserves to cover the balance of own shares without reducing equity below the amount of share capital plus legal or statutory restricted reserves (Note 12.3).

c. Voluntary reserves

Voluntary reserves are freely available.

d. Capitalisation reserve

The capitalisation reserve has been appropriated in accordance with article 25 of the Corporate Income Tax Law, which requires that an amount equal to the reduction in taxable income for the year be appropriated to the reserve. The amount by which taxable income may be reduced is equal to 10% of the increase in equity, as defined in the aforementioned article. In no case may the amount of the reduction exceed 10% of the taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards. However, if the reduction cannot be applied due to insufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the reduction entitlement was generated, together with any reduction applicable in that period, subject to the limit indicated. The reserve is non-distributable and the increase in equity must be maintained for a five-year period from the end of the tax period in which the reduction is generated, unless accounting losses are incurred.

12.3. Own share

According to the minutes of the General Shareholders' Meeting of 16 May 2017, the Board of Directors is authorised to acquire own shares in the Company on behalf of the latter or of subsidiaries, up to a maximum established by law and in mandatory legal provisions at each given time and which, at present, in combination with those already held by the Company, may not exceed 10% of its share capital, with a minimum acquisition price of the nominal value of the shares and a maximum price that may not exceed 30% of its share price, over a period of five years, superseding and leaving without effect the authorisation granted in the General Shareholders' Meeting of 23 May 2012.

At 31 December 2021 and 2020, the Company held own shares amounting to Euros 22,110 thousand and Euros 21,899 thousand, respectively, which are booked under “Own shares and equity” in equity in the balance sheet.

Movement of own shares and movement in 2021 and 2020 is as follows:

	No. of Shares
Own shares at 31 December 2019	**2,320,809**
Acquisition of own shares	175,097
Sale of own shares	(174,964)
Own shares at 31 December 2020	**2,320,942**
Acquisition of own shares	232,769
Sale of own shares	(232,962)
Own shares at 31 December 2021	**2,320,749**

In 2021, the Company acquired 232,769 own shares and sold 232,962 own shares, for an approximate global amount of Euros 2,422 thousand and Euros 2,434 thousand, respectively, giving rise to a profit of Euros 223 thousand which was recognised directly against Reserves (in 2020, the Company acquired 175,097 own shares and sold 174,964 own shares, for an approximate global amount of Euros 1,588 thousand and Euros 1,569 thousand, respectively, obtaining a loss of Euros 83 thousand which was recognised directly against Reserves).

All the own shares held by the company at 31 December 2021 and 2020 represented 2.67% of the total share capital of Elecnor, S.A. at those dates.

13. Provisions

The breakdown of "Long-term provisions" and "Short-term provisions" of non-current and current liabilities in the balance sheet at the end of 2021 and 2020, and the movements in 2021 and 2020, are as follows:

	Thousands of Euros					
Provisions	Balance at 31/12/2020	Charges	Reversals	Application	Derecognitions due to spin-off (Note 5)	Balance at 31/12/2021
Other employee benefits	3,936	796	-	(295)	(4,147)	290
Provisions for litigation and other responsibilities	80,957	108	-	(381)	(53,038)	27,646
Total	**84,893**	**904**	**-**	**(676)**	**(57,185)**	**27,936**

	Thousands of Euros					
Provisions	Balance at 31/12/2019	Charges	Reversals	Application	Transfers	Balance at 31/12/2020
Other employee benefits	4,057	2,351	-	(2,472)	-	3,936
Provisions for litigation and other responsibilities	78,114	21,454	(13,155)	(5,456)	-	80,957
Total	**82,171**	**23,805**	**(13,155)**	**(7,928)**	**-**	**84,893**

On 31 May 2017, Spanish National Markets and Competition Commission (CNMC) notified the Company, that it was opening disciplinary proceedings against it and another 15 companies, for a potential infringement in the sphere of the construction and maintenance of electrification systems and electromechanical equipment in railway lines. On 14 March 2019, the CNMC Council issued a resolution reducing the fine with respect to that proposed in the resolution of 31 August 2018 to Euros 20.4 million. In May 2019, the Company lodged an appeal and on 16 July 2019 the National Court (*Audiencia Nacional*) suspended execution of the CNMC resolution of 14 March 2019, dependent upon the presentation of bank guarantees.

On 26 September 2019, the Company received an incidental request of the National Court to bring proceedings, said proceedings having been brought in proper and timely manner on 11 November 2019.

On 22 June 2020, the Company filed a claim before the National Court; the judgment is pending.

In light of these events, and based on the assessment of the Company's legal advisers, although they consider that there are still solid arguments to challenge the CNMC's inspection, due to recent events in connection with other appeals against the Resolution, and the developments in other proceedings in the National Court in the last 2 years when the arguments presented by the parties have been rejected and the CNMC's decision confirmed, in 2019 the Directors of the Company booked a provision of Euros 20.4 million to cover this risk, since they estimate that there is a probability of the appeal prospering of less than 50%. This provision was transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off conducted in 2021 (see Note 5).

Furthermore, under Provisions for litigation and other liabilities at 31 December 2021 and 2020 the tax provision was recognised on the basis of what has been described in note 17.

Lastly, Provisions for litigation and other liabilities at 31 December 2021 and 2020 includes the Company's best estimate with regard to penalties and other contingencies in relation to the execution of various projects, mainly abroad, whose disbursement is estimated to take place in the short term, including provisions for negative works margins the amounts of which are individually not material making up a total amount of Euros 11,556 thousand, save a work in Mozambique, where an estimated loss of Euros 5,363 thousand is expected. Reversals in 2020 corresponded to penalties and other contingencies in relation to the execution of various projects that were completed in 2020, in a manner favourable to the Group. These provisions were transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off conducted in 2021 (see Note 5), except for Euros 5,263 thousand relating to vehicle risks held by the Company.

Other employee benefits include the cost payable by the Company to early-retiring employees using the replacement contract modality.

14. Financial liabilities

14.1. Classification and maturity of financial liabilities

The classification of financial liabilities by categories and classes under "Long- and short-term payables" in current and non-current liabilities at the end of 2021 and 2020 is as follows:

	2021					
	Thousands of Euros					
	Non-current			Current		
Category	At amortised cost or cost	At fair value	Total	At amortised cost or cost	At fair value	Total
Financial liabilities at amortised cost or cost						
Bonds and other marketable securities	30,000	-	30,000	69,974	-	69,974
Loans and borrowings	282,642	-	282,642	1,829	-	1,829
Finance lease payables (Note 9)	3,385	-	3,385	485	-	485
Other financial liabilities	-	-	-	3,267	-	3,267
Hedge derivatives (Note 11)	-	3,725	3,725	-	1,143	1,143
Total	**316,027**	**3,725**	**319,752**	**75,555**	**1,143**	**76,698**

Category	2020					
	Thousands of Euros					
	Non-current			Current		
	At amortised cost or cost	At fair value	Total	At amortised cost or cost	At fair value	Total
Financial liabilities at amortised cost or cost						
Bonds and other marketable securities	-	-	-	69,969	-	69,969
Loans and borrowings	381,546	-	381,546	3,769	-	3,769
Finance lease payables (Note 9)	3,880	-	3,880	461	-	461
Other financial liabilities	-	-	-	43,358	-	43,358
Hedge derivatives (Note 11)	-	6,938	6,938	-	1,176	1,176
Total	**385,426**	**6,938**	**392,364**	**117,557**	**1,176**	**118,733**

The breakdown by maturity of “Long-term payables” is as follows:

2021

Category	Thousands of Euros					
	2023	2024	2025	2026	2027 and thereafter	Total
Bonds and other marketable securities	-	-	-	-	30,000	30,000
Loans and borrowings	-	-	-	212,642	70,000	282,642
Finance lease payables (Note 9)	518	543	569	593	1,162	3,385
Derivatives (Note 11)	2,193	1,470	15	47	-	3,725
Total	**2,711**	**2,013**	**584**	**213,282**	**101,162**	**319,752**

2020

Category	Thousands of Euros					
	2022	2023	2024	2025	2026 and thereafter	Total
Loans and borrowings	21,301	60,783	290,853	8,609	-	381,546
Finance lease payables (Note 9)	494	518	543	569	1,756	3,880
Derivatives (Note 11)	2,669	2,477	1,683	109	-	6,938
Total	**24,464**	**63,778**	**293,079**	**9,287**	**1,756**	**392,364**

The amount of net income and expense by category of financial liabilities at 31 December 2021 was Euros 8,566 thousand and corresponds to finance expenses from Trade and other payables amounting to Euros 6,572 thousand and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros 1,994 thousand, applying the amortised cost method (Euros 10,198 thousand and corresponding to finance expenses from Trade and other payables amounting to Euros 7,991 thousand applying the amortised cost method and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros 2,207 thousand in 2020).

14.2. Payables

Details of payables are as follows:

	Thousands of Euros			
	Non-current		Current	
	2021	2020	2021	2020
Bonds	30,000	-	-	-
Promissory notes	-	-	69,974	69,969
Loans and borrowings	282,642	381,546	1,197	2,701
Interest	-	-	632	1,068
Finance lease payables (Note 9)	3,385	3,880	485	461
Financial instruments, hedge derivatives (note 11)	3,725	6,938	1,143	1,176
Suppliers of fixed assets	-	-	834	4,655
Other	-	-	2,433	38,703
Total	**319,752**	**392,364**	**76,698**	**118,733**

Loans and borrowings - syndicated loan

On 21 July 2014, Elecnor arranged syndicated financing of Euros 600 million with a group of 19 banks. This financing was structured into two tranches: one loan tranche totalling Euros 300 million, repayable in instalments, and a revolving credit tranche with a limit of Euros 300 million, maturing in July 2019 and it has had successive novations.

On 27 June 2019, Elecnor signed a fifth novation of this agreement, subscribed by all 14 lenders. This renewal entailed, as a single amendment, the addition as a borrower of Electrificaciones del Ecuador (Elecdor), the division of the credit tranche (tranche B) into two sub-tranches, one sub-tranche (sub-tranche B1) with a ceiling of Euros 134.2 million available for Elecnor and one sub-tranche (sub-tranche B2) with a ceiling of USD 75 million available for both Elecnor and Elecdor.

On 30 September 2021, Elecnor, S.A. signed a sixth novation of the syndicated financing agreement, subscribed by 12 of the 13 lenders at this time. This novation involved the following changes:

- Elecnor Servicios y Proyectos, S.A.U. became a guarantor,
- Reduction of the total maximum amount to Euros 350 million, leaving the loan tranche (Tranche A) at Euros 50 million, the euros credit sub-tranche (Sub-tranche B1) at Euros 236 million and the USD credit sub-tranche (Sub-tranche B2) at USD 75 million,
- Extension of the maturity by just over 2 years (until September 2026) with full repayment at maturity,
- Modification to the applicable margin by including an additional tranche with a lower margin if the DFN/EBITDA ratio is below 1.25x.

The Company quantitatively and qualitatively analysed whether or not the above modifications were substantial, and concluded in all periods that they were not, thus, there was no extinguishment of the original liabilities in any of the years.

This syndicated financing bears interest indexed to Euribor for the interest term chosen by the borrower (1, 3 or 6 months) for drawdowns in euros and to Libor for the interest period chosen by the borrower (1, 3 or 6 months), plus a spread tied to the net financial debt with recours/(EBITDA with recourse + dividends from projects) ratio. The Company has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt with recourse/EBITDA with recourse) and (EBITDA with recourse/Net finance expenses)), which will be calculated on the basis of the Elecnor Group’s consolidated figures. Non-compliance could be cause for terminating the contract, although, at 31 December 2021, all the ratios linked to this financing were compliant.

At 31 December 2021, the drawn down amount of the syndicated financing agreement totals Euros 216 million and corresponds to Euros 50 million of the loan tranche, Euros 153 million of the credit tranche in euros and Euros 13 million of the credit tranche in US Dollars (Euros 341 million at 31 December 2020, Euros 200 million corresponding to the loan tranche and Euros 134 million to the credit tranche and Euros 7 million of the credit tranche in US Dollars).

The aforementioned syndicated financing agreement (loan tranche and credit tranche) in 2021 accrued interest at an average rate of 2.29%, amounting to a total of Euros 4,270 thousand in interest, considering the effect of the Euros 1,994 thousand in hedges booked by the Group under “Finance expenses” in the accompanying consolidated income statement for 2021 (Euros 5,102 thousand in interest in 2020, which included a finance expense for hedges totalling Euros 2,207 thousand).

Loans and borrowings - other debts

Current and non-current loans and borrowings corresponded entirely at 31 December 2020 to a financing agreement for Euros 9,200 thousand, arranged on 18 August 2017, with the European Energy Efficiency Fund, S.A., SICAV-SIF, maturing in 2031 and linked to the assignment of future credit rights of the Company. The amount pending at 31 December 2020 was Euros 7,586 thousand.

Moreover, on 13 March 2018, the Company arranged a financing agreement through a policy for the assignment of credit rights with the Efficiency Solutions fund, amounting to Euros 11,500 thousand, and maturing in June 2027. The pending amount of these credits as of 31 December 2020 is Euros 8,168 thousand.

In 2020 these borrowings accrued interest of Euros 744 thousand.

