

ANNUAL INTEGRATED REPORT 2019





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2019, A GREAT YEAR

Dear friend,

I have the honour of presenting the 2019 Annual Integrated Report of Enerfín Sociedad de Energía and its Group of Companies.

The purpose of this report is to provide a clear, concise and all-encompassing view of the actions taken in 2019 in order to meet our targets in line with the strategic guidelines of our business project.

For Enerfín, 2019 marked the resumption of an intense investment activity, both in Spain and Brazil, having begun new projects which, once operational (planned for 2020), will have added 306 MW to the company's portfolio of wind farms in operation.

The important inroads made in the development of new projects, particularly in Spain, Australia and Colombia, are also of note, as are the commencement of our development activity in Africa and the progress made in other markets in which we were already present, such as Mexico, Chile and Argentina, among others.

The Enerfín Group closed 2019 with a consolidated net profit of EUR 14.4 million, equal to a growth of 5.9% over the previous year.

The level of cash generation in the year, reaching EUR 28.3 million, well above the set target, is also worthy of mention.

These significant events, backed by the aforementioned financial figures, help to underscore the strength and personality of the Enerfín business project, as well as the need for the continuous adaptation of our business model to the changing markets and their increasingly complex and varied regulatory requirements.

On behalf of the Board of Directors of which I am chairman I would like to take the opportunity to thank the human team of Enerfín for their continuous effort, commitment and dedication which, coupled with the confidence and support of our shareholder Elecnor, provide our company with the necessary strength to face the future with courage and conviction.



Guillermo Planas Roca

Chairman





Chairman

D. Guillermo Planas Roca

Directors

D. Miguel Cervera Earle

D. Cristóbal González de Aguilar Alonso-Urquijo

D. Juan Ignacio Landecho Sarabia

D. Rafael Martín de Bustamante Vega

D. Miguel Morenés Giles

D. Gabriel Oráa Moyúa

D. Rafael Prado Aranguren

D. Ignacio Prado Rey-Baltar

D. Jaime Real de Asúa Arteche

Board Secretary

D. Fernando León Domecq

Deputy Board Secretary

D. Joaquín Gómez de Olea y Mendaro



Developer, investor and integral project manager

Enerfín, a company wholly owned by the Elecnor Group, has been active in the wind power sector since 1997 as a developer, investor and integral project manager both in the national and international markets.

Following a first phase centred in the domestic market, it began its geographical expansion in 2006 with the commissioning of its first 150 MW in Brazil at the Ventos do Sul wind farms.

In parallel to the development of new wind farms in Spain and Brazil, Enerfín expanded to Canada, where in 2013 it began to operate the L'Érable wind farm.

In addition to its continuous development, construction and management activity, in 2015 Enerfín became responsible for the operation and maintenance of the Páramo de Poza I and II wind farms, which include a total of 133 - 750 kW wind turbines

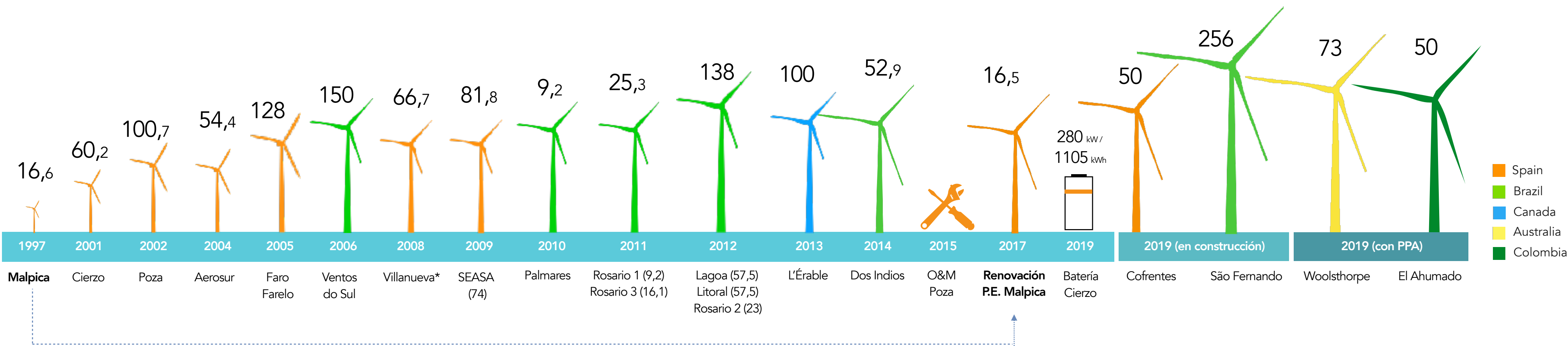
Another achievement worth mentioning is the repowering of the Malpica Wind Farm in 2017 where, after 20 years of successful operation, Enerfín replaced 69 old wind turbines, each generating between 225 and 750 kW, with 7 wind turbines of 2.3 MW, thus doubling its energy generation.

Moreover, and in an effort to increase capacity and optimise wind farm efficiency, in 2019 Enerfín installed its first storage battery in the Montes de Cierzo Wind Farm, Navarra, whose characteristics and applications are described in the section on innovation.

From a technological standpoint, Enerfín is independent, selecting for each project the technology that best suits the characteristics of the environment and the location, always involving Top Tier Manufacturers.

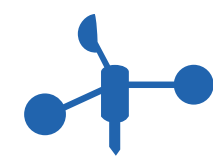
To date Enerfín has installed, or is in the process of installing, wind turbines of General Electric, Enercon and Nordex Acciona and is collaborating closely with Siemens-Gamesa and Vestas in new projects, providing it with an incomparable wealth of knowledge and experience in this area.

Enerfín, a consolidated and recognised operator and developer in the wind power industry with over 20 years' experience



Developer, investor and integral project manager

Business Areas



PROMOTION

Search for locations and land concessions

Technical studies, including the evaluation of the wind power generation potential, wind yield analyses, environmental studies, basic engineering, electrical studies and technology selection

Administrative process of the projects/obtaining permits and authorisations through to ready-to-built
Financial and economic studies



CONSTRUCTION

Negotiation and closing of project construction contracts (TSA, BOP, O&M)

Supervision of construction Capital

Structuring and financial management



OPERATION

Administrative and technical management of the company

Management of O&M contracts

Management of finance contracts



Present throughout the value chain of wind power generation projects



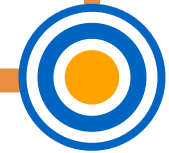
ENERGY MANAGEMENT

Definition of energy sales strategies

Risk management using price hedging instruments (swaps/PPAs)

Development of software systems for data analysis and improvement of market processes

R&D project development



The key to the success of the company's development activity is its knowledge and understanding of the markets in which it operates, having the human, technical and financial resources to carry out its activity as well as good relationships with project stakeholders: landowners, national, regional and local authorities, communities, clients, suppliers and financial institutions.

As part of its **construction** activities, Enerfín is in charge of negotiating and closing supply, BoP and O&M contracts, as well as of overseeing the construction works. Under the current environment where multi-contract structures are prevalent (WTG supply+BOP), Enerfín carries out an important task ensuring that the scopes and demarcations of both contracts are perfectly defined so as to prevent interface risks during construction, as well as the thorough supervision of the project to secure the proper execution and synchronisation of the works.

In the area of **operations management**, carried out by Enerfín in an integrated manner, the company places great importance on the constant presence of on-site personnel. This management model enables the fast and direct performance and supervision of wind farm maintenance work, with daily monitoring by maintenance teams that helps to reduce incident response times, which in turn leads to high availability in all its wind farms.

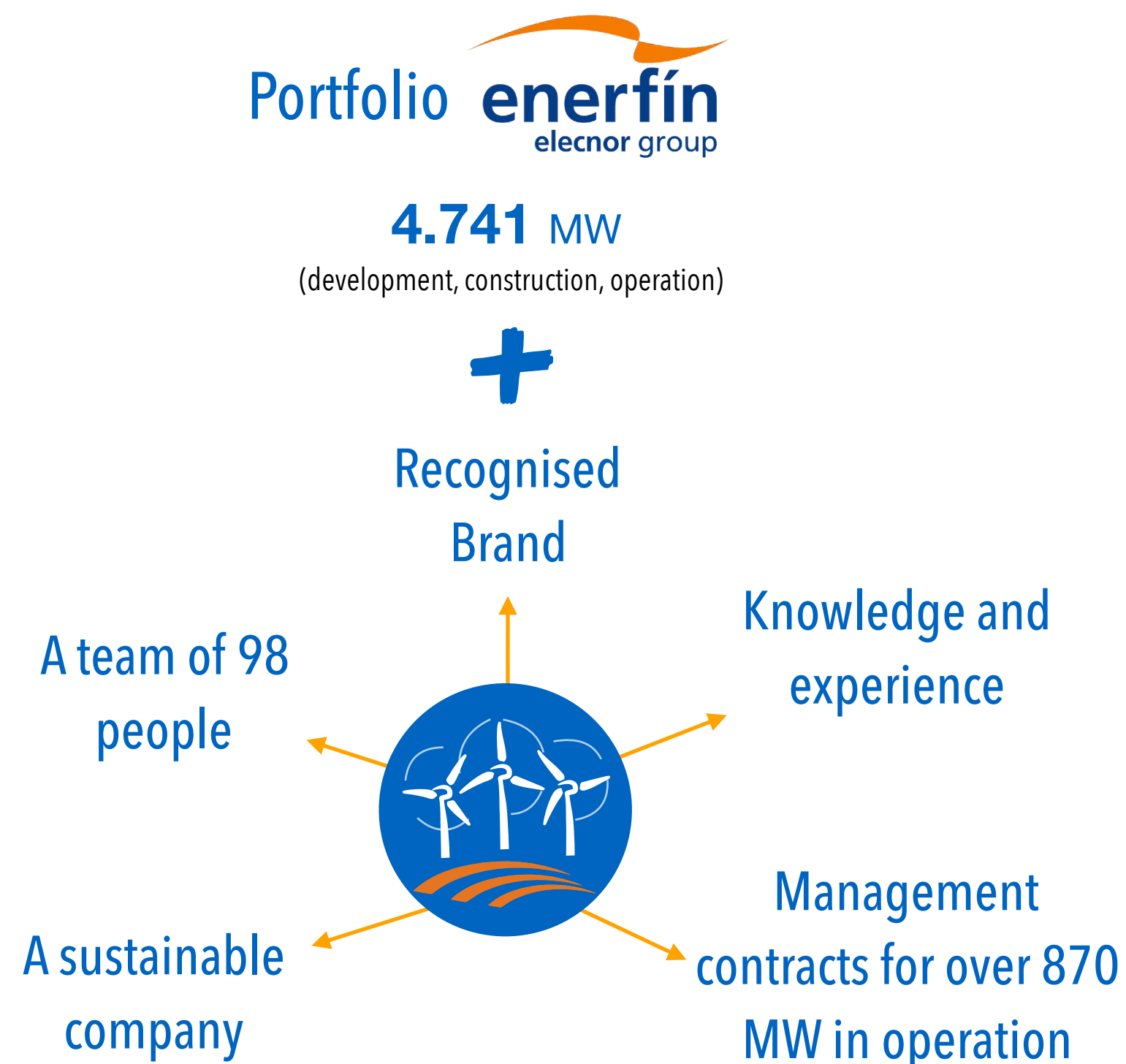
In the face of increasingly liberalised markets undergoing constant regulatory developments, Enerfín has decidedly opted for **active energy management**, both in Spain and abroad. To this end, the company has created a specific area devoted to this activity and is boosting the development of innovative R&D projects designed to harness its know-how in the area.