Both borrowings have been transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

In 2021, the Company has entered into a loan with the ICO for a nominal amount of Euros 20 million, which accrues fixed nominal annual interest at a rate of 2.4% and which will be fully repaid on 30 September 2031. On the same date, the Company signed a second loan with Banca March for a nominal amount of Euros 50 million, accrues fixed nominal annual interest at a rate of 2.4% and matures in full in 2031.

In 2021, this new financing has accrued interest of Euros 428 thousand.

Promissory notes

At the beginning of 2021, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 70 million (Euros 70 million in 2020). New issues in 2021 totalled Euros 1,278 million while maturities totalled Euros 1,278 million. The outstanding balance at 31 December 2021 was therefore Euros 70 million, reflecting 1,278 securities with a nominal value of Euros 100 thousand each.

At the beginning of 2020, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 70 million. New issues in 2020 totalled Euros 966 million while maturities totalled Euros 966 million. The outstanding balance at 31 December 2020 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

The promissory note programmes in force in 2021 and 2020 provided for a maximum number of outstanding issues at all times of Euros 300 million.

In 2021, these promissory notes accrued interest and fees totalling Euros 627 thousand (Euros 829 thousand in 2020) which the Company recognised under “Finance expenses” in the accompanying income statement.

In addition to the aforementioned borrowing, on 27 September 2021, the Company issued senior unsecured bonds amounting to Euros 30,000 thousand on Spain's Alternative Fixed Income Market (MARF), with maturity on 30 September 2035 and which accrue annual interest at a rate of 3%.

Credit facilities

Furthermore, the Company has credit facilities granted with the following limits (excluding the credit facility of tranche B of the syndicated loan):

	Thousands of Euros			
	2021		2020	
Category	Limit	Amount not drawn down	Limit	Amount not drawn down
Credit facilities	53,000	51,804	221,000	190,569
Total	**53,000**	**51,804**	**221,000**	**190,569**

At 31 December 2021, Elecnor, S.A., excluding tranche B of the syndicated financing, had 4 credit facilities open with various credit institutions with a total maximum limit of Euros 53 million, the majority of which mature in 2023 with tacit annual renewals (10 credit facilities at 31 December 2020). 6 credit facilities have been transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

Other

This heading, as of 31 December 2020, mainly included an advance received by the Company for a job that will be done with another partner abroad for Euros 36,310 thousand. The Company expected to deliver the job to said partner in 2021 once it made the pertinent guarantees. In 2020, the Company received 100% of the advance of Euros 72,620 thousand as all the guarantees had been made (its own and those of the other party). This advance has been transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

Furthermore, in 2020 the Company set up a securitisation fund 'Elecnor Eficiencia Energética 2020, Fondo de Titulización', to which it assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this new structure, the Company obtains financing for investment in the assigned contracts in the amount of Euros 50 million as a result of the credit claims assignment. The securitisation fund issued 7-year bonds worth Euros 50 million, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). At 31 December 2020, the Company had not drawn down any amount with respect to this financing, and it was transferred in 2021 to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

14.3. Amounts denominated in foreign currencies

The breakdown at 31 December 2021 and 2020 of the main financial liabilities denominated in foreign currency is as follows:

2021

Currency	Loans and borrowings
BOB	-
DOP	-
DZD	-
GMD	-
GHS	-
HNL	-
HTG	-
JOD	-
MRO	-
NOK	-
OMR	-
USD	13,232
VES	-
XOF	-
XAF	-
Other	-
Total	**13,232**

2020

Currency	Loans and borrowings	Trade and payables
BOB	-	143
DOP	-	9,865
DZD	-	10,339
GMD	-	821
GHS	-	1,013
HNL	-	597
HTG	-	2,897
JOD	-	2,986
MRO	-	925
NOK	-	5,302
OMR	-	21,885
USD	7,414	12,752
VES	-	341
XOF	-	1,056
Other	-	5,162
Total	**7,414**	**76,084**

15. Information on the average supplier payment period. Additional Provision Three. "Duty of Information" pursuant to Law 15/2010 of July 5

Information on the average supplier payment period in 2021 and 2020 is as follows:

	Days	
	2021	2020
Average supplier payment period	31	60
Transactions paid ratio	31	67
Transactions payable ratio	26	35
	Expressed in Thousands of Euros	
Total payments made	21,709	992,593
Total payments outstanding	1,996	258,201

16. Advances from customers

The breakdown of this heading of current liabilities on the balance sheet at the end of 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Advance invoices	489	353,249
Advances from customers	5,016	97,667
	5,505	**450,916**

Advance invoices comprise invoices on account issued in accordance with the timing conditions specified in the agreements for works currently in progress.

Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts and tend to be linked to projects carried out abroad.

As of 31 December 2020 Customer Advances included Euros 36,310 thousand from what is discussed in note 14.2 “Others”. The amount at 31 December 2021 includes the advances received abroad by the Cameroon Branch (see Note 5).

17. Taxation

17.1. Current balances with Public Administrations

The breakdown of balances with Public Administrations at the end of 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Assets:		
Current tax assets	7,035	4,177
Value Added Tax and similar	2,331	12,439
Withholdings	-	3,301
Other	711	2,646
	10,077	**22,563**
Liabilities:		
Current tax liabilities	1,019	4,111
Value Added Tax and similar	3,351	13,244
Social Security	162	10,668
Withholdings	756	8,519
Other	1,423	301
	6,711	**36,843**

The Company has the following years open to inspection by the taxation authority in respect of the main taxes applicable to it:

Tax	Years open to inspection
Corporate Income Tax (*)	2017-2020
Value Added Tax	2017-2021
Personal Income Tax	2017-2021
Social Security	2017-2021
Capital Gains Tax	2017-2021
Non-residents	2017-2021

(*) The deadline for filing Corporate Income Tax returns is 25 calendar days after the six months subsequent to conclusion of the tax periods, so corporate tax corresponding to 2021 will not be open to inspection until 25 July 2022.

On 10 February 2021, based on its request of 28 December 2020, the Company received notification from the tax authority that it will be taxed under the consolidated tax regime from 1 January 2021 with the rest of the national Group’s companies taxed under state regulations (see Note 4.k).

Inspections conducted by the Tax Authority’s Large Taxpayers Division at the Company, and commenced by notification on 1 July 2016, concluded in 2018 and covered all taxes applicable to the Company for the period 2012-2014, except for Corporate Income Tax, which covered the period 2011-2013.

The aforementioned inspections concluded in 2018 with the signing of statements of disconformity whose settlement implies a payment obligation totalling Euros 14,208 thousand.

On 28 December 2018, the Company filed economic-administrative appeals against the settlement agreements derived from the statements of disconformity before the Central Economic-Administrative Court, which were the subject of a request for suspension while the proceedings were underway.

On 23 November 2020, the Company was notified that the files were accessible, and of the procedure for allegations, which were submitted on 17 December 2020 that have been rejected in 2021.

In light of this situation, the Company's Directors, in cooperation with its tax advisers, and although they consider that there are weighty arguments to underpin the position of the Company, decided in 2019 to allocate a provision for the amounts claimed in the appealed settlement agreements in connection with differences in interpretation in respect of related party transactions amounting to Euros 7,559 thousand, since they consider that in 2019 retroactivity had been ruled out and, accordingly, the reviewing bodies are more likely to approve the Tax Authority's position than not (note 13), and considering the impact for the rest of years open to inspection, should the Tax Authority apply the same criteria for the years open to inspection.

In addition to the foregoing, on 29 October 2019, the Company received a notification of the commencement of an inspection in relation to the following taxes and years:

- Corporate Income Tax for the tax periods 2014 to 2016,
- Value Added Tax for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for capital gains for the periods 09/2015 to 12/2016,
- Withholdings and payments on account for real estate earnings for the tax periods 09/2015 to 12/2016,
- Withholdings on account for non-residents tax for the tax periods 09/2015 to 12/2016,

The aforementioned inspections concluded in 2021 with the signing of statements of conformity which resulted in a payment totalling Euros 5,691 thousand.

However, the Administration's entitlement to verify or investigate tax loss carryforwards offset or pending offsetting, deductions for double taxation and deductions to encourage certain activities applied or pending application prescribes after 10 years from the day after the end of the established period for filing the tax return or self-assessment for the tax period in which the Company's entitlement to offsetting or application was generated. Once that period has elapsed, the Company must accredit tax losses or deductions by presenting the settlement or self-assessment and the accounts, and also evidencing that they have been filed during the aforementioned period in the Companies Register.

Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. In any case, the Company's Directors consider that the aforementioned taxes have been correctly paid and therefore, even in the event of discrepancies in the interpretation of prevailing fiscal legislation of certain transactions, they consider that any such liabilities that could arise would not have a significant effect on the accompanying annual accounts.

17.2. Reconciliation between accounting profit/loss and taxable income

The reconciliation between accounting profit/loss and taxable income for Corporate Income Tax purposes is as follows:

2021

	Thousands of Euros		
	Increase	Decrease	Total
Accounting profit/loss before taxes			**7,631**
Permanent differences:			
Income obtained abroad	2,580	-	2,580
Dividends (Note 20)	-	(39,248)	(39,248)
Non-deductible expenses	999	-	999
Impairment losses on investments	-	(1,095)	(1,095)
Temporary differences:			
Originating in previous years:			
Other provisions (Note 13)	823	-	823
Originating in the current year:			
Credit impairment (Note 10.4)	6,298	-	6,298
Offsetting of tax losses			**-**
Taxable income			**(22,012)**

2020

	Thousands of Euros		
	Increase	Decrease	Total
Accounting profit/loss before taxes			**46,765**
Permanent differences:			
Income obtained abroad	23,315	(20,430)	2,885
Dividends (Note 20)	-	(35,569)	(35,569)
Capitalisation reserve	-	(2,132)	(2,132)
Non-deductible expenses	10,010	-	10,010
Gains on financial investments	-	(729)	(729)
Portfolio provision	3,237	-	3,237
Temporary differences:			
Originating in previous years:			
Fixed assets	254	(163)	91
Other provisions (Note 13)	-	(6,792)	(6,792)
Originating in the current year:			
Insolvency provision	3,774	-	3,774
credit risk (Note 10.5)	8,339	-	8,339
Other provisions (Note 13)	-	(10,693)	(10,693)
Offsetting of tax losses			**(5,330)**
Taxable income			**13,856**

Fiscal legislation applicable to 2021 and 2020 provides for certain credits whose aim is, in certain circumstances, to avoid double taxation of income obtained abroad, in connection with both permanent establishments located in foreign countries and dividends paid by non-resident subsidiaries. When applying these two tax credits, the Company has made the adjustments indicated in the tables above to the basis for calculating Corporate Income Tax in 2021 and 2020.

On 31 December 2020, Law 11/2020 of 30 December, on the General State Budgets for 2021 was published, which includes certain changes to the Corporation Income Tax Law. The main change to the Corporation Income Tax Law is the elimination of the total tax exemption of dividends and capital gains, which remains at 95%.

17.3. Reconciliation between the accounting profit/loss and the Corporate Income Tax expense

The reconciliation between the accounting profit/loss and the Corporate Income Tax expense for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Accounting profit/loss before taxes	**7,631**	**46,765**
Rate of 25%	1,908	11,691
Permanent differences:		
Impairment of investments in Group companies	-	809
Dividends	(9,812)	(8,892)
Profit/loss on disposal/settlement of investments in Group companies and associates	(274)	(182)
Capitalisation reserve	-	(533)
Income obtained abroad	645	721
Other non-deductible expenses	250	2,503
Tax branches	353	7,047
Prior years' adjustments	346	(249)
Other	5,019	2,217
Total tax income/(expense) recognised in the income statement	**(1,565)**	**15,132**

As established by applicable legislation, taxes cannot be deemed as definitively settled until the tax returns filed have been audited by taxation authority or until relevant statute of limitations has concluded.

Others in 2021 and 2020 mainly includes the effect of tax inspections (Note 13 and 17.1).

17.4. Deferred tax assets

The breakdown of the balance of this account at the end of 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Temporary differences (prepaid taxes)		
Provisions for PV plants	-	232
Remuneration provision	320	3,694
Insolvency and credit provisions	8,495	7,695
Other provisions	2,612	8,325
Fair value measurement of derivative instruments (Note 11)	1,343	2,029
Corporate transactions	-	739
Other	1,376	992
Tax credits and deductions	-	14,262
Total	**14,146**	**37,968**

The aforementioned deferred tax assets have been recorded in the balance sheet as the Company's Directors consider that there is no doubt about their recoverability.

17.5. Deferred tax liabilities

The breakdown of the balance of this account at the end of 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Temporary differences		
Fair value measurement of derivative instruments (Note 11)	-	82
Corporate transactions	-	515
Accelerated amortisation	-	99
Other	4,782	5,760
Total	**4,782**	**6,456**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

18. Income and expenses

18.1. Net turnover

As a consequence of the spin-off conducted in 2021 (see Note 5), and given that the Company's main activity is now the holding of equity investments, the dividends and financial income received from investees have been classified under the heading "Net turnover". This does not represent a change in criteria but results from a change in the Company's main activity.

The net turnover for 2021 mainly corresponds to dividends received from investees as a result of the spin-off conducted in 2021 (see Note 5).

Sales recorded amounting to Euros 9,789 thousand come from the activity of the Cameroon branch.

The breakdown of the turnover in 2020, by both geographic areas and products, is as follows:

	Thousands of Euros
By geographical area	2020
Domestic	1,079,540
International	464,509
Total	**1,544,049**
By product or activity	
Electricity	583,190
Power generation	227,966
Telecommunications	190,985
Construction, environment and water	148,523
Maintenance	164,861
Facilities	145,086
Gas	28,897
Railways	54,541
Total	**1,544,049**

18.2. Materials consumed

The breakdown of Consumption of goods, Raw materials and other materials consumed for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Consumption of raw materials and others		
Domestic purchases	-	323,005
EU purchases	-	36,829
Imports	2,836	74,078
Discounts and returns	-	(4,081)
Changes in inventories	-	178
	2,836	**430,009**

18.3. Personnel expenses

The breakdown of "Personnel expenses" in the accompanying income statements for 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Salaries and wages	16,946	345,414
Social Security	1,163	94,190
Other employee benefits expenses	575	4,941
	18,684	**444,545**

18.4. Transactions denominated in foreign currencies

At 31 December 2021, there were no significant transactions denominated in foreign currencies, as these were linked to the Services and Projects activity which has been spun off to Elecnor Servicios y Proyectos, S.A.U. (see Note 5).

Details of income and expenses denominated in foreign currency at 31 December 2020 are as follows:

	Thousands of Euros
	2020
Income	
Net sales	652,933
Rendering of services	50
Financial Instruments	
Finance income	172
Dividends	20,008
Other	447
	673,610
Expenses	
Net purchases	(116,698)
Expenses on operating leases	(6,750)
Other services received	(27,831)
Personnel expenses	(28,194)
Financial Instruments	
Finance expenses	(90)
Taxes	(10,287)
Other	(6,924)
	(196,774)

19. Information on employees

The average headcount, by professional category, in 2021 and 2020 was as follows:

	Average headcount	
	2021	2020
Management	22	125
Executive	45	779
Technician	76	2,234
Basic	134	8,036
Total	**277**	**11,174**

Of the average headcount at Elecnor, S.A. in 2021, 175 employees had temporary contracts (4,983 in 2020).

Moreover, the breakdown by gender at the end of 2021 and 2020, specified by professional category, of staff and Directors is as follows:

Category	2021		2020	
	Male	Female	Male	Female
Directors	13	2	13	2
Management	14	8	107	14
Executive	19	25	683	155
Technician	38	46	1,531	875
Basic	153	28	8,188	408
Total	**237**	**109**	**10,522**	**1,454**

The average number of Company employees with a disability equal to or higher than 33% (or equivalent local rating) in 2021 and 2020, detailed by professional category, is as follows:

Category	2021	2020
Technical area	-	5
Administration	-	8
Specialists	-	35
Total	**-**	**48**

20. Related Party Balances and Transactions

20.1. Related Party Transactions

The Company's transactions with Group companies, associates and jointly-controlled entities are as follows:

2021

	Thousands of Euros			
	2021			
	Group companies	Group associates	multi-group companies	Total
Income				
Dividend income, holding companies	39,000	123	2,190	41,313
Interest income, holding companies	4,465		1,027	5,492
Income from services rendered	2,715	-	-	2,715
Other operating income	730	-	393	1,123
	46,910	**123**	**3,610**	**50,643**
Expenses				
Financial instruments				
Finance expenses	(104)	-	-	(104)
Impairment and losses				
Credits	-	-	(5,825)	(5,825)
	(104)	**-**	**(5,825)**	**(5,929)**
	46,806	**123**	**(2,215)**	**44,714**

2020

	Thousands of Euros			
	2020			
	Group companies	Group associates	multi-group companies	Total
Income				
Sales	16,488	14,632	15	31,135
Other operating income	3,078	96	97	3,271
Financial Instruments				
Finance income	2,313	811	476	3,600
Dividends	34,132	-	1,437	35,569
Profits on disposals	3,470	-	-	3,470
	59,481	**15,539**	**2,025**	**77,045**
Expenses				
Materials consumed	(101,501)	-	-	(101,501)
External services	(3,484)	-	(338)	(3,822)
Personnel expenses	(16)	-	-	(16)
Adjustments to customers	-	-	(557)	(557)
Financial Instruments				
Finance expenses	(343)	-	-	(343)
Impairment and losses				
Equity instruments	(2,371)	-	-	(2,371)
Credits	-	-	(8,333)	(8,333)
	(107,715)	**-**	**(9,228)**	**(116,943)**
	(48,234)	**15,539**	**(7,203)**	**(39,898)**

Materials consumed with group companies as of 31 December 2020 included Euros 74,056 thousand with the group company Aplicaciones Técnicas de la Energía, S.L. for the supply of panels for the construction of the Perseo Fotón photovoltaic solar plants in Castilla la Mancha and the construction of the Sunflower Solar Park in the Dominican Republic. As a result of the spin-off conducted in 2021 (see Note 5), these transactions are made by Elecnor Servicios y Proyectos S.A.U.

Expenses on impairment of credits with joint ventures as of 31 December 2021 and 2020, corresponds entirely to the impairment of Company credits with Dunor Energía S.A.P.I. de CV in view of the company's financial position, described in Note 10.4.

20.2. Related party balances

The breakdown of balances with Group companies, associates and jointly-controlled entities at 31 December 2021 and 2020 is as follows:

2021

	Thousands of Euros			
	2021			
	Group companies	Group associates	multi-group companies	Total
Long-term investments in Group companies and associates				
Equity instruments	373,465	35	424,222	797,722
Credits to companies	100,000	-	-	100,000
Total non-current assets	**473,465**	**35**	**424,222**	**897,722**
Trade and other receivables				
Customers, short-term Group companies and associates	4,214	73	244	4,531
Short-term investments in Group companies and associates				
Credits to companies	110,400	-	-	110,400
Other financial assets	34,819	-	-	34,819
Total current assets	**149,433**	**73**	**244**	**149,750**
Total assets	**622,898**	**108**	**424,466**	**1,047,472**
Short-term payables to Group companies and associates	(113,308)	-	-	(113,308)
Total current liabilities	**(113,308)**	**-**	**-**	**(113,308)**
Total liabilities	**(113,308)**	**-**	**-**	**(113,308)**

2020

	Thousands of Euros			
	2020			
	Group companies	Group associates	multi-group companies	Total
Long-term investments in Group companies and associates				
Equity instruments	432,556	15,565	410,820	858,941
Credits to companies	-	7,993	-	7,993
Total non-current assets	**432,556**	**23,558**	**410,820**	**866,934**
Advances to suppliers	4,861	-	-	4,861
Trade and other receivables				
Customers, short-term Group companies and associates	15,280	256	4,477	20,013
Short-term investments in Group companies and associates				
Credits to companies	28,298	66	75	28,439
Other financial assets	3,028	-	67	3,095
Total current assets	**51,467**	**322**	**4,619**	**56,408**
Total assets	**484,023**	**23,880**	**415,439**	**923,342**
Short-term payables to Group companies and associates	(16,878)	(5)	-	(16,883)
Trade and other payables				
Suppliers, Group companies and associates	(27,327)	-	-	(27,327)
Total current liabilities	**(44,205)**	**(5)**	**-**	**(44,210)**
Total liabilities	**(44,205)**	**(5)**	**-**	**(44,210)**

The heading “Other financial assets” at 31 December 2021 includes the Corporate Income Tax receivable from Group companies amounting to Euros 18,025 thousand due to the tax consolidation (see Note 4-k).

The heading “Short-term payables to Group companies and associates” at 31 December 2021 includes the current account with the company Elecnor Servicios y Proyectos S.A.U. arising as a result of the spin-off amounting to Euros 100,586 thousand (see Note 5) and the Corporate Income Tax payable to Group companies amounting to Euros 12,722 thousand due to the tax consolidation (see Note 4-k).

On 11 July 2019, the Group company Ehisa Construcciones y Obras, S.A. granted the Company a mercantile loan amounting to Euros 5,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 1.5%. In 2020, the company repaid Euros 3,625 thousand of this loan. Furthermore, on 26 November 2020, a new mercantile loan was arranged for Euros 2,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. This loan has been transferred to Elecnor Servicios y Proyectos S.A.U. as a result of the spin-off (see Note 5).

On 28 May 2018, the Group company Aplicaciones Técnicas de la Energía, S.L. granted the Company a mercantile loan amounting to Euros 6,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. In 2019, Euros 500 thousand of this loan was repaid. On 19 December 2019, the Company arranged a new mercantile loan for Euros 3,500 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. In 2020, the Company repaid Euros 2,750 thousand of these loans, so the balance pending was Euros 6,250 thousand. This loan has been transferred to Elecnor Servicios y Proyectos S.A.U. as a result of the spin-off (see Note 5).

On 29 June 2018, Enerfin Sociedad de Energía, S.L.U. granted the Company a loan amounting to Euros 44,900 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 1.5%, the drawn down amount of which at 31 December 2020 was Euros 3,100 thousand. In addition, in 2020, the Group company Enerfin Sociedad de Energía, S.L.U. granted the Company two loans amounting to Euros 12,100 thousand with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. In 2020, Euros 10,100 thousand of these loans was repaid. At 31 December 2021, the remaining amount has been repaid, with no amounts outstanding at the end of the period.

Furthermore, at 31 December 2020, the company maintained a credit of Euros 23,800 thousand with Enerfin Enervento Exterior, S.L.U. for various loans granted in the year. In 2021, Euros 3,750 thousand has been written off and the outstanding receivable amount at 31 December 2021 is Euros 20,400 thousand.

Furthermore, group company suppliers at 31 December 2020 included a balance of Euros 10,767 thousand with the group company Aplicaciones Técnicas de la Energía, S.L. for the projects described in note 20.1. These balances have been transferred to Elecnor Servicios y Proyectos S.A.U. as a result of the spin-off (see Note 5).

Finally, at 31 December 2021 and 2020 the Company had an account payable to the Directors amounting to Euros 2,434 thousand and Euros 2,415 thousand, respectively.

20.3. Remuneration of the Board of Directors

a) Remuneration and other benefits-

In 2021 the members of the Company’s Board of Directors received remuneration amounting to Euros 4,789.6 thousand for all items (Euros 4,938.1 thousand in 2020). This remuneration includes that earned in their capacity as management personnel.

The Company has paid approximately Euros 4.3 thousand for life insurance arranged for former or current members of its Board of Directors (Euros 13.1 thousand in 2020).

At 31 December 2021 and 2020, the Company does not have any pension obligations with former or current members of the Board of Directors nor has it extended any guarantees on their behalf or granted any loans thereto.

At 31 December 2021 and 2020, the Board of Directors of the Company is formed by 15 individuals, two of whom are female.

At 31 December 2021 and 2020, the amount paid by the Company with regard to public liability insurance for all or some of the directors in relation to damage caused due to acts or omissions in discharging their duties was not significant.

b) Conflicts of interest concerning the Directors-

The members of the Board of Directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

c) Transactions other than ordinary business or under terms differing from market conditions carried out by the Directors-

In 2021 and 2020 the Directors of the Company have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

20.4. Remuneration to the Management Team

In 2021, the Company's Management Team received remuneration amounting to Euros 971 thousand (Euros 5,728 thousand in 2020).

The stated total remuneration includes both fixed remuneration and annual variable remuneration.

At 31 December 2021 and 2020, the Company does not have any material pension obligations with management nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

21. Bonds and guarantees

At 31 December 2021 and 2020, the breakdown of bonds and guarantees for bids, completion or performance provided for projects executed by ELECNOR, S.A. in its own name and projects related to the concessions and wind power business and the companies remaining in ELECNOR, S.A. following the spin-off agreement, generally provided by banks on behalf of the Company to third parties, is as follows:

	Thousands of Euros	
	2021	2020
Completion bonds	165,987	802,181
Advances on contracts	30,859	335,083
Performance bonds	25,382	172,940
Bid bonds	2,220	64,589
Standby	-	17,028
	224,448	**1,391,821**

At 31 December 2020, the Company had provided bonds to the customer Empresa de Transmisión Eléctrica, S.A. for Euros 67 million and Euros 33 million, respectively. It had also provided guarantees to the customer Toabré for Euros 26 million in both years.

Furthermore, in 2020 it provided guarantees to customers AB Lietuvos Gelezinkeliu, Mataquito Transmisora de Energía and Nesf in the respective amounts of Euros 84 million, Euros 65 million and Euros 74 million.

At 31 December 2021, due to the spin-off (see Note 5), the guarantees have been transferred to Elecnor Servicios y Proyectos, S.A.U., which absorbs the Services and Projects activity tied to these guarantees.

The Company's Directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying annual accounts.

Contingencies-

On 17 January 2020, the Central Court of Instruction No. 5 issued an order decreeing the commencement of a trial concerning a former employee of the subsidiary Deimos Space, S.L., the latter for alleged criminal liability as a legal person for possible crimes of corruption in international commercial transactions and money laundering, requiring that the company provide a guarantee of Euros 1,460 thousand to cover civil liability, and additional guarantees of Euros 10,240 thousand and Euros 2,625 thousand to cover possible future pecuniary sanctions and confiscations.

The Company presented the shares it owns in the Deimos Group to cover the aforementioned guarantee (shares that have been transferred to Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5).