Developer, investor and integral project manager

Thanks to the experience and positioning of Enerfín in different markets, the company currently boasts a portfolio of 4,741 MW in various stages of development, as well as the capacity to originate opportunities for the incorporation of new projects.

Furthermore, Enerfín manages the production and sale of energy in almost all of its operating assets.

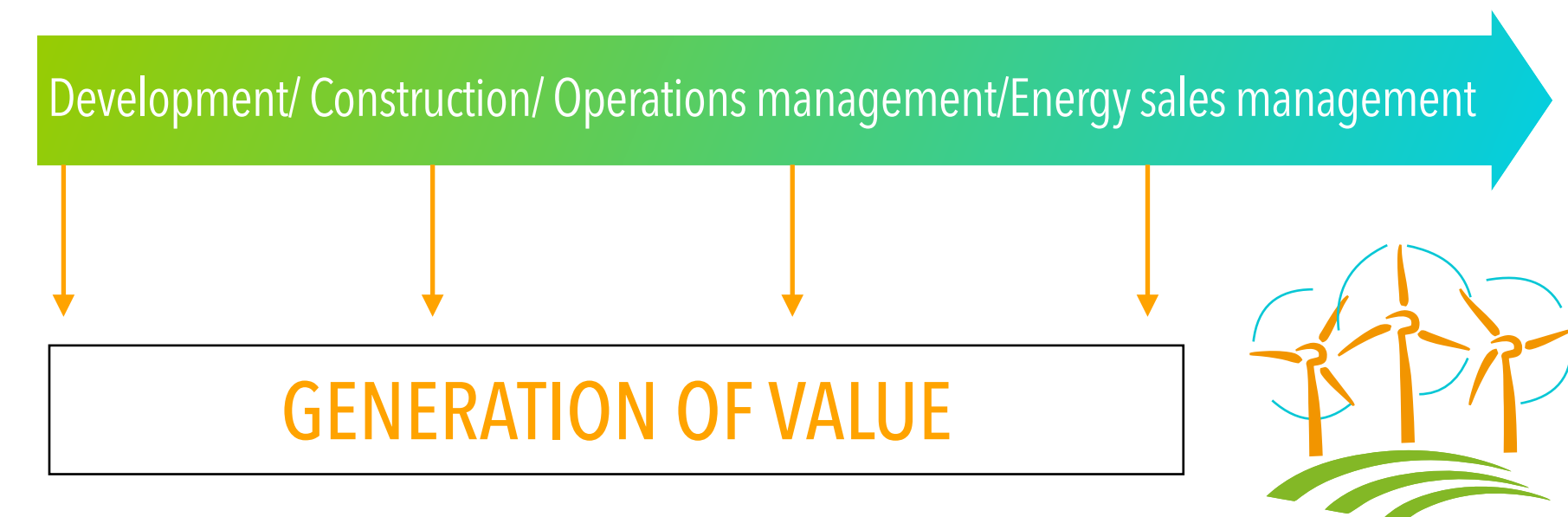
The company has created a committed team of 98 people working in 6 countries, with proven skills and experience to develop, build and operate wind farms. It has achieved recognition and a reputation for excellence in wind farm management, as well as a solid brand image built on the typology and characteristics of its projects (technological excellence and singular design and architecture, as well as environmental and socio-institutional integration).



The 4,700+ MW in various stages of development and their value creation alternatives underpin the sustained growth of the company



The business model of Enerfín is based on a solid portfolio of projects in various stages of development with different time horizons, generating value through the development, construction and management of operations and energy sale, in addition to the provision of services to third party projects.

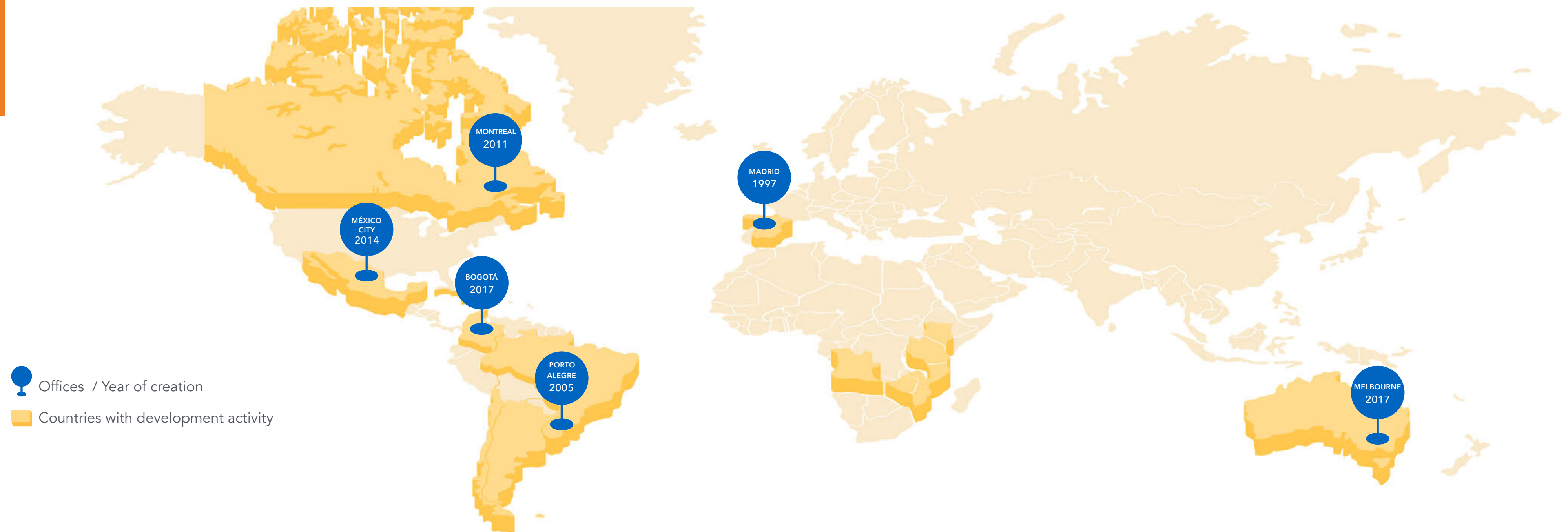


The model is open to clients/partners, for incorporation throughout different stages by means of different investment platforms, which may be either global, limited to certain geographical markets, linked to a specific asset or operation or even involve the sale of its projects.

This business model enables Enerfín to design a sustainable growth plan based on its own capacity to generate cash from:

- Its investments in projects in operation
- Its activity providing services
- The full or partial disinvestment of some of its projects

Enerfín around the world



A company with increasing geographical expansion

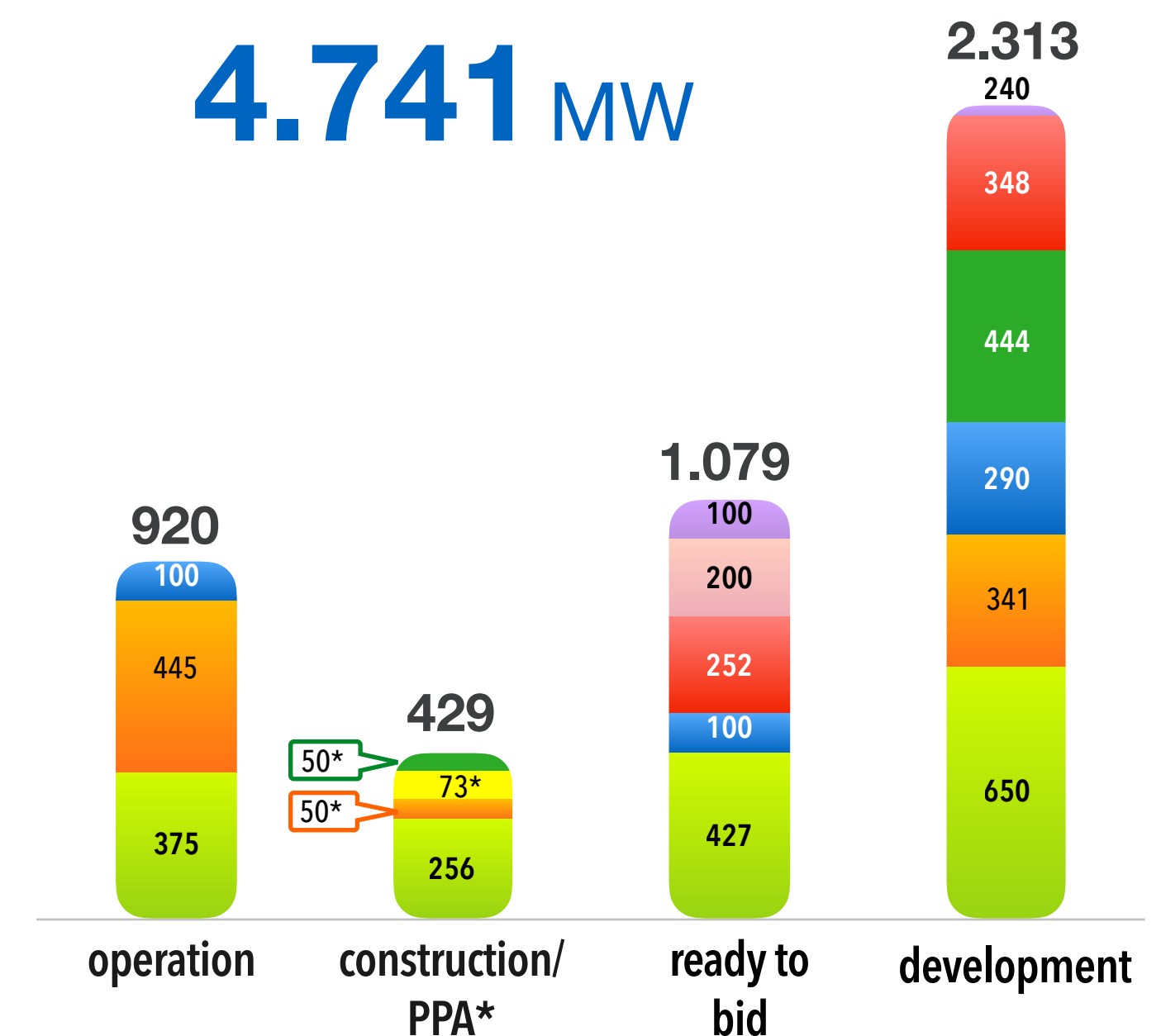


Enerfín has its own offices and personnel in Spain, Brazil, Canada, Australia, Colombia and Mexico, where it has projects at advanced stages of development, construction and/or operation and is also driving new projects in other countries on the American continent as well as beginning its activity in Africa.