The Company is in complete disagreement with the legal decision and is exercising its rights in the proceedings, appealing the guarantee amount required and requesting its free acquittal, as is the former Company employee and the latter's legal team, and it considers that there has been no proof in the proceedings to presume with a sufficient degree of certainty, beyond all reasonable doubt, that either Deimos Space, S.L. or its former employee will be sentenced, so that the Directors of the Company, in accordance with the terms of the plaintiff's defence writ presented on 4 March 2020, consider that the probable result of the trial will be an acquittal, and that therefore no criminal or civil liability will be enforced.

22. Temporary Business Associations (UTEs)

As a result of the spin-off described in Note 5, from 1 January 2021 the Company has ceased to participate in Temporary Business Associations as this business has been transferred to Elecnor Servicios y Proyectos, S.A.U.

The balance sheets and income statements of the Temporary Business Associations in which Elecnor, S.A. was involved were proportionately consolidated in the accompanying annual accounts, in accordance with the provisions for adaptation of the Spanish General Chart of Accounts to the construction sector.

Details of UTEs and the Company's interest percentage therein at 31 December 2020, the amount of revenues from construction work performed in 2020 and the order book at said years are attached as Appendix II to these annual accounts.

Details of the contribution of UTEs to the various headings in the accompanying balance sheet and income statement at 31 December 2020 were as follows:

ASSETS	Thousands of Euros	LIABILITIES	Thousands of Euros
Property, plant and equipment	453	Profit/loss for the year	4,849
Inventories	3,975	Provision for liabilities and charges	1,985
Receivables	50,708	Short-term payables	79,397
Temporary investments	11		
Cash	31,084		
Total	**86,231**	**Total**	**86,231**

The heading "Inventories" at 31 December 2020 included advance payments by Temporary Business Associations to their suppliers amounting to Euros 3,776 thousand.

Furthermore, the heading "Short-term payables" in the attached table includes advance invoices and advances from customers amounting to Euros 21,715 thousand.

Below is a breakdown of the UTEs' contributions to the various headings of the income statement for 2020:

Income statement	Thousands of Euros 2020
Net turnover	78,800
Materials consumed	(59,494)
Non-trading income	188
Personnel expenses	(4,201)
External services	(10,816)
Taxes	(843)
Losses, impairment and changes in trade provisions	(902)
Depreciation and amortisation charge	(294)
Impairment and profit/loss on disposal of fixed assets	608
Finance income	78
Finance expenses	(99)
Translation differences	2,438
Foreign tax expense	(614)
Total	**4,849**

23. Order book

Details, by line of business, of the Elecnor, S.A.'s order book at 31 December 2020, excluding UTEs, were as follows:

By geographical area	Thousands of Euros 2020
Domestic	511,726
International	1,007,279
Total	**1,519,005**
By line of business	
Electricity	809,423
Power generation	171,438
Telecommunications	123,936
Construction, environment and water	197,310
Maintenance	26,238
Facilities	85,068
Gas	12,915
Railways	92,677
Total	**1,519,005**

The above order book does not included projects that are expected to generate losses.

24. Audit fees

The auditor (KPMG Auditores, S.L.) of the Company's annual accounts invoiced the following net fees for professional services at 31 December 2021 and 2020:

Description	Thousands of Euros	
	2021	2020
For audit services	50	271
For other Verification services	100	101
For other services	7	11
Total	**157**	**383**

The above amounts include all fees relating to services provided in 2021 and 2020, regardless of when they were invoiced.

Other verification services refer to the limited review of interim financial statements and procedures in regard to ICSFR, provided by KPMG Auditores, S.L. to Elecnor S.A. in the years ended 31 December 2021 and 2020.

Other services refer to procedural reports regarding compliance with covenants and other procedures agreed provided by KPMG Auditores, S.L. to Elecnor, S.A. in the years ended 31 December 2021 and 2020.

Moreover, other affiliates of KPMG International invoiced the Company in the years ended on 31 December 2021 and 2020 for net fees relating to professional services, as follows:

Description	Thousands of Euros	
	2021	2020
For other Verification services	29	15
For other services	50	1,102
Total	**79**	**1,117**

Other auditors also invoiced the Company in the years ended on 31 December 2021 and 2020 for net fees relating to professional services, as follows:

Description	Thousands of Euros	
	2021	2020
Tax advisory services	1,261	-
Other services	772	3
Total	**2,033**	**3**

25. Environmental information

Respect for the environment and sustainability are an integral part of Elecnor's core values and culture.

The Company is committed to protecting the environment and fostering efficiency in the consumption of energy resources.

Consequently, Elecnor's activity is framed by its Environmental Management and Energy Management System, certified in accordance with ISO 14001 and ISO 50001 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System establishes effective control mechanisms to minimise the most significant impacts arising from the Group's various activities, such as the generation of waste, impact on the natural environment, the use of natural and energy resources and the impact on flora and fauna.

In 2021, AENOR multi-site certification audits were conducted according to ISO 9001: 2015 and ISO 14001:2015 standards. This is a single certificate for all of the Organisations in the Elecnor infrastructures area that contains all of the scopes of the various activities and all of the work centres which, up until now, obtained certification individually.

The Quality Management (ER-0096/1995) and Environmental Management (GA-2000/0294) certification includes the following Group areas:

- Major Networks Unit.
- Energy Unit.
- Engineering Unit.
- Facilities and Networks Unit: Central Regional Office and Northern Branches, North-Eastern Regional Office, Eastern Regional Office, Southern Regional Office, Elecnor Medio Ambiente, Elecnor Seguridad, Área 3 Equipamiento, Diseño e Interiorismo; Elecnor Infrastrutture S.R.L. (Italy); Ehisa Construcciones y Obras; Aplicaciones Técnicas de la Energía and Jomar Seguridad.
- Elecnor Chile
- Elecnor Angola

Environmental Management certificates are also held for the following subsidiaries:

- Audeca
- Deimos
- Hidroambiente
- Enerfín
- Elecnor México
- Elecnor do Brasil
- Elecnor de Argentina
- IQA
- Montelecnor

The Elecnor Group aims to contribute actively and decisively to the construction of a sustainable, low-carbon future by generating renewable energies, implementing energy efficiency measures, reducing its carbon footprint and through proper environmental management.

Climate change is a challenge in respect of which Elecnor has worked hard since 2013, by calculating its carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action. In March 2021, for the seventh consecutive year AENOR verified greenhouse gas emissions in accordance with the UNE ISO 14064-1:2012 standard, linked to the direct and indirect emissions relating to all its activities. Similarly, Elecnor obtained the “Calculo y Reduzco” seal granted by Spain’s Ministry for Ecological Transition’s (MITECO) Office for Climate Change (OECC) as part of the National Register for Carbon Footprint, Offsetting and Absorption of CO2.

Elecnor has taken part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change, strengthening its commitment to sustainability.

The Group has taken part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In its 2021 report to this organisation, Elecnor has consolidated its “A -” score, thus, endorsing our company’s leadership in the fight to combat climate change. This rating highlights that our Group is once again valued at one of the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

Elecnor has also taken another step forward in its commitment to decarbonisation by joining the Science Based Targets (SBT) initiative, which identifies and fosters innovative approaches to establishing corporate emission reduction targets according to science.

26. Events after the reporting period

In February 2022, the Company’s Directors decided to start a search process for the possible incorporation of a financial partner in the capital of its wind energy subsidiary, Enerfin Sociedad de Energía, S.L.U., by acquiring a material but non-controlling stake in this subsidiary.

Appendix I: Company information

(Thousands of Euros)

2021	Registered office	Auditor	Activity	Interest %			Thousands of Euros				
				Net carrying amount	direct %	indirect %	Share capital	Reserves and other equity items	Operating profit/(loss) for 2021	Net profit/loss for 2021	Dividend for 2021
Group companies (*)											
Elecdal, URL	ALGERIA	***	Construction and assembly	12	100.00%	0.00%	12	152	(12)	(12)	-
Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	150	100.00%	0.00%	151	(913)	1,755	866	-
Elecnor Paraguay, S.A.	PARAGUAY	***	Dormant	20	99.83%	0.17%	-	-	-	-	-
Elecnor Servicios y Proyectos, S.A.U.	SPAIN	KPMG	Construction and assembly	153,752	100.00%	0.00%	15,050	138,656	41,256	53,492	32,000
Elecnor South Africa (PTY) LTD	SOUTH AFRICA	***	Construction and assembly	-	100.00%	0.00%	2,138	(2,541)	8	8	-
Enerfín Sociedad de Energía, S.L.U. (Group)	SPAIN	Deloitte	Management and administration of companies	219,526	100.00%	0.00%	64,224	155,922	2,721	(28,296)	7,000
Associates and jointly-controlled entities (*)											
Celeo Concesiones E Inversiones, S.L.U. (Group)	SPAIN	KPMG	Management and administration of companies	424,222	51.00%	0.00%	166,671	333,229	68,607	10,957	2,190
Acciona Infraestructuras- Elecnor Hospital David, S.A.	PANAMA	***	Construction	-	25.00%	0.00%	8	4,450	(9,977)	(9,977)	-
Dunor Energía, Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	-	50.00%	0.00%	3	(49,695)	(3,854)	(4,334)	-
Eólica la Patagonia, S.A.	ARGENTINA	***	Operation and maintenance of wind farms	-	50.00%	0.00%	12	(13)	-	-	-
Inti Energia, S.A.P.I. de CV	MEXICO	***	Dormant	1	50.00%	0.00%	-	-	-	-	-
Morelos Epc S.A.P.I. De Cv	MEXICO	***	Construction, engineering and supply of Morelos gas pipeline	3	49.99%	0.01%	6	147	(30)	(34)	-
Morelos O&M, Sapi, Cv	MEXICO	***	Maintenance of the Morelos gas pipeline	35	50.00%	0.00%	71	269	65	60	123
Proyectos Electricos Agua Prieta, Sapi De Cv.	MEXICO	PKF Accountants & business advisers	International public tender no. 18164093-022-09 by the CFE relating to the plant named 171 CC Agua Prieta	1	50.00%	0.00%	3	(4,786)	(8)	30	-
				797,722							**41,313**

(*) Refer to figures of Individual Companies.
(***) Companies not legally required to audit their annual accounts.

Appendix I: Company information

(Thousands of Euros)

2020	Registered office	Auditor	Activity	Interest %			Thousands of Euros			
				Net cost	Executives:	indirect ownership	Share capital	Reserves	Net profit/loss for the year	Dividend for 2020
Group companies (*)										
Andes Solares, SAS	COLOMBIA	***	Development and operation of renewable energy sources	12	100.00%	0.00%	146	(87)	(16)	--
Aplicaciones Técnicas de la Energía, S.L. (ATERSA)	SPAIN	Deloitte	Solar energy	4,126	100.00%	0.00%	24,536	(5,264)	4,892	--
Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	***	Interior design	12	100.00%	0.00%	12	426	94	--
Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads.	23,000	100.00%	0.00%	132	3,347	1,311	--
Betonor, S.L.	ANGOLA	***	Dormant	73	51.00%	0.00%	967	(824)	--	--
Corporacion Electrade, S.A.	VENEZUELA	***	Construction and assembly	779	100.00%	0.00%	799	(516)	86	--
Deimos Engenharia, S.A.	PORTUGAL	ESAC Espirito Santo Associados	Services in the areas of telecommunications and aeronautic and space energy	1,227	56.00%	44.00%	250	1,107	168	--
Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	17,532	100.00%	0.00%	1,000	13,971	208	--
Ehisa Construcciones y Obras, S.A.U.	SPAIN	Jose Francisco Villamonte Fernando	Construction and assembly	3,802	100.00%	0.00%	600	2,682	1,451	3,625
Elecdal, URL	ALGERIA	***	Construction and assembly	12	100.00%	0.00%	12	1,144	(13)	--
Elecdor, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	364	19.20%	80.80%	2,425	(2,915)	2,681	--
Elecen, S.A.	HONDURAS	***	Construction and assembly	4	97.00%	3.00%	8	989	(35)	--
Elecnor Argentina, S.A.	ARGENTINA	SMS	Construction and assembly	1,342	100.00%	0.00%	9,136	(6,782)	979	--
Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	4,447	100.00%	0.00%	4,447	(332)	(757)	--
Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	150	100.00%	0.00%	151	(1)	(903)	--
Elecnor Chile, S.A.	CHILE	KPMG	Construction and assembly	19,413	100.00%	0.00%	19,507	28,757	12,883	8,084
Elecnor Côte D'Ivoire, S.A. (*****)	IVORY COAST	***	Construction and assembly	150	100.00%	0.00%	150	--	--	--
Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	735	100.00%	0.00%	910	(731)	2,323	--
Elecnor Do Brasil, L.T.D.A.	BRAZIL	KPMG	Construction and assembly	30,361	100.00%	0.00%	30,767	(15,896)	18,649	11,923

Appendix I: Company information

(Thousands of Euros)

					Interest %		Thousands of Euros			
2020	Registered office	Auditor	Activity	Net cost	Executives:	indirect ownership	Share capital	Reserves	Net profit/loss for the year	Dividend for 2020
Elecnor Energie und Bau, GmbH	GERMANY	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	554	100.00%	0.00%	75	213	(5)	--
Elecnor Infrastruttre e Aerospaziale, S.R.L.	ITALY	***	Construction and assembly	500	100.00%	0.00%	500	67	91	--
Elecnor Infrastruture, LLC	OMAN	BDO	Construction and maintenance	371	70.00%	0.00%	529	(77)	(64)	--
Elecnor Paraguay, S.A.	PARAGUAY	***	Dormant	28	99.83%	0.17%	--	--	--	--
Elecnor Peru, S.A.C	PERU	***	Construction and assembly	1,612	99.99%	0.01%	19,394	(19,356)	859	--
Elecnor Seguridad, S.L.U.	SPAIN	***	Installation and maintenance of fire prevention and safety systems	120	100.00%	0.00%	120	1,906	544	--
Elecnor Senegal, SASU	SENEGAL	AC Corporate	Construction and assembly	2	100.00%	0.00%	1	--	(889)	--
Elecnor Servicios y Proyectos, S.A.U.	SPAIN	***	A broad range of business activities	13,545	100.00%	0.00%	13,545	(43)	(2)	--
Elecnor South Africa (PTY) LTD	SOUTH AFRICA	***	Construction and assembly	--	100.00%	0.00%	2,138	(2,152)	(52)	--
Elecnor, INC	USA	RP&B	Facilities	57,913	100.00%	0.00%	57,913	(6,293)	4,494	--
Elecred Servicios, S.A.U.	SPAIN	***	Rendering of all manner of services, and development, administration and management of companies	60	100.00%	0.00%	60	11	--	--
Electrolíneas del Ecuador, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	1,237	100.00%	0.00%	1,272	800	(221)	--
Elecven Construcciones, S.A.	VENEZUELA	Deloitte	Construction and assembly	--	99.88%	0.00%	3,299	(3,157)	(19)	--
ELEDEPA, S.A. (*****)	PANAMA	Ernst & Young		1,665	100.00%	0.00%	1,665	45	(756)	--
Enerfín Sociedad de Energía, S.L.U. (Group)	SPAIN	Deloitte	Management and administration of companies	219,527	100.00%	0.00%	64,224	158,520	4,402	7,000
Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	--	99.99%	0.00%	55	290	56	--
Eresma Solar, S.L.U.	SPAIN	***	Development, construction and operation of companies linked to renewable energy	753	100.00%	0.00%	753	(311)	(50)	--
Everblue Private Limited	INDIA	***	Environmental activities	1	0.15%	99.85%	322	(364)	--	--
Elecnor Angola Group	ANGOLA	***	Activities in the areas of public works and civil engineering	35	55.00%	0.00%	1,521	(1,452)	(6)	--
Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	4,635	100.00%	0.00%	615	4,064	(473)	3,500
IDDE, S.A.U.	SPAIN	***	Sales	1,066	100.00%	0.00%	1,202	77	--	--

Appendix I: Company information

(Thousands of Euros)

					Interest %		Thousands of Euros			
2020	**Registered office**	**Auditor**	**Activity**	**Net cost**	**Executives:**	**indirect ownership**	**Share capital**	**Reserves**	**Net profit/loss for the year**	**Dividend for 2020**
IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	10,622	100.00%	0.00%	5,986	(7,096)	4,144	--
Jomar Seguridad, S.L.U.	SPAIN	***	Sales, installation and maintenance of fire prevention and safety systems	2,800	100.00%	0.00%	60	1,358	60	--
Los Llanos Fotovoltaica de Castilla La Mancha, S.L.U. (*****)	SPAIN	***	Development, construction and generation of electricity	100	100.00%	0.00%	--	--	--	--
Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	3,545	100.00%	0.00%	3,878	(301)	971	--
Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	2,704	100.00%	0.00%	1,053	777	247	--
Parque Eólico Montañes, S.L.U.	SPAIN	***	Construction and operation of wind farm	151	100.00%	0.00%	578	(351)	(76)	--
Parque Solar Porton, SAS	COLOMBIA	***	Power generation	840	100.00%	0.00%	1,332	(537)	(522)	--
S.C. Deimos Space, S.R.L.	ROMANIA	***	Analysis, engineering and development of space missions and software	--	0.00%	100.00%	1,516	(272)	212	--
Stonewood Desarrollos, S.L.	SPAIN	***	Sales	603	100.00%	0.00%	603	(343)	(465)	--
TDS, S.A.	ARGENTINA	***	No activity/In the process of winding up	--	100.00%	0.00%	--	--	--	--
Yariguies Solar, SAS	COLOMBIA	***	Development and operation of renewable energy sources	24	100.00%	0.00%	291	(80)	(14)	--
Associates and jointly-controlled entities (*)										
Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	1	0.02%	50.99%	--	--	--	--
Celeo Concesiones E Inversiones, S.L.U. (Group)	SPAIN	KPMG	Management and administration of companies	410,817	51.00%	0.00%	166,671	723,434	785	1,437
Acciona Infraestructuras- Elecnor Hospital David, S.A.	PANAMA	***	Construction	--	25.00%	0.00%	8	4,637	--	--
Centro Logistico Huerta el Peñon	SPAIN	***	Operation and maintenance of installations for processing and eliminating waste	--	50.00%	0.00%	1,608	(2,158)	(220)	--
Cosemel Ingenieria, Aie	SPAIN	***	Development, construction and operation of installations and electrifications of high-speed railway lines	3	33.33%	0.00%	9	110	(122)	--
Dunor Energía, Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	--	50.00%	0.00%	3	(23,314)	(22,906)	--
Energia Olmedo- Ourense Fase I, S.A.	SPAIN	***	Actions for the drafting, design, construction, funding, conservation and maintenance of the installations comprising the superstructure of the Madrid-Galicia high-speed railway line, Olmedo-Zamora-Pedralba section	1,264	18.00%	0.00%	7,020	221	185	--
Eólica la Patagonia, S.A.	ARGENTINA	***	Operation and maintenance of the	--	50.00%	0.00%	12	(13)	--	--
GASODUCTO DE MORELOS, S.A.P.I. (Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	14,262	50.00%	0.00%	28,524	14,906	6,455	--

Appendix I: Company information

(Thousands of Euros)

					Interest %		Thousands of Euros			
2020	Registered office	Auditor	Activity	Net cost	Executives:	indirect ownership	Share capital	Reserves	Net profit/loss for the year	Dividend for 2020
Inti Energia, S.A.P.I. de CV	MEXICO	***	Dormant	1	50.00%	0.00%	--	--	--	--
Morelos Epc S.A.P.I. De Cv	MEXICO	***	Construction, engineering and supply of Morelos gas pipeline	3	49.99%	0.01%	6	168	(13)	--
Morelos O&M, Sapi, Cv	MEXICO	***	Maintenance of the Morelos gas pipeline	35	50.00%	0.00%	71	354	100	--
Proyectos Electricos Agua Prieta, Sapi De Cv.	MEXICO	PKF Accountants & business advisers	International public tender no. 18164093-022-09 by the CFE relating to the plant named 171 CC Agua Prieta	1	50.00%	0.00%	3	(12,415)	12	--
				858,941						**35,569**

(*) Refer to figures of Individual Companies.
(***) Companies not legally required to audit their annual accounts.

Appendix II: List of consolidated temporary business associations (UTEs)

	Percentage ownership	Thousands of Euros (*) 2020 Construction work settled	Backlog not yet settled
UTE PUENTE MAYORGA	50.00%	--	--
UTE ELNR-CONSTUCSA E. HIDROGENO	50.00%	--	--
UTE PARQUESUR OCIO	90.00%	--	--
UTE INSTALACIONES ELÉCTRICAS SINCROTRÓN ALBA	50.00%	--	--
UTE ROTA HIGH SCHOOL	50.00%	--	--
UTE EXPLOTACIÓN ZONA 07-A	60.00%	569	--
CONSORCIO ELECNOR DYNATEC	100.00%	2,200	2,514
UTE ZONA P-2	50.00%	--	--
UTE SUBESTACIÓN JUNCARIL	50.00%	--	--
UTE CASA DE LAS ARTES	50.00%	--	--
UTE CENTRO DE PROSPECTIVA RURAL	20.00%	--	--
UTE CENTRO MAYORES BAENA	20.00%	--	--
UTE TERMINAL DE CARGA	50.00%	--	--
UTE LED MOLLET	70.00%	--	--
UTE GALINDO	100.00%	--	--
UTE EXPLOTACIÓN ZONA P2	50.00%	395	--
UTE AS SOMOZAS	50.00%	--	--
UTE JARDINES MOGAN	50.00%	--	--
UTE URBANIZACIÓN PEDRO III	50.00%	--	--
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	712	700
UTE ELECNOR - DEIMOS SIPA	50.00%	--	--
UTE PATRIMONIO SEGURIDAD	33.33%	--	5
UTE PLAZAS COMERCIALES T4	50.00%	--	--
UTE TRANVIA OUARGLA	49.50%	--	--
UTE ENERGÍA GALICIA	20.00%	885	19,725
UTE AEROPUERTO DE PALMA	45.00%	(1)	--
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	100.00%	785	--
UTE ENERGÍA GRANADA	33.34%	--	--
UTE MOBILIARIO HUCA	50.00%	--	--
UTE ANILLO GALINDO	25.00%	--	--
Consorcio Nueva Policlínica de Chitre	100.00%	51	13
Consorcio Nueva Policlínica de Chepo	100.00%	358	--
UTE ADEC LOCALES CERCANÍAS	85.00%	--	--
UTE CAMPO DE VUELO TF NORTE	70.00%	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	39	359
UTE MANTENIMIENTO AVE ENERGÍA	12.37%	16,321	70,511

Appendix II: List of consolidated temporary business associations (UTEs)

	Percentage ownership	Thousands of Euros (*)	
		2020	
		Production Completed	Portfolio produced
UTE ASEGOP IBIZA	32.50%	6	17
UTE ELECNOR BUTEC BELLARA	60.00%	5,799	--
UTE EDARES SEGOVIA	40.00%	--	--
UTE SICA	50.00%	9	227
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	18	--
UTE CUETO DEL MORO	25.00%	8	3
UTE ELECNOR ALGHANIM	60.00%	739	1,860
UTE MANTENIMIENTO VALEBU	50.00%	72	1,627
UTE EMBARQUE DESEMBARQUE T4	50.00%	--	--
UTE CONTAR	95.00%	118	--
UTE INST. RECERCA SANT PAU	50.00%	10	50
UTE INST. MERCAT DE SANT ANTONI	60.00%	--	56
UTE TUNELES ABDALAJIS	90.00%	468	55
UTE TORRENTE - XATIVA	50.00%	--	--
UTE EMPALME II	50.00%	76	--
UTE CENTRO LOG. IBEREBRO	41.90%	--	--
UTE AEROPUERTO TERUEL	50.00%	--	--
UTE NAVE SESTAO	50.00%	--	--
UTE ENERGÍA GALICIA MANTENIMIENTO	20.00%	2,128	27,875
UTE TERMINAL DE CARGA TF NORTE	50.00%	--	--
UTE URBANIZADORA RIODEL	50.00%	--	--
UTE FIRA PAVELLO 2	70.00%	--	--
ELECNOR TARGET LLC, JV	60.00%	62,780	115,910
UTE LINEA 1	20.00%	--	--
UTE TERMINAL E	50.00%	(75)	96
UTE HERNANI-IRUN	50.00%	779	--
UTE ACTUAC ETAPS CYII LOTE2	50.00%	0	--
UTE CARPIO Y POLLOS	50.00%	126	--
UTE CAMPO DE VUELOS ASTURIAS	70.00%	12	320
UTE BIOMASA HUERTA DEL REY	50.00%	--	85
UTE MOPAEL	80.00%	5,355	--
UTE OFICINAS GENCAT	60.00%	62	--
UTE UYUNI-YUNCHARA	49.00%	--	--
UTE MEGAFONÍA AENA	70.00%	--	--
UTE MANTENIMIENTO SIGMA AENA	50.00%	197	15
UTE RENFE AGENTE ÚNICO	30.00%	318	963

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)	
		2020	
	Percentage ownership	Production Completed	Portfolio produced
UTE RENFE CCTV	30.00%	2,242	195
UTE UCA	50.00%	261	94
UTE SIPA AENA	50.00%	1,252	--
JV ELECNOR AL OWN	70.00%	491	--
UTE BILBOPORTUA	50.00%	408	--
UTE BIZKAIKO ARGIAK	23.00%	--	--
ELECNOR AND RAY, J.V. JV	60.00%	--	--
UTE MANTENIMIENTO LOTE 1	50.00%	1,344	--
UTE ELECNOR - EIFFAGE	50.00%	8,507	170
UTE TIL TIL	50.00%	--	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--
UTE PORTUKO ARGIAK	23.00%	35	298
UTE E&C M.I. BUSTURIA AUXILIAR	51.00%	--	--
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	5	93
UTE ING PUY DU FOU	50.00%	--	224
UTE SICA 2018-2021	50.00%	397	--
UTE ELECTRIFICACIÓN VILLAFRANCA	90.00%	1,038	1,605
UTE TREBALLS PREVIS 1 CAMP NOU	22.50%	98	196
UTE CLINICA EUGIN BALMES	50.00%	387	58
UTE SALAS VIP AEROP BCN	50.00%	--	--
JV TAFILAH	70.00%	222	4,153
UTE ACCESOS BANCO DE ESPAÑA	50.00%	--	3
VARIANTE PAJARES UTE	20.00%	4,577	--
CONSORCIO CHIELEC DOMINICANA	100.00%	1,458	232
UTE CASETAS AEROPUERTO DE MÁLAGA	77.00%	--	--
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	189	20
ELECNOR – EIFFAGE JV	50.00%	1,906	1,374
UTE MANTENIMIENTO AEROPUERTO DE PALMA II	50.00%	1,718	811
UTE MONTERORRERO	25.00%	23,271	--
UTE MONLORA	30.00%	6,439	--
UTE MONCAYO	10.00%	16,748	--
SEP ELECNOR-EIFFAGE GUINEA CONAKRY	50.00%	3,519	11,343
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--
UTE ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	3,677	5,172
UTE PEDRALBA-OURENSE	50.00%	14,183	6,911
UTE EDIFICI LA PEDROSA	50.00%	6,481	1,340