Total power with Enerfín participation (31.12.2019)

4.741 MW

- Argentina
- Chile
- Mexico
- Colombia
- Australia
- Canada
- Spain
- Brazil



Main figures

Enerfín achieved a net profit of EUR 14.4 million in 2019 (6% above that of the previous year), an EBITDA of 88.8 million (5% over that of 2018) and sales of 138.5 million, in line with sales of 2018.

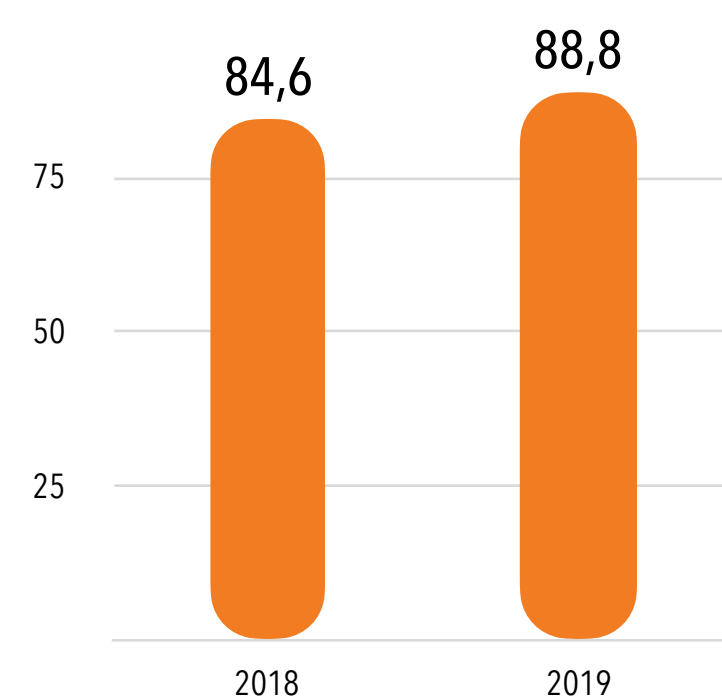
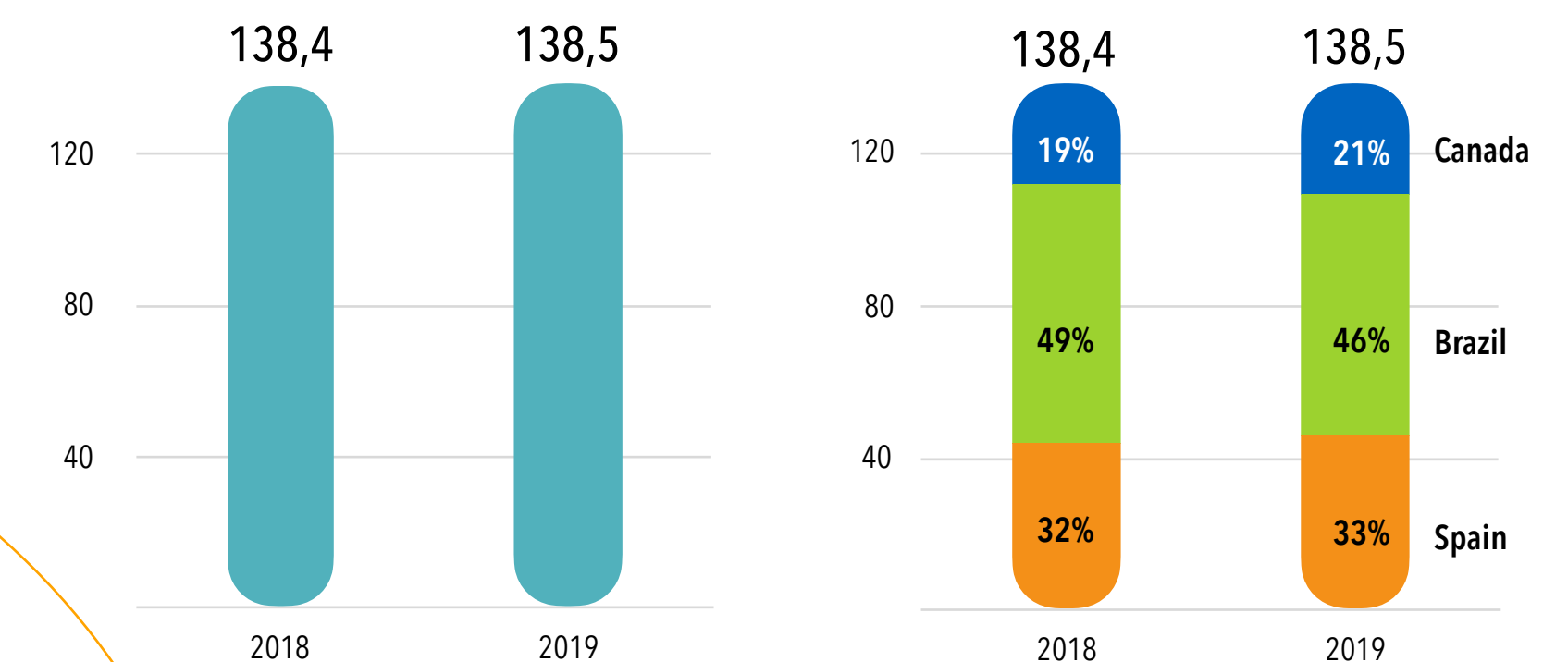
These results are mainly due to the high energy generation of wind farms in Spain and Canada, the price hedging carried out in Spain which mitigated the drop in the pool price over that of 2018 (9.7 €/MWh) and the application of a cost containment policy.

As for sales turnover, the good performance of the wind farms in Spain and Canada helped to offset the reduced income of the farms in Brazil, whose energy generation exceptionally fell 10% below the historical average, also affected by the devaluation of the Brazilian real.

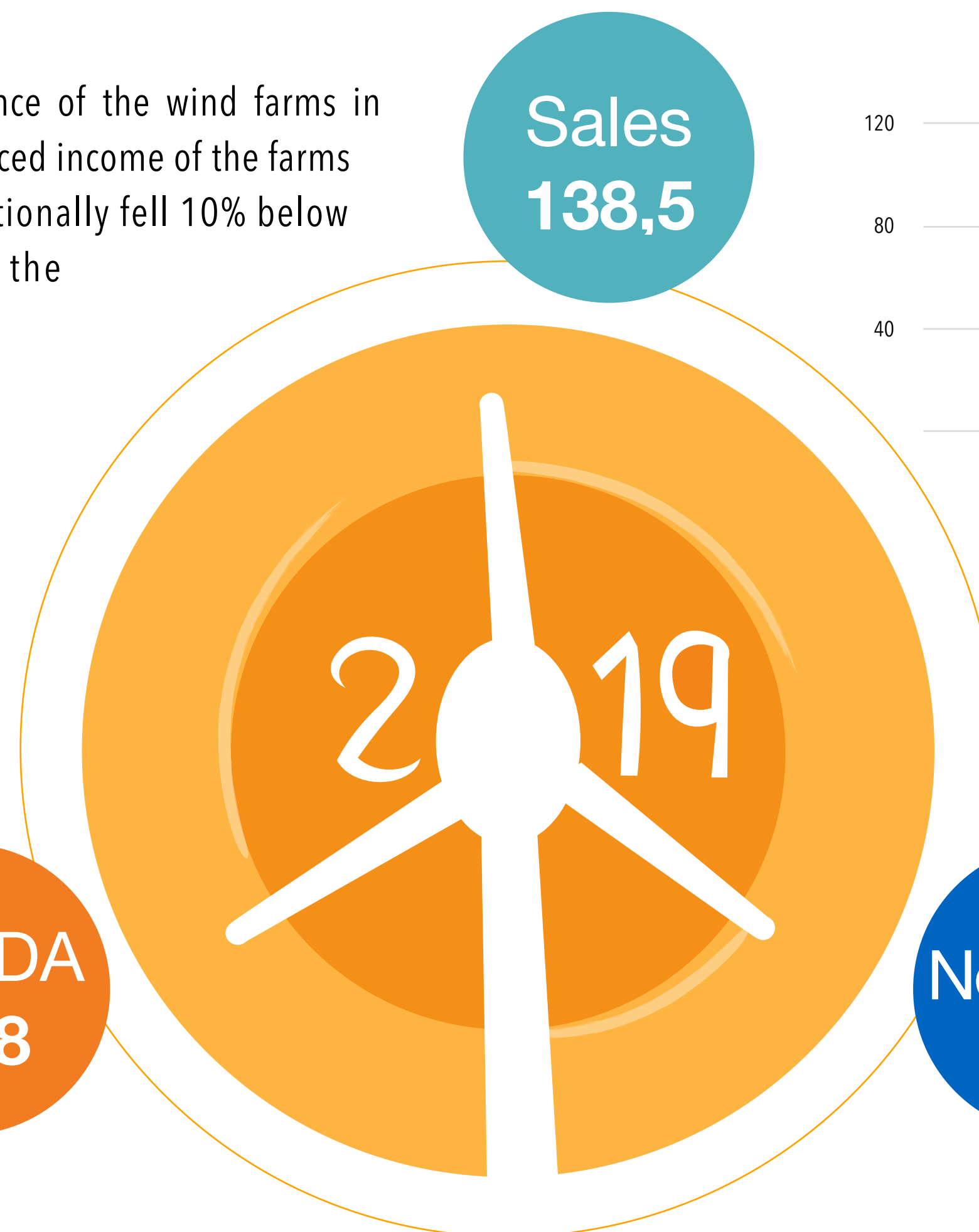
The efficient management of its assets has enabled the company to increase EBITDA and Net Profit despite maintaining the same level of sales