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)	
		2020	
	Percentage ownership	Production Completed	Portfolio produced
UTE BOMBEOS BAKIO-GANDIAS	50.00%	67	72
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370
UTE PRESA DE L´ALBAGÉS	50.00%	2,674	--
UTE LIMPIEZA AEROPUERTO DE PALMA	50.00%	254	331
UTE SICA 2020-2022	50.00%	--	--
UTE SEG ESTACIONES MADRID	50.00%	--	--
UTE NOVA ESCOLA BRESSOL	50.00%	1,215	598
UTE MANT MERCAT DE SANT ANTONI	60.00%	206	237
UTE LINEA 4	20.00%	6,524	37
UTE INSTAL. TUNEL GLORIES	40.00%	3,711	16,971
UTE EDAR ARRIANDI	50.00%	121	1,439
UTE SIPA 2020-2022	50.00%	--	12,700
UTE UCA 2020-2022	50.00%	--	12,200
UTE REGADIO VALORIA FASE I	50.00%	1,140	883
UTE PALMEROLA	56.68%	501	24,212
UTE GALILEO	50.00%	260	1,087
UTE COMEDOR BANCO DE ESPAÑA	50.00%	--	80
UTE M.I. MUNDAKA GERNIKA	51.00%	613	186
UTE LA ESCOCESA	25.00%	4,566	5,403
UTE SEGURETAT L'AMPOLLA	50.00%	--	528
UTE MANTENIMIENTO NOROESTE	50.00%	382	44,947
UTE MANTENIMIENTO CENTRO	50.00%	216	27,568
UTE ENERGÍA LÍNEA 9	20.00%	1,659	--
S.E.I. UTE (ELECNOR, S.A. – TERRES)	50.00%	--	--
UTE REMOLAR	23.51%	--	--
UTE SERRANO – ELECNOR CANSALADES	40.00%	--	--
UTE ELECNOR GONZALEZ SOTO	50.00%	9	43
TERMINAL ALICANTE, UTE	20.00%	--	--
UTE VILLAGONZALLO, Z – 3	35.00%	--	--
UTE TARAGUILLA	25.00%	--	--

(*) 100% information provided, not taking into account removals.

2021 Directors' Report - Elecnor Group

for the year ended 31 December 2021

Contents

1. Purpose, vision and business model GRI 102-2

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

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

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

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

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

2. Economic context[2]

2021 has once again been affected by the impact of the COVID-19 pandemic on the world economy. According to the International Monetary Fund (IMF), the world economy continues along a path of recovery, in spite of the setback arising from the new variant of the pandemic.

Therewith, the IMF estimates world economic growth of 5.9% in 2021 and 4.9% in 2022, with the forecast from last June's WEO update lowered by 0.1% for 2021 and raised by 0.5% for 2022. The downside revision in 2021 reflects deterioration in advanced economies (partly as a result of supply disruptions) and in low-income developing countries, chiefly due to the deteriorating dynamics arising from the pandemic. Concurrently, beyond 2022, growth is projected to abate to around 3.3% in the medium term. However, the IMF maintains that the outlook is still subject to considerable uncertainty, related to the path of the pandemic, the effectiveness of backing during the transition until health measures facilitate normalisation and the development of financial conditions.

According to the World Bank's Global Economic Prospects, for emerging and developing economies, conversely, growth is expected to drop from 6.3% in 2021 to 4.6% in 2022 and 4.4% in 2023. For many vulnerable economies, the relapse will be even greater: output of fragile and conflict-affected economies will be 7.5% below their pre-pandemic trend.

As regards fiscal stance, economies of emerging and developing markets are already adopting tightened fiscal policies, and advanced economies will also do so in 2022. The present is marked by a clear uncertainty in which risks to financial stability remain contained.

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[1] Services and Projects, formerly known as the Infrastructure

[2] Sources:
- International Monetary Fund (IMF). World Economic Outlook. January 2022
- World Bank. World Economic Outlook.
- Bank of Spain. Macroeconomic projections for the Spanish economy (2021-2024)
- World Economic Outlook (WEO). January 2022 Report

In terms of **Spain**, the Bank of Spain's projections are optimistic and anticipate the recovery to continue at a good pace over the coming two years. In the short term, however, the economy's dynamism will continue to be burdened by the spread of the omicron variant. Thereafter, however, its activity is expected to resume higher levels of growth, as distortions in supply chains and inflationary pressures are allayed and tourism flows gradually normalise. This is further assisted by the impetus of projects funded through the Next Generation EU (NGEU) programme and continued favourable financing conditions. In particular, these projections anticipated GDP growth of 4.5% last year, which would accelerate up to 5.4% in 2022 and reach 3.9% next year.

For the **eurozone**, according to the IMF, in 2022, major economies will continue to grow, but at lower rates (France, 3.9%, Italy, 4.2%), except for Germany (+4.6%) and Spain (+6.4%). One of the key findings of the current economic environment is that, a little over a year ago, the European economy was expected to recover resolutely as a result of the disbursement of the Next Generation EU programme (with funds worth Euros 750 billion), the savings made during lockdown, the easing of restrictions and the implementation of more expansionary policies by the European Central Bank (ECB). Despite that, the coinciding demand for raw materials, oil, gas and components, the supply of which has reacted more slowly, causing bottlenecks and increases in the cost of electricity, was not taken into account. Consequently, the IMF has already announced that it is preparing an additional "modest revision" of its economic forecasts for the eurozone in the coming update of its global projections. The ECB echoes the increase in prices in Europe, which have risen by 5% annually. The president of the ECB has toughened her tone on inflation and does not rule out a scenario of an interest rate hike.

As for the **United States**, GDP growth for 2021 was 5.7%, lower than expected by the IMF (6%), as a result of disruptions to supply chains and lower consumption in the third quarter. In January, the World Bank revised its growth projection for 2022 downward to 3.7% (-0.5 percentage points).

In **Latin America**, in 2021, Chile registers the highest growth among major South American countries. This market has proven to be the fastest growing in the region with an 11% increase in GDP this year. The World Bank's estimates for the forthcoming years indicate that the region now faces significant risks such as a sharp rise in the number of COVID-19 cases, funding strains and debt-related stress. According to the body, Brazil's economy will slow to 1.4% in 2022 and spring to 2.7% in 2023. Meanwhile, Mexico's growth will slow to 3% in 2022 and 2.2% in 2023.

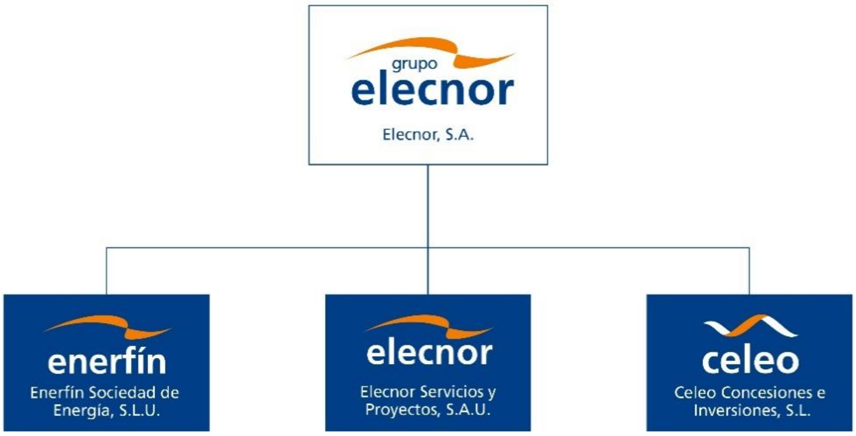
The IMF has cut **Australia**'s GDP growth forecast for 2021 (to 3.5%), while increasing the outlook for 2022 (4.1%). There are downside risks in the short term that balance out in the medium term for the international body. It adds that lending should be cut in order to cool the housing sector (interest rates at historic lows have driven up property prices and household debt) and that monetary and fiscal policy stimuli should continue in order to buttress the economy during a difficult period of blockages as a result of the coronavirus. Remember that, to counteract the effects of the pandemic, the Government of Australia implemented in March of last year aid packages, such as wage and unemployment subsidies, and also provided economic stimuli.

Growth of 3.7% is estimated in 2021 for **Sub-Saharan Africa** and it is projected to grow by 3.8% in 2022, both below the figure of the global economy, implying a broadening divergence from advanced economies. This comes amid increasing uncertainty surrounding new variants of the COVID-19 virus and financial conditions. The IMF expects Angola to grow by 3.2% and to emerge from successive recession cycles, as well as positive growth in other countries on the continent where the Group is present, such as Cameroon and Senegal, in the coming years.

Elecnor Group

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

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



This spin-off process seeks the adaptation of the corporate structure of the Group to the organisational reality with which the Group has been working for several years. This new structure facilitates the management and coordination of the various activities and helps give more visibility to businesses favouring the orderly growth of all of them. In any case, from an operational point of view, the Group continues to operate in the same way.

3. Economic and financial performance in the period

3.1. Key figures in consolidated profit/loss for the year

KEY FIGURES (thousands of euros)	2021	2020	Change (%)
Turnover	3,122,421	2,455,952	*27.1%*
Domestic	1,422,918	1,238,600	*14.9%*
International	1,699,503	1,217,352	*39.6%*
EBITDA	271,769	245,802	*10.6%*
Profit before tax	142,048	125,932	*12.8%*
Attributable consolidated net profit	85,883	78,303	*9.7%*

The Elecnor Group's **sales** reached **EUR 3,122.4 million** (EUR 2,455.9 million in the previous financial year), a 27.1% increase with respect to 2020. Both the domestic market (which represents 46% of the total) and the international market (which makes up 54%) experienced significant growth (14.9% and 39.6% respectively). This positive evolution in the Group's figures of the year was possible thanks to a significant increase in Elecnor's business volume, mainly due to activities related to services that the Group provides in European countries, particularly Spain, the United Kingdom, Italy, and in the United States, and the start of the implementation of major projects in Australia, Chile and Brazil, especially. The beginning of execution of major projects in Australia, Chile and Brazil has also had a positive impact.

EBITDA reached **Euros 271.8 million**, 10.6% above the same figure for last year. The Group's profits this year have absorbed the costs of launching new telecommunications and electricity service contracts in the United Kingdom and Italy, and non-recurring costs such as those related to the spin-off project explained above. In addition to the good performance of the Services and Projects Business, worth highlighting is the positive evolution of the Concessions Business, both of which the Group bases its activity on and which complement and strengthen each other.

The Elecnor Group attained net profits of EUR 85.9 million in 2021, which is a 9.7% increase on the profits obtained in the previous financial year.

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

3.2. Business performance

Services and Projects Business GRI 102-6

(thousands of euros)	2021	2020	Change (%)
Turnover	2,958,160	2,352,471	25.7%
EBITDA	165,838	161,708	2.6%
Profit before tax	114,957	112,311	2.4%
Attributable net profit	77,119	71,517	7.8%

This business, which the Group develops via its subsidiary Elecnor Servicios y Proyectos and that company's affiliates, has grown sharply in the period.

In the **domestic market**, activity continued to grow on the back of the services developed for the energy, telecommunications, water, gas and transportation sectors, where it provides an essential service for all utilities. In addition, during this period, construction work on renewable-energy power generation plants contributed to both the turnover and profit/loss of the Group.

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

Concessions business

(thousands of euros)	2021	2020	Change (%)
Turnover	166,593	145,232	14.7%
EBITDA (1)	131,301	112,791	16.4%
Profit before tax	54,465	44,265	23.0%
Attributable net profit	34,876	30,970	12.6%

*(1) **EBITDA** contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects.*

This business, which Elecnor develops via its subsidiary Enerfín and its investee Celeo, and both companies' affiliates, has performed strongly in the period.

Enerfín participates in 1,355 MW of renewable energy in operation and under construction in Spain, Brazil and Canada, and continues to pursue strong developmental activity to ensure its growth. The various project companies that manage these assets generate a combined EBITDA of Euros 116,303 thousand, as set out in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

Enerfín benefited from the commissioning of the San Fernando complex in north-east Brazil early this year and the Cofrentes wind farm in Spain in April last year.

The new transitional measures implemented by the Spanish government in order to combat soaring energy prices have had a limited impact on Enerfín, thanks to its price hedging policy, energy sales agreements and its assets with regulated revenues.

The Group upholds a policy of ensuring the price of energy on a percentage of estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

Celeo, the company owned and managed jointly with APG, one of the world's largest pension funds, already operates 6,804 km of electricity transmission lines in Chile and Brazil, and participated in 345 MW of renewable energy. Overall, it manages around EUR 5,211 million of assets in operation. The companies that manage these assets generate an aggregated EBITDA of Euros 299,984 thousand[3], as can be seen in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

The power transmission business continues to grow with the increase in its assets in Brazil, new concessions gained in Chile and Peru, and the acquisition of Colbún Transmisión, S.A.'s 29 operating transmission line assets (totalling 899 km, with 27 transmission substations located throughout Chile) by Alfa Desarrollo, S.P.A., in which Celeo Concesiones holds a 20% stake and APG Asset Management N.V. holds an 80% stake. This acquisition makes Celeo the second-largest player in the regulated transmission market in Chile. The quality of these assets has enabled USD 1.2 billion project bonds issued in the New York market in favourable conditions.

Production portfolio

Pending backlog (thousands of Euros, at year-end)	2021	2020	Change (%)
Domestic	708,824	611,915	15.8%
International	1,798,144	1,661,166	8.2%
Total	2,506,968	2,273,081	

The **portfolio of signed contracts** pending execution by 31 December 2021 and whose implementation is expected to take place over the next 12 months, **amounts to EUR 2,507 million** (EUR 2,273 million at the end of 2020). Of this portfolio figure, 72% relates to the international market, for an amount of EUR 1,798 million, and 28% to the domestic market, for an amount of EUR 709 million. The domestic portfolio comprises contracts for traditional services, as well as for wind and solar PV farms. The international portfolio is increasing in both European countries (Italy and the United Kingdom), where service-related activities are carried out, and in other countries (Australia, the United States and Brazil, mainly) where major projects for the construction of renewable-energy power generation plants and power transmission projects.

3.3. Financial position

In 2021, the Group's operating activity enabled it to generate a cash flow of Euros 206.2 million (Euros 194 million the prior year) and its net investment amounted to Euros 100 million (Euros 209.6 million the prior year).

Total net financial debt (Euros 534.8 million) decreased by 0.4% with respect to the previous year (Euros 536.6 million).

Net financial debt with recourse (Euros 119.4 million) was reduced by 8.1% with respect to the end of the previous year (EUR 129.9 million). This was mainly due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

Net Financial Debt with recourse includes debt with cost, both with financial institutions and short-term MARF promissory note issues, bond issues and finance lease transactions; it does not include debt of projects with specific financing without recourse to their shareholder for the project in question.

[3] EBITDA at 100% of concession projects participated in by CELEO and accounted for using the equity method at the ELECNOR GROUP, excluding the impact of IFRIC 12 since it best reflects the cash flow generation capacity of each project, by including the financial and operating proceeds.

The indebtedness ratio at year end, calculated as Net Financial Debt with recourse divided by EBITDA with recourse, was 0.72 (0.83 at the end of the previous year). This ratio is now solidly below 1x, and is therefore amply compliant with the benchmark ratio established in the syndicated financing agreement.

Although the Group analyses and monitors the evolution of Total Net Financial Debt, it pays special attention to Net Financial Debt with recourse, given that the remaining Debt is secured by the investment projects to which this financing is dedicated.

Net Financial Debt (thousands of Euros, at year-end)	2021	2020
Net Financial Debt with recourse	119,392	129,940
EBITDA	271,769	245,802
With recourse[4]	*138,284*	*144,591*
Without recourse[5]	*133,485*	*101,211*
Ratio of Debt/EBITDA with recourse + projects div.	0.72	0.83
Total Net Financial Debt	534,766	536,649
With recourse	*119,392*	*129,940*
Without recourse	*415,374*	*406,709*
EBITDA	271,769	245,802
Ratio of Total Net Financial Debt/ EBITDA	1.97	2.18

The Total Net Financial Debt to EBITDA ratio is a ratio used in the market to compare the level of indebtedness to the cash generation from transactions and, thus, assess companies' level of solvency.

To present a ratio that reflects the Group's solvency, it is appropriate to present Net Financial Debt with recourse in relation to EBITDA with recourse, in which the contributions to the figures of investment projects funded by debt secured by such projects are excluded from both figures. In turn, the dividends distributed by the abovementioned projects are added to the EBITDA with recourse. The purpose of this ratio is to measure the Group's capacity to meet its recourse debt.

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

- In September 2021, the Elecnor Group signed a novation of the **Syndicated Financing Agreement** executed in 2014. This novation extends the maturity by slightly more than two years, through September 2026. It includes a voluntary repayment of Euros 150 million of the Loan Tranche and an increase of Euros 100 million of the Credit Facility Tranche. Therefore, the financing now has a cap of EUR 350 million, distributed between the Loan Tranche of EUR 50 million and a Credit Facility Tranche of EUR 300 million. This financing complies with the requirements laid down by the Sustainability Linked Loan Principles and, therefore, it **has been classified as sustainable**.

- The Group's strategy is to diversify its short- and medium-term financing sources, beyond traditional banking sources, by issuing another **Promissory notes programme in the Alternative Fixed**

[4] EBITDA with recourse is Group EBITDA excluding non-recourse EBITDA (EBITDA corresponding to investment projects financed by debt secured by such projects)

Income Market (MARF) that will enable it to finance itself in Euros and US Dollars over periods of up to 24 months, optimising the costs of funding working capital. The equivalent value of outstanding issues in Euros may not exceed the ceiling of EUR 300 million. In deciding to renew the programme, Elecnor Group valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- In 2021, the Elecnor Group signed three long-term private placements totalling Euros 100 million:
  - Euros 50 million at 10 years, in **sustainable loan** format, placed by Banca March.
  - Euros 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as **green**, placed by B. Sabadell.
  - Euros 30 million at 14 years, as **sustainable bonds**, also placed by B. Sabadell, included in the MARF. They the Elecnor Group's BBB- rating (investment grade) issued by Axesor.

  With this restructuring, the Elecnor Group has managed to extend the maturities of its long-term financing to average maturities of close to 10 years, while maintaining reduced cost levels.

- The Group has had a Securitisation Fund called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización" since December 2020, to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this structure, Elecnor obtains financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued bonds in the aforementioned amount, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). These bonds are compliant with the requirements established by the "Green Bond Principles", and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. Axesor Rating has assigned the bonds issued by the Securitisation Fund an A+ rating, indicating a high capacity to meet its credit obligations. This is the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

The Elecnor Group tackles its investment projects by arranging financing secured by such projects, as described in section 6.2 "Interest rate risk" herein, while it contributes its equity with the resources generated by the businesses of which the Group is comprised.

3.4. Material changes in accounting policies

The accounting policies and methods used to prepare the consolidated annual accounts in 2021 are the same as those applied to the consolidated annual accounts in 2020. All accounting principles with a significant effect have been applied in the drawing up of these consolidated and separate annual accounts.

3.5. Profit/(loss) of the Group's holding company: Elecnor, S.A.

The Group's holding company obtained the following profit/(loss) for the year:

Key figures (thousands of euros)	2021	2020
Turnover	67,456	1,544,049
Operating income	16,109	20,752

Profit before tax	7,361	46,765
Profit after tax	9,196	31,633

As a result of the spin-off stated in the second section of this report, Elecnor, S.A. has become the Group's holding company, contributing practically all of its assets and liabilities related to the Services and Projects business activity to Elecnor Servicios y Proyectos, S.A.U., and from this moment on dedicating itself to the holding of shares and the rendering of corporate services.

As a result of this change, the figures in the Income Statement of Elecnor, S.A. differ substantially from those of last year. In 2021, sales chiefly comprise dividends received from subsidiaries, as well as invoicing for services and financial interest to Group companies. This result also includes the expense of the structure remaining in Elecnor, S.A.

This transaction and its effect on the accounts of the Group's holding company is described in the Annual Accounts of Elecnor, S.A. for the year ended 31/12/21. Elecnor, S.A. as a whole and its subsidiaries are not affected by this transaction.

3.6. Average payment period

The average payment period to suppliers of the Group's holding company, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 31 days. The average payment period to suppliers of the Group, calculated in the same way, is 55 days.

3.7. Turnover by activity

At 31 December each year and in thousands of Euros

Turnover by activity (thousands of euros)	2021	2020	Change (%)
Electricity	1,260,553	982,949	28.2%
Power generation	685,292	470,708	45.6%
Telecommunications and space	267,522	233,301	14.7%
Facilities	209,434	213,434	-1.9%
Construction, environment and water	298,202	237,677	25.5%
Maintenance	194,514	170,770	13.9%
Oil & Gas	141,279	92,572	52.6%
Railways	65,625	54,541	20.3%
	3,122,421	2,455,952	27.1%

For yet another year, the main activities in terms of turnover were **Electricity**, with Euros 1,260.6 million, 28.2% up on 2020, and **Energy Generation**, with Euros 685.3 million, 45.6% up on 2020. This significant increase in the main activities is a result both of the strength of the domestic market and the foreign subsidiaries (especially in the United States, Chile, Brazil and IQA) and the branches in Italy, Angola, Lithuania, etc.

4. Stock market information

	2021	2020
Closing share price (€)	10.5	11
Total volume of securities (million)	5.6	4.3
Total cash traded (€ million)	57.7	39.8
Number of shares (million)	87	87
Market capitalisation (€ million)	913.5	957
PER	10.6	12.2
Dividend yield	3.1%	3.1%

On 07 July 2021, the **supplementary dividend was distributed against profit for 2020**, in a gross amount of €0.27455644 (€0.28207889, including the pro-rata distribution of treasury shares). On 22 December 2021, the **interim dividend against 2021 profit was paid**, in a gross amount of Euros 0.05961779 (Euros 0.06125324, including the pro-rata distribution of treasury shares).

Shares in Elecnor, S.A. closed the year with a price of **Euros 10.5 per share** and market capitalisation stood at Euros 913.5 million. The total cash amount traded was Euros 57,7 million.

5. Capital management policy

Key to Elecnor's strategy is its policy of maximum financial prudence. The capital structure is defined by the commitment to solvency and the aim of maximising shareholder returns.

6. Risk management policy

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

6.1. Foreign currency risks

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

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

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

6.2. Interest rate risk

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

In the case of both financing secured by the investment projects and corporate financing, borrowings are arranged mainly at floating interest rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

6.3. Liquidity risk

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

At 31 December 2021, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

6.4. Credit risk

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

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

Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, Éoliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

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

The transmission lines currently in operation in Chile belong both to that country's national grid (National Transmission System) and the Zonal system, in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. Since 2019, distributors have also been liable for payments, so the portfolio of payers became more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

In addition, in Chile we also participate in dedicated transmission lines, committed to counterparties of proven solvency, most of which are rated Investment Grade. In these cases, the remuneration we receive is regulated in each of the long-term contracts that we have signed with these companies that use our infrastructure, either to evacuate the energy generated or to guarantee their electricity supply.

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

6.5. Market risk

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

The Group upholds a policy of ensuring the price of energy on estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

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

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

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

6.6. Risk Management System

Elecnor Group is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

For this purpose, the Group has a structured and dynamic Risk Management System the main pillars of which are as follows:

- Continuous risk identification and evaluation and prioritisation.
- Identification of the management and control mechanisms and tools in place in connection with the main risks and assessment of their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

These management and control mechanisms and tools are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case.

To ensure better identification and management of the main risks, these are grouped into five broad categories:

- Governance risks.
- Strategic, planning and economic environment-related risks.
- Operating risks.
- Reporting risks.
- Compliance risks

In 2021, as part of the process of review and continuous improvement of the Risk Management System, the Group has carried out an internal reflection and planned a series of actions with the aim of making the aforementioned system more operational and effective, mainly through a greater focus on business risks and the improvement of certain systematics for monitoring the main risks, the identification and review of the main associated management and control procedures and tools and the monitoring of the corresponding improvement projects.

7. Environment

The commitment of the Elecnor Group to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, the Elecnor Group contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; and, on the other hand, reducing its carbon footprint and undertaking appropriate environmental management.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 "Climate Action", Elecnor fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

The Elecnor Group's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001:2015 and ISO 50001:2018 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in its activities in order to determine which are significant and to be able to take measures on them to minimise possible impacts.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, the scope of which was updated in 2021. These principles of action are described below:

- Incorporating environmental considerations into the decision-making processes regarding investments and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- Fostering the protection and conservation of biodiversity and the natural environment, implementing the necessary measures in order to mitigate, offset and even avoid the negative impacts produced by the Group's activities, promoting those that generate positive impacts.
- Making sustainable use of resources, fostering responsible consumption, waste minimisation and the circular economy.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Elecnor Group actively and decisively contributes to building a low-carbon society. Climate change is a challenge on which the company has been working for years by undertaking various initiatives that have a positive impact on reducing its environmental footprint:

- Calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity.
- Verifying, for the seventh consecutive year, the inventory of greenhouse gas emissions pursuant to the ISO 14064-1 standard.
- Obtaining the "Calculo y Reduzco" seal awarded by the Spanish Office for Climate Change (OECC).
- Taking part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In 2021, it upheld the score of A- achieved in 2020, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

In 2021, the Group continued progress in its commitment to decarbonisation by joining the SBT (Science Based Targets) initiative. This initiative identifies and fosters innovative approaches to setting science-based corporate emission reduction targets. Following the Group's adherence to the SBT initiative, the Climate Change Strategy for 2035 has been revised. The new Strategy is structured into four overall areas of action: Governance, Strategy, Risk Management, Metrics and Targets, included in three cross-cutting lines: People, Assets and Knowledge, seeking to align with best disclosure practices in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Committed to the environment chapter of the Non-Financial Information section of this Report outlines the goals, strategies and all the initiatives implemented in 2021 in accordance with the Group's Environmental Management policy.