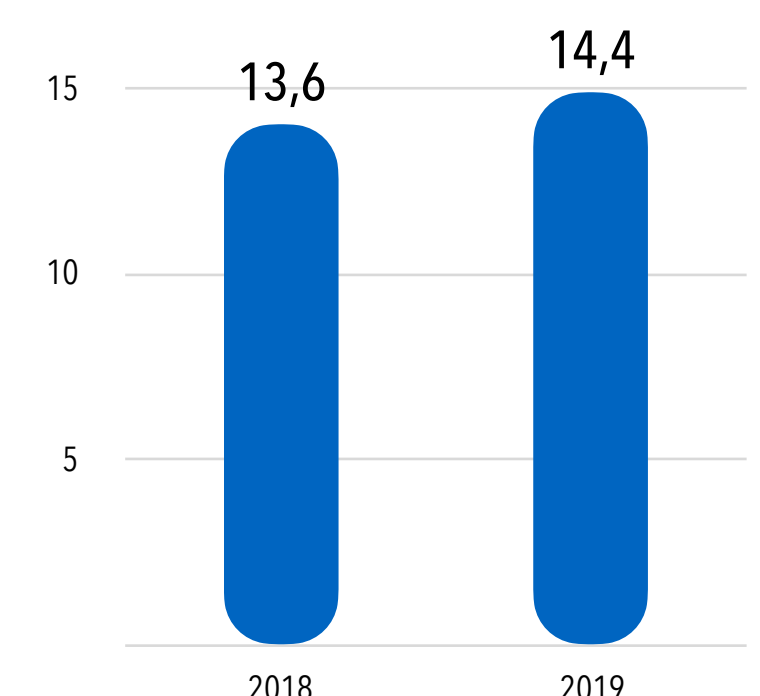
Sales by country



EBITDA
88,8



Net Profit
14,4



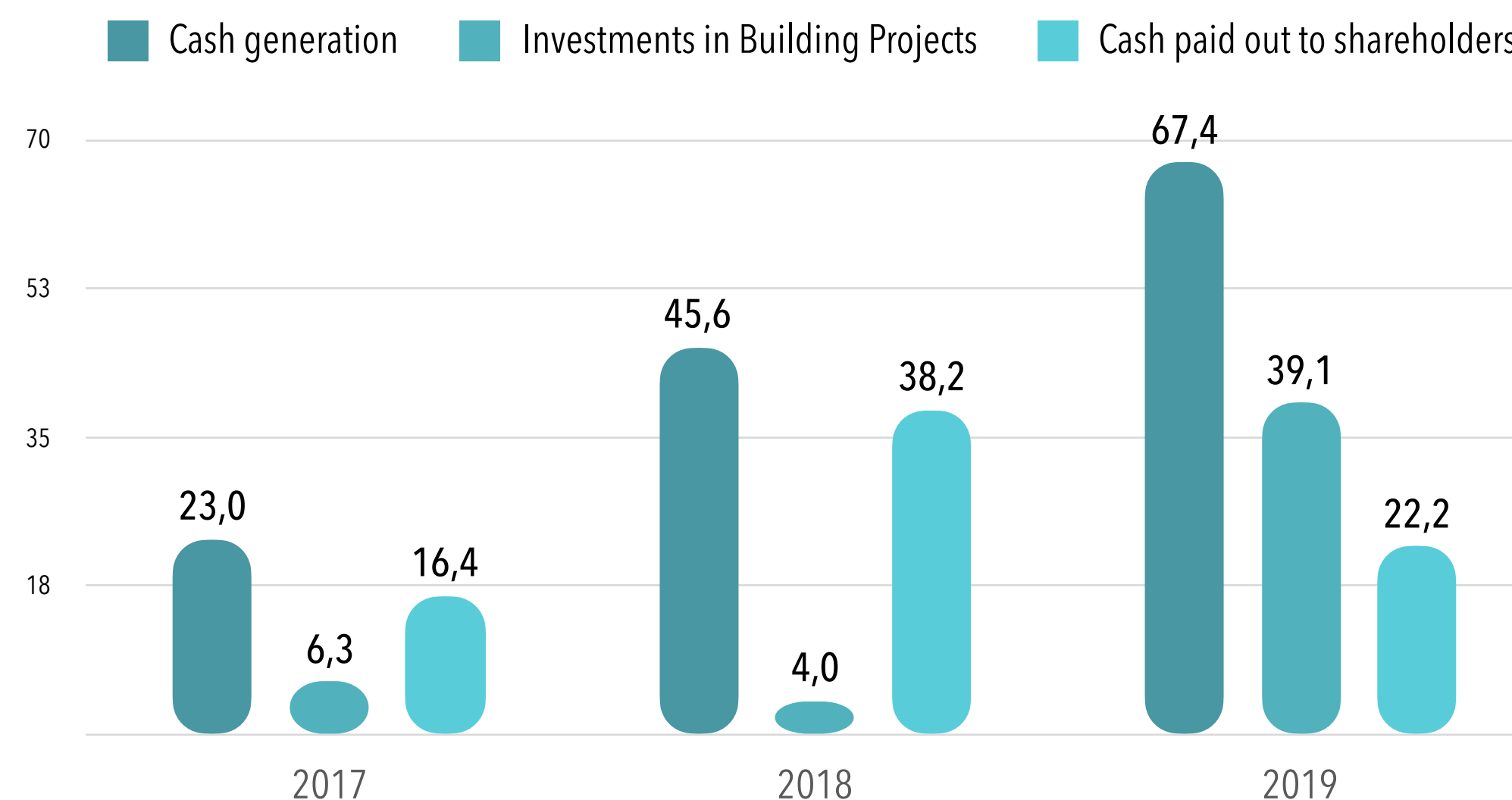
Main figures

The cash generation by the Enerfín Group mainly stems from the distribution of funds from its operating assets, the remuneration for its activities (development, construction supervision, operation management and energy sales management) as well as the structuring of new financing for projects in operation.

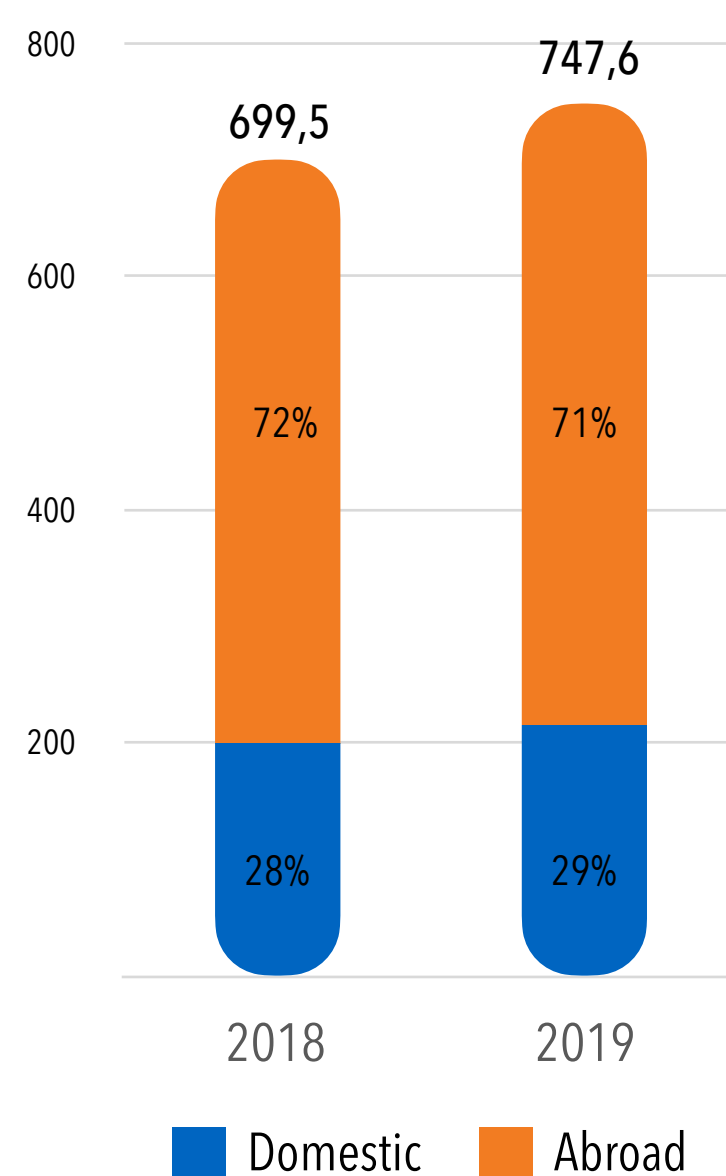
This has enabled Enerfín to generate EUR 136M in the last three years, having used EUR 76.8M towards shareholder dividends and EUR 49.4M for new investments.

In 2019 the company organised the refinancing of the Ventos do Sul wind farms, fulfilling a debenture issuance of 325 million reais.

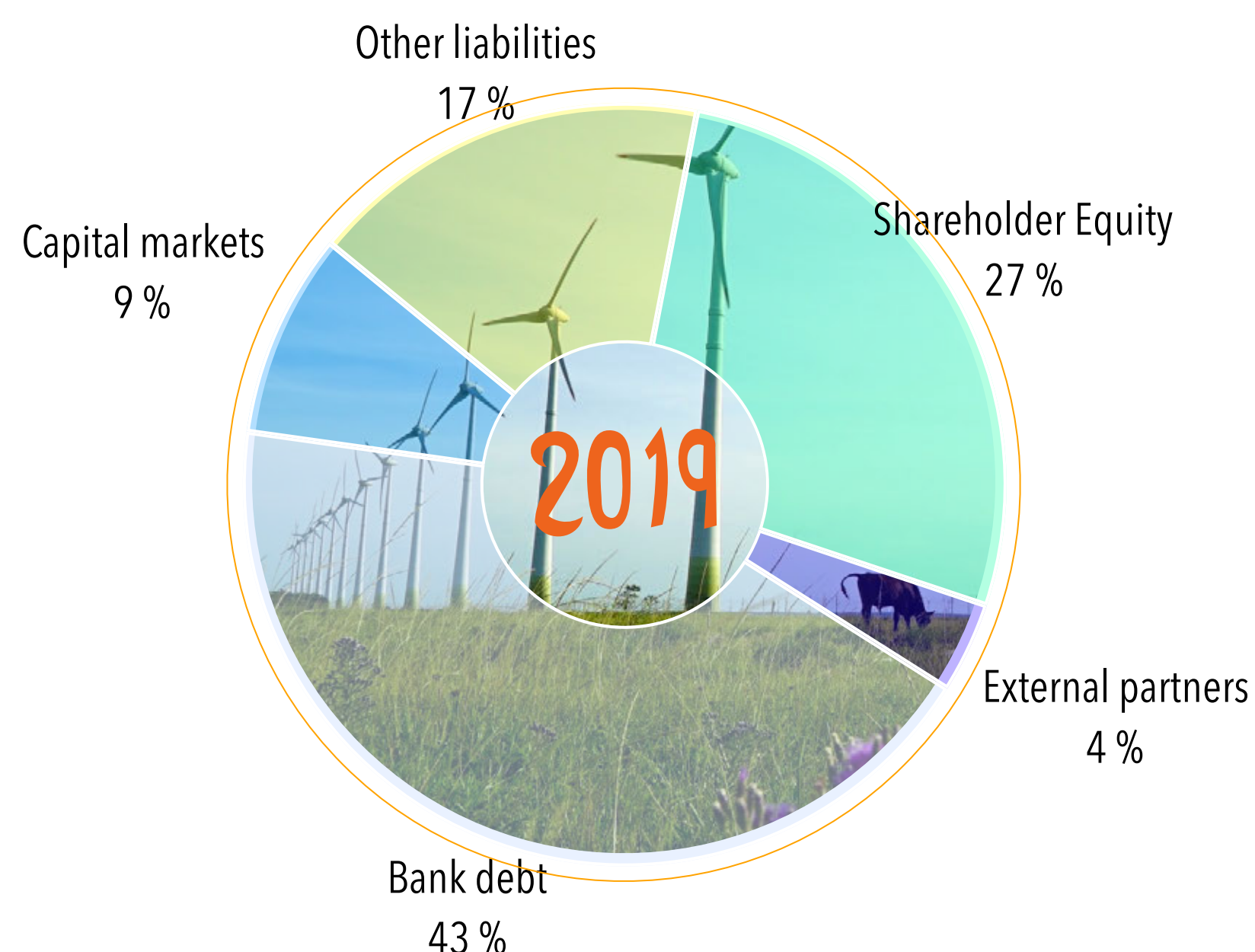
Cash generation



Total Assets



Liabilities structure



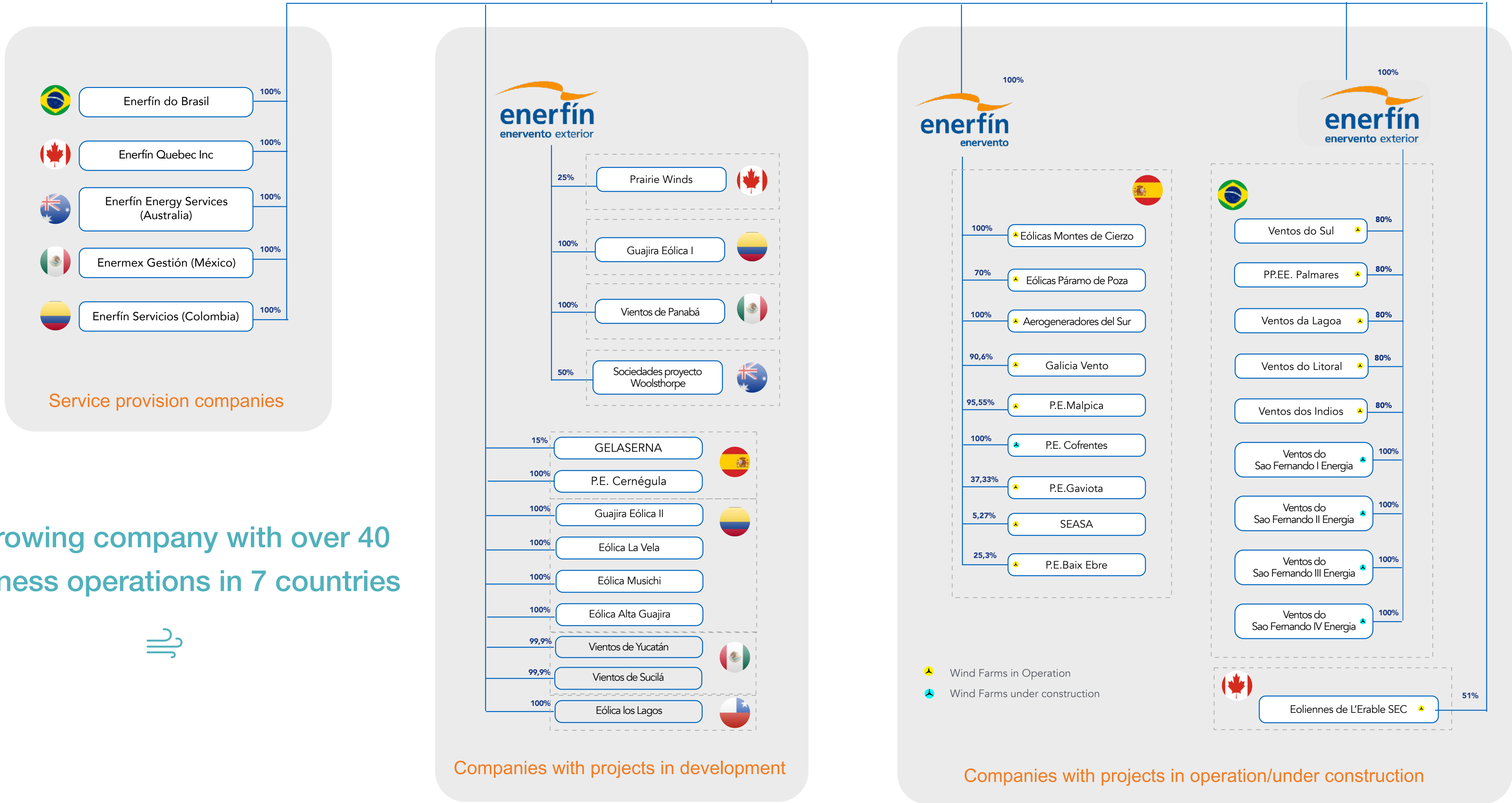
An active financial management has enabled the company to improve its balance sheet structure and accelerate shareholder payment



Enerfín assets grew in 2019 by 7% over those of 2018 mainly due to the increase in fixed assets of projects under construction (306 MW) and the adoption of IFRS 16 Leases.

As for liabilities, the Enerfín Group secured capital markets financing through the Ventos do Sul debenture issuance and was able to make the first drawdowns from the new bank debt of its projects under construction. The figures for Shareholder Equity and External Partners have fallen as a result of the distribution of funds of projects in operation.

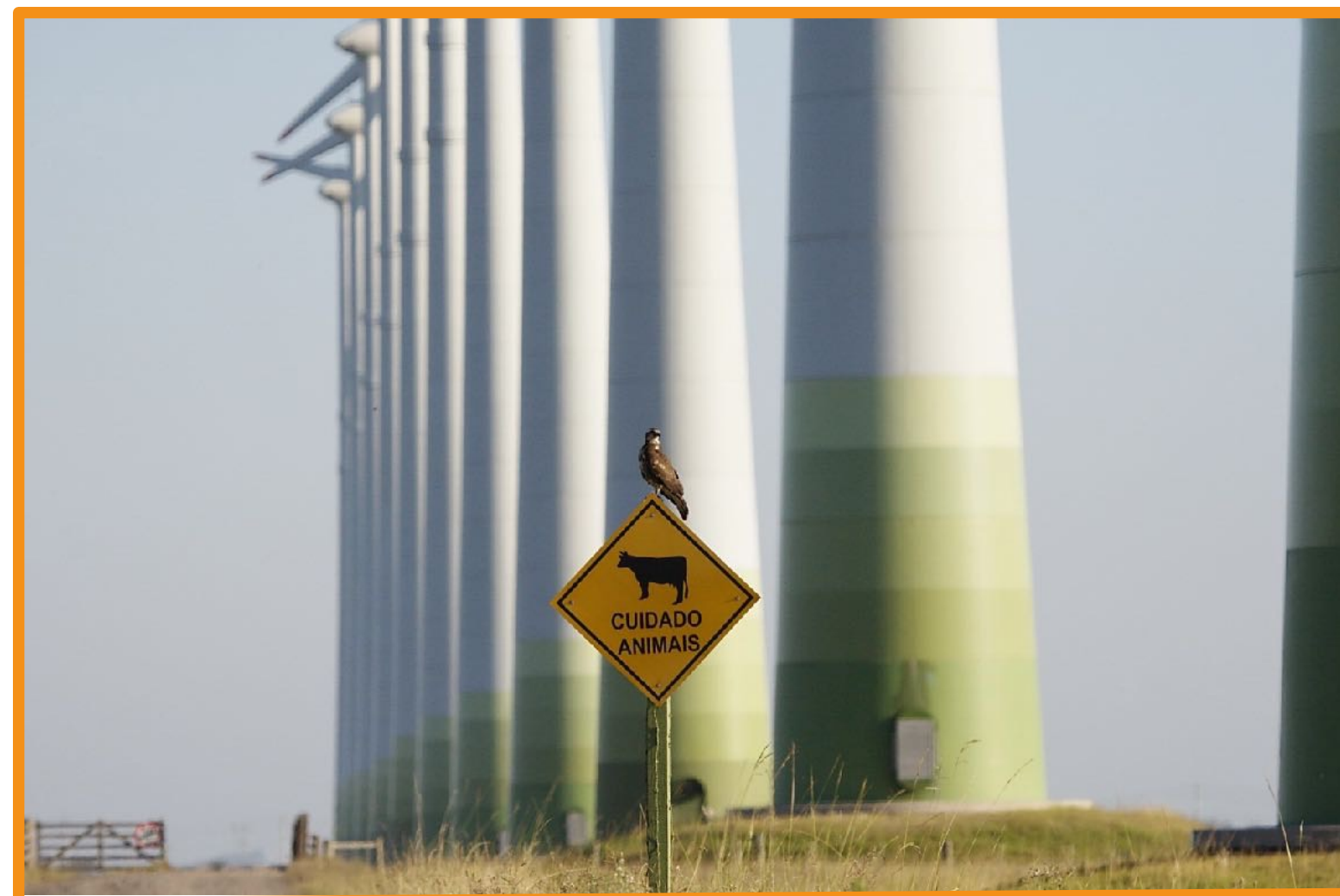
Corporate structure



A sustainable company

In the performance of its business activities, Enerfín not only seeks to boost its economic activity, but also to contribute to the development and progress of society. In addition to renewable energy, its projects create employment, wealth and wellbeing for the regions in which they operate, as well as helping to reduce the Greenhouse Gases (GHG) causing global warming.

Enerfín actively promotes social, environmental, safety, governance and innovation initiatives designed to generate value for all internal and external stakeholders.