8. Human Resources

Elecnor's workforce (*)

At 31 December each year	2021	2020	Change (%)
Domestic	11,103	10,542	5.3%
International	10,328	7,661	34.8%
	21,431	18,203	17.73%

*This calculation does not include directors who are not on the Group's workforce.

People are Elecnor's main asset, and its overall strategy is underpinned by values such as talent, transparency and team work in conditions of the utmost safety. In this connection, occupational risk prevention is a common denominator throughout all the Group's activities. The commitment to prevention is part of its culture. And it is a commitment that goes beyond legal regulations and customers' requirements, with exacting and very clear goals: zero accidents and zero tolerance to non-compliances with the preventive measures established by the company.

At 2021 year-end, the Group's workforce had increased by 3,228 (17.73%) to 21,431 employees. In the domestic market the increase was 5.32%, largely in the area of Maintenance to cover the need to support the international business. Abroad, there was a general increase of 34.81%. The increases in headcount in Italy, Angola, Oman and Brazil were particularly noteworthy.

The section Our people, our best asset in the Non-Financial Information section of this Directors' report outlines all the information relating to the Group's workforce.

9. RDI

Innovation in the Elecnor Group contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

The Group's main strategic lines of RDI target the following areas of activity. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

In 2021, the main initiatives undertaken were as follows:

- Maintenance of UNE 166002 certification for RDI Management Systems of Elecnor, S.A. and Audeca.
- Launch of INNOVA 2021 call for proposals for RDI project funding.
- Development of projects for the hybridisation of wind power with photovoltaic energy and studying the possibility of integrating a storage system in hybrid farms.
- The production of renewable hydrogen is being promoted —through the subsidiary Enerfín— as a vector towards ecological transition and decarbonisation.
- Integration of circular economy criteria into wind farm components, mainly turbine blades.
- Collaboration agreement with two hydrogen production technology manufacturers: Fusion Fuel and Ohmium.
- Design and manufacture of an auxiliary metal structure for assembling lighting on high-rise towers.
- Approval of three projects with the participation of the Group's technological subsidiary, Elecnor Deimos, within the scope of the EU's European Defence Industrial Development Programme (EDIDP). These projects are intended to develop new techniques for observing objects in Earth orbit, a command and control system for space defence systems and to outline a space system for the early detection of intercontinental ballistic missiles.
- Approval by the Provincial Council of Bizkaia of two innovative projects in the HAZITEK call for proposals: Genio Project in the Railway Department and QR Project for the activity of industrial plants.
- Training of staff for site and construction managers, tender and BIM personnel for lean construction.

Further information is presented referring to R&D&I in the Elecnor Group in the Non-Financial Information section of this Directors' Report, specifically in the Technology and Innovation chapter.

10. Significant events subsequent to year-end

Between 31 December 2021 and the time of preparation of the Individual and Consolidated Financial Statements there were no significant events that might materially alter the true and fair view of said financial statements, except what follows.

On 18 February 2022, the Elecnor Group informed the CNMV of the start a search process for the possible incorporation of a financial partner in the capital of its wind energy subsidiary, Enerfín Sociedad de Energía, S.L.U., by acquiring a material but non-controlling stake in this subsidiary.

11. Outlook for 2022

11.1. Economic context

As explained in section 2 of this report – Economic context, the outlook for next year is for global growth. Despite the persistent high degree of uncertainty due to possible new virus variants, the threat of rising interest rates, growing inflation and geopolitical risks, the world economy is expected to grow, bolstered by the main economies' policies in support of growth.

11.2. Elecnor Group

The Elecnor Group holds a leading position in the main activities that will be the driver of growth and will concentrate most of the stimulus measures promoted, in particular by the European Union and the United States. In that regard, the global trends that will drive the Group's businesses are:

- Electrification and energy efficiency
- Renewable energies
- Digitisation and connectivity
- Comprehensive rendering of urban services

On the basis of the foregoing, the Elecnor Group expects to continue to grow its results in 2022, as it has been doing year after year for the last decade.

12. Share capital and acquisition of own shares

At 31 December 2021, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of EUR 10 Euro, fully subscribed and paid in, implying a share capital of EUR 8,700,000.

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

At 31 December 2020, Elecnor, S.A. had a portfolio of 2,320,942 shares. In 2021 it acquired 232,769 securities, and sold 232,962. Accordingly, at 31 December 2021 it had a total of 2,320,749 own shares, 2.7% of all shares in the company, unchanged on the previous year.

13. Related party transactions

With regard to the disclosures on related party transactions, see the details in the notes to the individual and consolidated financial statements at 31 December 2021, as provided in article 15 of Royal Decree 1362/2007.

14. Annual Corporate Governance Report and Annual Report on Directors' Remuneration

In compliance with the legal stipulations and in accordance with the model circulated by the Spanish National Securities Market Commission (CNMV), the Board of Directors of Elecnor, S.A. has drawn up the Annual Corporate Governance Report, as well as the Annual Report on Directors' Remuneration for the year ended 31 December 2021, which accompany this report. Said documents are available on the CNMV website and on the Group's corporate website.

15. Non-financial information

In compliance with Law 11/2018, of 28 December, concerning non-financial information and diversity, Elecnor, S.A. includes its Non-Financial Information Statement in the Consolidated Directors' Report of the Elecnor Grou

Appendix containing alternative performance measures

Elecnor presents the Alternative Performance Measures, according to the guidelines published by the ESMA (European Securities and Markets Authority). These measures are widely used by investors, securities analysts and other agents as performance measures that are supplementary, and should be considered as such, and in no case as a replacement.

Alternative measures of the Elecnor Group's performance

Key figures (thousands of euros)	2021	2020	Change (%)
Turnover	3,122,421	2,455,952	27.1%
Domestic	1,422,918	1,238,600	14.9%
International	1,699,503	1,217,352	39.6%
EBITDA	271,769	245,802	10.6%
Profit before tax	142,048	125,932	12.8%
Attributable consolidated net profit	85,883	78,303	9.7%

Turnover by segments (thousands of euros)	2021	2020	Change (%)
Services and Projects business	2,958,160	2,352,471	25.7%
Concessions business	166,593	145,232	14.7%
Subtotal Businesses	**3,124,753**	**2,497,703**	**25.1%**
Group Management and Other Adjustments	-	-	
Operations between segments	(2,332)	(41,751)	-
	3,122,421	**2,455,952**	**27.1%**

Turnover by activity (thousands of euros)	2021	2020	Change (%)
Electricity	1,260,553	982,949	28.2%
Power generation	685,292	470,708	45.6%
Telecommunications and space	267,522	233,301	14.7%
Facilities	209,434	213,434	-1.9%
Construction, environment and water	298,202	237,677	25.5%
Maintenance	194,514	170,770	13.9%
Oil & Gas	141,279	92,572	52.6%
Railways	65,625	54,541	20.3%
	3,122,421	**2,455,952**	**27.1%**

EBITDA
EBITDA is defined as operating income plus expense for amortisation, depreciation, impairment and charges to provisions. The group deems EBITDA to be a useful supplementary indicator that can be used in assessing the Group's operating performance.

	2021	2020	Change (%)
EBITDA = Gross Operating Profit:	**271,769**	**245,802**	10.6%
Operating income	178,684	146,568	
+ Expense for amortisation, depreciation, impairment, and charges to provisions, and negative difference in business combinations	93,085	99,234	

EBITDA by segments (thousands of euros)	2021	2020	Change (%)
Services and Projects business	165,838	161,708	2.6%
Concessions business	131,301	112,791	16.4%
Subtotal Businesses	**297,139**	**274,499**	**8.2%**
Group Management and Other Adjustments	(25,109)	(21,394)	
Operations between segments	(261)	(7,303)	
EBITDA	**271,769**	**245,802**	**10.6%**

Profit before income tax by segment (thousands of euros)	2021	2020	*Change (%)*
Services and Projects business	114,957	112,311	2.4%
Concessions business	54,465	44,265	23.0%
Subtotal Businesses	**169,422**	**156,576**	**8.2%**
Group Management and Other Adjustments	(27,956)	(24,055)	
Operations between segments	582	(6,589)	
Total Group	**142,048**	**125,932**	**12.8%**

Consolidated net profit attributable by segment (thousands of euros)	2021	2020	Change (%)
Services and Projects business	77,119	71,517	7.8%
Concessions business	34,876	30,970	12.6%
Consolidated net profits from the businesses	**111,995**	**102,487**	**9.3%**
Group Management and Other Adjustments	(26,533)	(19,815)	
Operations between segments	421	(4,369)	
Total Group	**85,883**	**78,303**	**9.7%**

Alternative measures of profit and loss of the holding company of the Elecnor Group

Key figures (thousands of euros)	2021	2020
Turnover	67,456	1,544,049
Operating income	16,109	20,752
Profit before tax	7,361	46,765
Profit after tax	9,196	31,633

	2021	2020
EBITDA = Gross Operating Profit	25,685	45,412
Operating income	16,109	20,752
+ Depreciation and amortisation of fixed assets in the income statement of Elecnor, S.A.	3,897	14,465
+ Losses, impairment and changes in trade provisions in the income statement of Elecnor, S.A.	-	10,195
+ Impairment and losses under the heading Impairment and profit/loss on disposals of financial instruments in the income statement of Elecnor, S.A.	5,679	-

Stock market information

	2021	2020
Closing share price (€)	10.5	11
Total volume of securities (million)	5.6	4.3
Total cash traded (€ million)	57.7	39.8
Number of shares (million)	87	87
Market capitalisation (€ million)	913.5	957
PER	10.6	12.2
Dividend yield	3.1%	3.1%

Group backlog

Pending backlog (thousands of Euros, at year-end)	2021	2020	Change (%)
Domestic	708,824	611,915	15.8%
International	1,798,144	1,661,166	8.2%
Total	**2,506,968**	**2,273,081**	
Growth percentage	10.3%	2.3%	

Alternative debt measures; indebtedness ratio

Net Financial Debt (thousands of Euros, at year-end)	2021	2020	Change (%)
Net Financial Debt with recourse	119,392	129,940	-8.1%
EBITDA	271,769	245,802	
With recourse	*138,284*	*144,591*	
Without recourse	*133,485*	*101,211*	
Ratio of Debt/EBITDA with recourse + projects div.	0.72	0.83	
Total Net Financial Debt	534,766	536,649	-0.4%
With recourse	*119,392*	*129,940*	
Without recourse	*415,374*	*406,709*	
EBITDA	271,769	245,802	
Ratio of Total Net Financial Debt/ EBITDA	1.97	2.18	

	2021	2020
Net Financial Debt with recourse *(Net Financial Debt in Note 16 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)*	**119,392**	**129,940**
EBITDA	271,769	245,802
EBITDA without recourse (from projects financed via funding without recourse)	*133,485*	*101,211*
EBITDA with recourse	*138,284*	*144,591*
Dividends from projects financed via funding without recourse	43,931	25,403
Reversal of the effect on EBITDA with recourse of the application of IFRS 16	-17,001	-12,655
EBITDA with recourse + Dividends from projects without recourse net of the effect of IFRS 16	**165,215**	**157,339**
Indebtedness ratio = Net financial debt with recourse/(EBITDA with recourse + Dividends from projects)	**0.72**	**0.83**

Note: the purpose of eliminating the effect of IFRS 16 on Leases is to offset the impact of this standard —the impact increases the figures of EBITDA and Debt— and to comply with the method of calculating this figure contained in the financing contracts.

Calculation of Total Net Financial Debt

	2021	2020
+ Financial liabilities from issuing bonds and other marketable securities	134,581	110,349
+ Finance liabilities on loans and borrowings	789,598	807,840
+ Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position)	101,272	18,131
- Current investments in related companies	(323)	(141)
- Derivative financial instruments	(6,454)	(830)
- Cash and cash equivalents	(388,105)	(391,628)
- Other current financial investments	(11,214)	(9,594)
+ Loans granted by public entities (Note 16)	4,622	4,448
+ Derivative financial instruments (current assets in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	6,122	391
- Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	(10,723)	(4,220)
- Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	(84,610)	
- Reversal of the effect of the application of IFRS 9		1,903
Total Net Financial Debt	**534,766**	**536,649**
(increase on previous year's close)	-0.4%	8.6%

Other disclosures

Services and Projects business

(thousands of euros)	2021	2020	Change (%)
Turnover	2,958,160	2,352,471	25.7%
EBITDA	165,838	161,708	2.6%
Profit before tax	114,957	112,311	2.4%
Attributable net profit	77,119	71,517	7.8%

Concessions business

(thousands of euros)	2021	2020	Change (%)
Turnover	166,593	145,232	14.7%
EBITDA (1)	131,301	112,791	16.4%
Profit before tax	54,465	44,265	23.0%
Attributable net profit	34,876	30,970	12.6%

(1) EBITDA contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects.

Elecnor's workforce*

At 31 December each year	2021	2020	Change (%)
Domestic	11,103	10,542	5.3%
International	10,328	7,661	34.8%
	21,431	**18,203**	**17.7%**

*This calculation does not include directors who are not on the Group's workforce.