Sustainability has been at the forefront of Enerfín projects right from the start



Innovation

Supporting progress

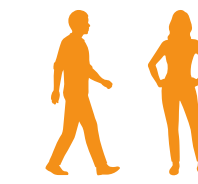
R+D+I in technology and
energy sales management
Digitalisation



Good Governance

Firm commitment

The highest ethical standards
Zero tolerance towards malpractice



People

The great asset of Enerfín

5 % Increase in team
36 % women



Safety

At the core of the business

Zero accident policy
OHSAS 18001 Certification
Staff Training and awareness



Environmental Protection

Permanent commitment

ISO 14001 Standard
455.459 Tn CO₂e emissions avoided
100% renewable energy Consumption
Preventative measures in place
Awareness campaigns



Commitment to our environment

Integration and Progress

Social and educational actions
Support for local communities
Sports initiatives

Risk management

Risks affecting the generation and sale of energy

Electricity price volatility: to date the company has long term contracts for 100% of its generation in Canada and Brazil. In Spain approximately 50% of its generation is covered by the regulation approved by the Spanish government in 2014 and the company also has a policy to hedge prices in the short, medium and long term or approximately 50% of its generation.

Fluctuation in demand: in the electricity markets where Enerfín is present, the generation of electricity from renewable renewable sources has a guaranteed right of dispatch.

Variation in wind resources: mitigated by the wind campaigns and studies carried out during project development as well as by the maturity of the farms in operation and their geographical dispersion in Spain.

Regulatory risk: in Spain, approximately 50% of the generated energy is exposed to regulatory changes. The current regulations do not adversely affect the system and therefore no regulatory changes are expected; however, should such changes come about, they would only increase the share of production exposed to the volatility of the market, which could be protected by short, medium or long term hedges. In Brazil, 15% of the energy generated is directly managed by distribution companies, leaving the remainder subject to regulatory changes; however, Brazil is one of the countries that have exhibited greater regulatory stability since it initiated its transition towards renewable energy.

The level of specialisation at Enerfín has enabled it to optimise the management of risks inherent to its activity



Financial and economic risk

Interest rate fluctuations: Enerfín projects have an average gearing of 63%, which is fairly moderate for the sector and they maintain a prudent policy of interest rate hedges with similar maturities to those of the underlying instruments being hedged. At the end of 2019 approximately 80% of the financing transactions subject to interest rate fluctuations in Spain were covered by these types of hedge instruments, whereas the financing of the operating wind farms in Brazil benefit from preferential rates set by the Banco Nacional de Desarrollo Económico y Social (BNDES) with very low volatility. On the other hand, the financing for projects under construction in Brazil has been provided by the Banco Nacional del Nordeste at a fixed rate, as is the case in Canada.

Currency rate fluctuation: the factors in place to mitigate this risk are:

- Third party funding in the working currency of each of the assets being financed.
- All of the power purchase agreements correct prices using different inflation indexes which, in the long term, reflect the devaluation of the currency.
- In the short term, the company protects its cash movements between countries using natural hedges with the funds provided for new projects or by exchange rate hedge instruments.

Credit risk: the long term power purchase agreements and financial hedges are negotiated with well-reputed companies with proven credit rating, not having suffered any disruption in this regard since the creation of the company.

In the case of power purchase agreements awarded as part of regulated processes organised by the regulatory body (Agencia Nacional de Energia Elctrica, ANEEL), the credit risk is assumed by the Brazilian electrical system.

Risk management

Operating risks

Construction risks: Right from the early stages of a project Enerfín works with first tier wind turbine manufacturers to select those that best suit each project, establishing long term relationships with the manufacturers, entering into detailed negotiations for the turbine supply agreements (TSA) and wind turbine operation and maintenance (O&M) agreements, obtaining bank guarantees to ensure compliance with contractual obligations as well as penalties in the event of non-compliance.

In the "Balance of Plants (BOP)", Enerfin habitually works with Elecnor, who has proven experience in this type of projects and is firmly committed to them as the sole shareholder of Enerfín. The project companies engage Elecnor at arm's length terms, setting the same rights and obligations that would apply to an independent contractor. Finally, construction supervision is entrusted to Enerfín by the project companies. This activity, which Enerfín has been carrying out for over 20 years, enables correct compliance and coordination of the TSA, BoP and O&M agreements.

All the company's construction activities are covered by insurance policies, which include loss of revenue, acquired from first rate insurers.

Operating risks: Enerfín maintains a high efficiency level in its projects with availability factors above 97% for its older sites in Spain (average life above 15 years) and availability factors above 99% in all other farms in operation.

This is due to ongoing management, carried out by highly experienced human resources present in all operating wind farms, to the wind turbine O&M services agreed with the various manufacturers (except for the wind farms of Paramo de Poza, where this is performed by Enerfín's own teams) and the O&M services of the remaining BoP contracted with Elecnor.

In addition, as is the case with construction activities, the wind farms in operation are covered by insurance policies that cover against loss of earnings, taken out with first rate insurance companies.



Control Centre for Osorio wind farm
(Rio Grande do Sul, Brazil)



Control Centre at L'Érable wind farm, (Quebec, Canada)

The experience of its shareholder Elecnor in the construction of large infrastructures and its commitment to Enerfín help reduce the risks of the activities carried out for the company



Business performance in 2019





Significant events

Spain

Cofrentes W.F. (50 MW)

May

All necessary licences and authorisations have been obtained, with construction scheduled to begin in May.

SET. La Cantera (Gelaserna)

May

Start of construction of SET La Cantera, executed by Elecnor, with an investment from Enerfín of EUR 2.2 M, for connection of the 120 MW (Tudela and Corella) still being processed.

Energy storage

December

Commissioning of the storage R&D project in Montes de Cierzo wind farm using an Ion-Lithium Tesla 280 kW/1.1 MWh battery, project approved by the CDTI and EUR 490,968 loan secured.

Corporate Reorganisation

Q4

Completion of transfer of shares owned by Enerfín Enervento Exterior, S.L.U. to Enerfín Sociedad de Energía, S.L.U. in Eólica los Lagos (Chile), Vientos de Yucatán, Vientos de Sucilá (Mexico) and Guajirá Eólica II, Eólica la Vela, Eólica Musichi, Eólica Alta Guajira (Colombia).

Swaps

2019

Swaps in place in 2020 for 50.7% of expected generation (P50) of operating wind farms in Spain at a price above 55€/MWh.

PPA Cofrentes signed

May

10 year PPA agreed with Cepsa Gas y Electricidad under a Take-or-pay contract.

Financing for Cofrentes W.F.

June

Financing from Banco Sabadell agreed for EUR 36 M, over 16 years.

New connections

2019

Connection for 221 MW obtained (Wind farms of Cernégula, El Cortijo, Valdetina, Akermendia, Santa Águeda, Montecelo).

Enerfín Enervento corporate tax

December

Enerfín Enervento collected EUR 1.2M resulting from the self-assessment correction issued by the AEAT regarding corporate tax for 2008 and 2009.

Digitalisation

December

Implementation of document management tool (SharePoint) and installation of processing tool (AuraPortal) for project technical and financial analysis.

The development achievements of 2019, the cornerstone of growth at Enerfín



Brazil

Investment in São Fernando 3 (23 MW)

April

WTG supply contracts entered into with Acciona and BOP with Elecnor for SF3, first fully merchant project that Enerfín decided to tackle in Brazil.

Funding by BNB in place for São Fernando 2 & 3

June & November

Raised debt of 222.5 MR\$ (SF2) and 69.3 MR\$ (SF3) over 24 and 16 years, respectively, from signature date, including 2.5 years of principal grace period.

Ventos do Sul debenture issuance

October

325 MR\$ 2 series CDI (227 MR\$) and IPCA (98 MR\$) at 6.5 years.

"Bookbuilding" issue successfully completed: 1,015.12 MR\$ (3.12x target).

Start of construction of São Fernando Wind Complex (173 MW, 50 AG)

May

Start of construction of the SF1, SF2 and SF3.

Award of wind farm São Fernando 4. (83,2 MW)

September/November

19 year offtake contract awarded in auction organised by Cemig (start of supply 01.01.23) for P.E. São Fernando 4 in RN signed in November.

First drawdown of São Fernando 1

October

Issue of guarantees by Bradesco and first drawdown of first financing contract with BNB.



Significant events

Canada

PP.EE Saskatchewan

February

MOU signed with the Moosomin First Nation for its potential participation in the next SaskPower Request for Proposal.

Australia

Woolsthorpe wind farm

October

All administrative authorizations obtained to start the construction, and significative progress made in obtaining interconnection authorization.

Colombia

Signature of a PPA for the El Ahumado wind farm (50 MW)

October

15 year take or pay PPA signed.

Completion of Indigenous Community Consultations for El Ahumado wind farm powerline

April

Successful completion of the 12 initial consultations with the Wayuu communities.

Mexico

Indigenous Community consultations for Panabá-Sucilá (600 MW) complex completed

December

Agreements with the 5 communities and the SENER (Department of Energy) signed.

95% of TL rights-of-way signed

December

Agreements signed for transmission line covering 80.7 km of a total of 84.2 km.

Argentina

Environmental licence for first phase of PE Salamanca (100 MW) obtained

July

Environmental licence issued for "ready to bid" project.

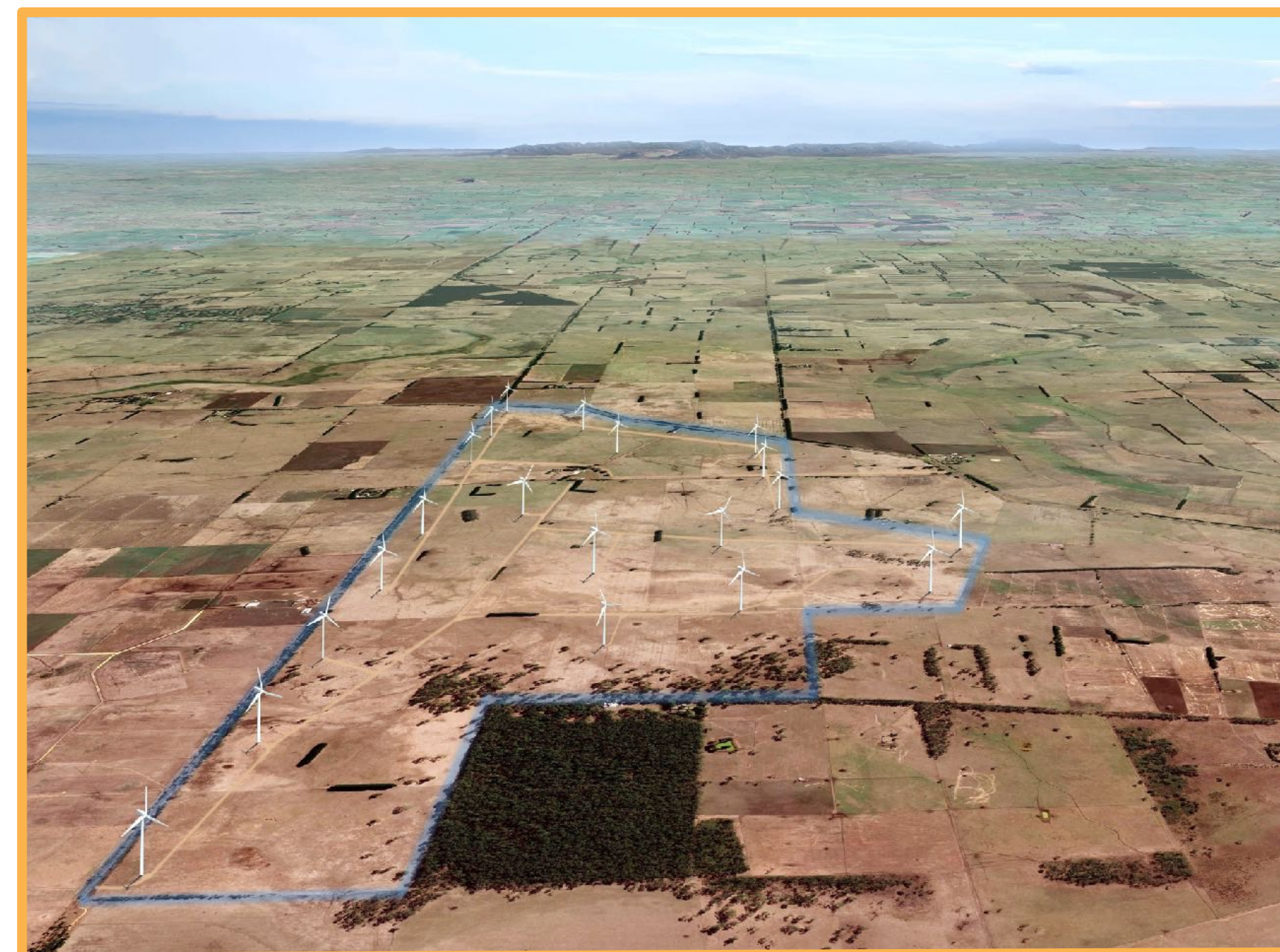
Cuba

Service agreement signed for development of PE Maisí (175 MW)

April

PE Maisí 175 MW with PPA signed with UNE (possibility of increase to 300 MW)

Geographic expansion has been part of Enerfin culture right from the start



Simulation P.E. Woolsthorpe, 73 MW (Victoria- Australia)



Simulation P.E. El Ahumado, 50 MW (La Guajira- Colombia)

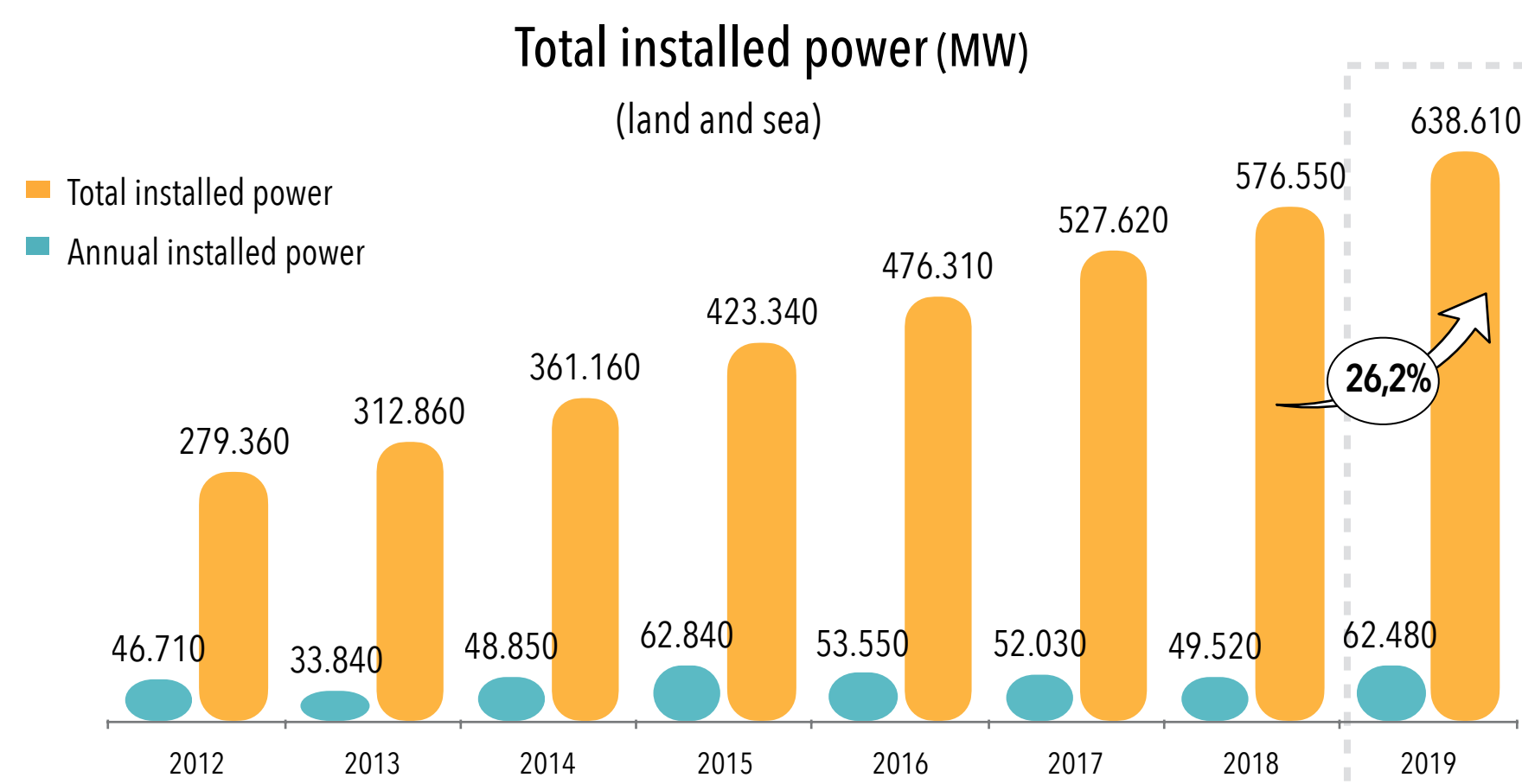
Situation

A worldwide commitment to the environment and the competitiveness of renewable energies guarantees growth for the sector



The renewable energy sector presents high growth prospects due to the governments' need to meet renewable targets, the growing commitment of businesses to use clean energies and the ever increasing competitiveness of renewable energies.

These expectations have been further strengthened in the wind energy industry in 2019, with over 60 GW of installed power, ranking second in terms of installed capacity in the history of the sector, a trend that is expected to continue.



Parallel to this growth, the development conditions of new projects are changing:

- The R&D efforts made by manufacturers is driving the continuous appearance of new and more efficient wind turbine models, enabling wind power to become increasingly competitive, but also adding to the complexity of projects, which are initially designed using prototypes; as

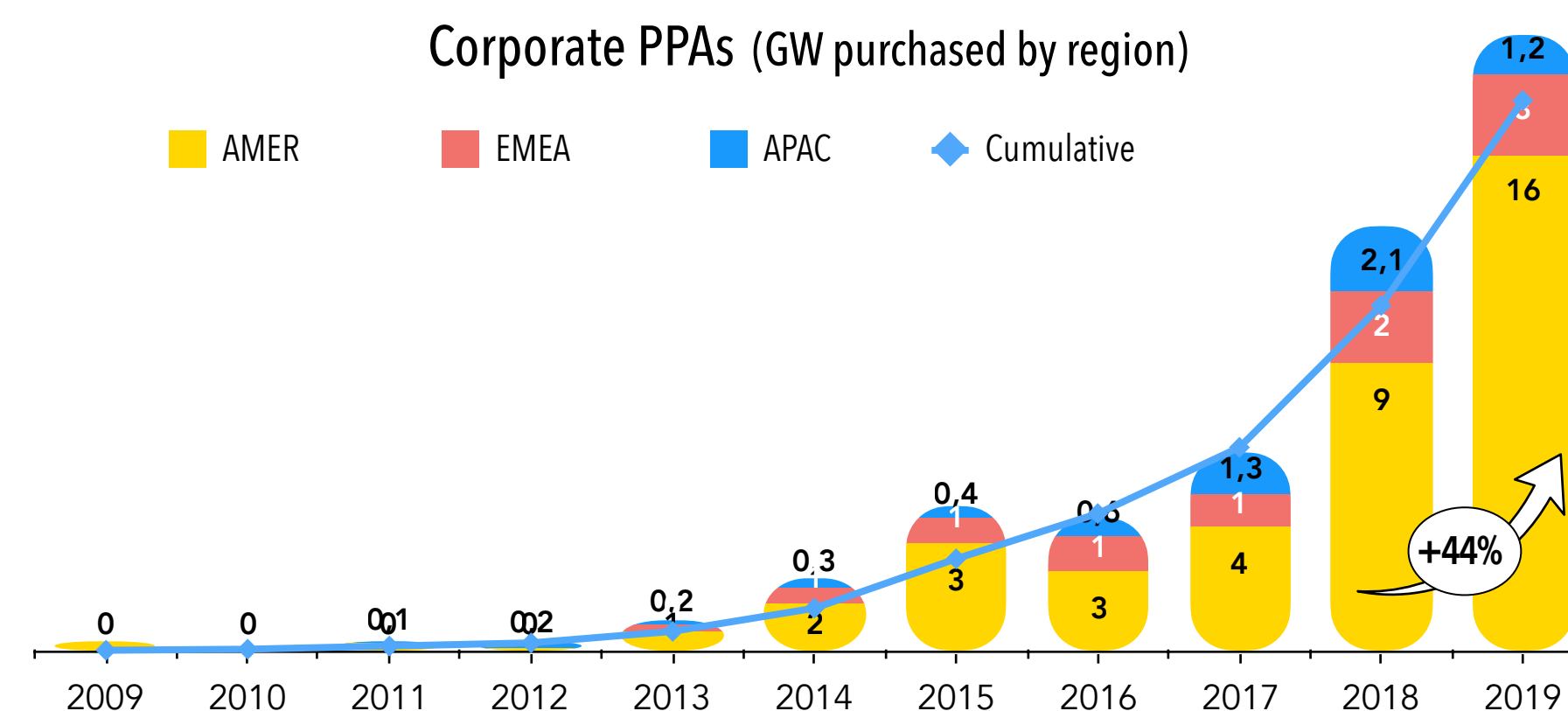
the turbines evolve and change, the design, permits and production estimates are all affected and need to be modified accordingly.

- The expansion of electrical grids in most countries is key to the development of the industry, particularly given the ease in processing large scale photovoltaic power which is accelerating congestion.
- Need to "hybridise" wind-solar projects to optimise the use of grids and become more competitive in the electrical market.
- The energy sale model has changed, with lower sales in regulated markets replaced with private PPAs and merchant sales, which renders the efficient management of energy sales increasingly necessary.

Corporate PPAs have broken a new record in contracted renewable energy, having reached 19.5GW in 2019 (44% more than in 2018).

The US leads this trend (accounting for 70% of power sold in 2019).

High growth prospects in this market given the increasingly ambitious commitments of businesses to clean energy consumption (i.e.: RE100)¹, the renewable requirements set by governments (federal and regional) and the elimination of auctions in certain countries.



Source: Bloomberg. Estimación

Situation

The situation in the countries where Enerfín is present Spain

In 2019 a total of 2,319 wind MW and 3,729 photovoltaic MW were installed, mostly awarded in the 2016 and 2017 auctions.

The European renewable targets approved for 2030 and the national plans outlined in the National Integrated Energy and Climate Draft Plan have increased the interest in renewable energies, with a very large number of connection applications for renewable projects having been submitted, and an award of some 100,000 MW. In 2020 the Government is expected to enact new legislation to regulate these permits and call new auctions.

As for the sale of energy, the average electricity pool in 2019 was of 47.7 €/MWh compared to the 57.3 €/MWh of 2018, mainly due to the fall in gas prices, the high level of hydraulic generation in the last quarter, the drop in CO2 prices in the second half of the year and a drop in demand.

Brazil

Auctions to buy and sell energy in the regulated market (A-4 and A-6) were held in 2019, having awarded 1,132,4 wind MW and 733.7 solar MW. Additionally, companies like CEMIG and COPEL held auctions to purchase wind and solar power.

Moreover, Aneel published the calendar of upcoming auctions for 2020 and 2021, planning to hold two per year.

In parallel, the Government is working to modernise the electricity market, with measures such as the application of an hourly Difference Settlement Price PLD (spot) as of 2021 and the separation of energy and firm power in upcoming auctions.

There are concerns regarding the lack of liquidity affecting the spot market for the last 5 years, caused by the judicialisation of the electrical sector due to the hydrological risk (GSF- "Generation Scaling Factor").

Foreseeable return of Spain to the map of leading countries in renewable energies

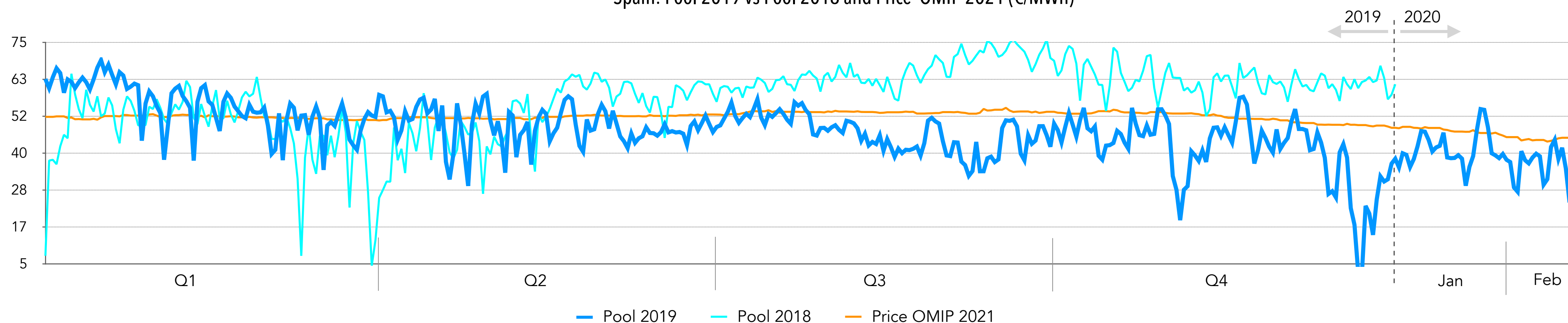


Canada

The provinces of Saskatchewan and Alberta continue to be the focus of renewable development in light of the long term prospects for energy demand due to the retirement of coal power plants. In all other provinces there are no prospects of new generation in the short and medium term. In Alberta the government decided to cancel the bid planned for 2019. Nevertheless, there are still projects to sell energy to the market and bilateral PPAs.

In Saskatchewan, SaskPower, a government-owned utility, has maintained its target to achieve 50% of renewable energy capacity by 2030, having already launched its second tender for 300MW of wind power, to be held in 2020.

Spain: Pool 2019 vs Pool 2018 and Price OMIP 2021 (€/MWh)



Situation

Australia

The planned dismantling of almost 15 GW of thermal capacity along with the growing competitiveness of renewables will bring about new opportunities for the wind sector (over 30GW planned for 2040). However, this renewable penetration will be subject to the reinforcement of the transmission network, which is already being addressed by the AEMO (Australian Energy Market Operator).

On the other hand, AEMO is facing a number of technical problems in the northeast of Victoria and southwest of New South Wales caused by a number of solar farms connected in the West Murray area, that are causing disruptions in the grid. For this reason, it has restricted the dispatch from several generators and suspended the processing of applications for new connections in the region

Colombia

In 2019 a Government auction awarded long term PPAs for 1,366 MW (1,077 MW wind and 289 solar). There has also been a growing interest on the part of large consumers and energy retailers in entering into private PPAs, as a result of the new regulatory framework which favours the addition of renewables.

Mexico

The cancellation of the long term auctions of the Centro Nacional de Control de Energía (CENACE) has increased the negotiations of bilateral power purchase agreements with qualified suppliers and led to the first private auctions being held.

On the other hand, the Government has continued its policy to strengthen the CFE vis a vis the private sector, hence the caution in the financial sector in the face of Government policies and market uncertainty.

Chile

The decarbonisation plans of the country's large generation companies have been confirmed (scheduled closure of 5,541 MW of coal generation plants). However, the tenders for renewables scheduled by the government for 2019 have been postponed to 2020.

Argentina

The financial and exchange crisis led to the cancellation of the tender for PPAs as part of the Renovar programme designed to meet the target of 20% of consumption by 2025. In addition, the change of government at the end of the year is slowing down the development of activity in the industry.

Cuba

One of its challenges is to achieve greater energy independence through the use of all national energy sources, as is stated in the Government's National Energy Sources Development Programme.

The Cuban government has set the target of renewables accounting for 24% of the energy matrix by 2030 (currently 4%). As a first step, Unión Eléctrica de Cuba (UNE) awarded PPAs in 2016 to several projects for 645 MW.

Africa

The growth forecasts for the population and electricity demand expected in the coming decades and the high level of renewable sources render Africa a market with attractive opportunities.

A large share of its growth will be concentrated in South Africa and in the North African region, which are mature markets where the PPA prices have fallen to levels comparable to Western markets.

On the other hand, Sub-Saharan Africa is becoming an interesting market in the medium term whose potential is awakening an ever increasing investor appetite, where current entry barriers, such as a weak transmission network and the bankability of counterparties in power purchase agreements, will need to be addressed.



Meteorological Tower Los Lagos W.F., Chile

**Southern Latin America, Cuba
and the African continent
constitute the new challenges
and opportunities for the Group**



Our business

2019 has served to underpin the intense growth of Enerfín that began in 2018, with an increase of over 300 MW in its portfolio of projects under construction which, once commissioned through this and the start of next year, will increase the company's installed power by almost 33%.

During 2019 Enerfín has continued to carry out its activity as an integral manager of wind power projects, having amassed a portfolio of almost 5,000 MW, of which 1,220 MW are already in operation or under construction stage, with the remainder in different phases of development.

The boost of its energy management activity in 2019 is also worthy of note, having entered into private PPAs, either by direct bilateral negotiation (Spain and Colombia) or via tenders called outside of the regulated environment (Brazil), which has been made possible thanks to the growing knowledge of the electricity markets in which Enerfín is involved and the competitiveness of its projects. Likewise, for this reason, it has decided to tackle its first totally uncontracted project in Brazil.

In parallel, and with the aim of increasing its capacity as a global energy manager, Enerfín has begun an energy storage R&D project in one of its operating farms, becoming the first non-experimental wind farm on mainland Spain which integrates a battery with an energy management optimisation system in real time.

2019 has been marked by growth and a boost of activity in new countries and investment in new projects



It is also worth mentioning the progress made in the construction of the San Fernando wind power complex, the second largest of Enerfín in Brazil and the first in the Northwest, initially offering 256 MW, although with a capacity to increase this power by around 25%. After the experience acquired by Enerfín in Brazil with its wind farm complex of 375MW in Rio Grande do Sul, Enerfín decided to tackle the Northeast of the country where in less than two years it has managed to finalize the permitting and commence the construction of the first four projects in the complex due for commissioning in 2020.

The financing operations carried out to fund these projects and the refinancing of its Ventos do Sul wind farms (150 MW), located in Rio Grande do Sul, via the issue of debentures on the Brazil Stock Exchange for a value of 325 MR\$ is also worthy of note.

Moreover, in 2019 Enerfín has made significant progress in the construction of its Wind Farm in Cofrentes of 50 MW, located in the municipality of Cofrentes (Valencia) which it expects to commission during the first months of 2020 and will become the first wind farm to be inaugurated in the Community of Valencia since 2012.



Our business

Project development

In 2019 Enerfín has continued to progress its projects in development in the various countries in which it is present, having obtained the necessary authorisations and begun the construction of 306 MW in Spain and Brazil.

Specifically, Enerfín's activity in the various countries in which it operates has been as follows:

Spain

Enerfín has developed and increased its portfolio of projects in progress, such as:

The completion of the development and commencement of construction of its wind farm in Cofrentes (Valencia).

The progress made in Navarra in the administrative permitting of its wind power projects (120 MW) which connect to the expansion of the SET La Serna, owned by the company Gelaserna of which Enerfín, along with other regional developers, is a shareholder, and which is being built by Elecnor.

The development of 160 additional MW, with access and connection rights secured in the communities of Castilla y León, Andalucía, Navarra and Galicia, in various stages of development.



Simulation P.E. Corral del Molino, (Navarra, Spain)

Brazil

Enerfín has focused its activity in Rio Grande do Norte, where it has commenced the construction of the first wind farms of its wind power complex São Fernando, São Fernando 1 and 2 (150 MW) contracted in 2018, São Fernando 3 (23 MW), the first uncontracted project that Enerfín has decided to build in Brazil and São Fernando 4 (83.2 MW) for which it has just entered into a new PPA in the open market. With these projects the complex has reached 256 MW under construction and a capacity to exceed 300 MW by 2020.

In parallel it has expanded its project portfolio by starting the development of 200 new MW in the same state.

In the south it continues to maintain its portfolio of over 1000 MW in Rio Grande do Sul, which will become operational once the new energy evacuation infrastructure in the region has been completed.

Canada

Continuing with the strategy of previous years, the activity of Enerfín has focused on the provinces of Saskatchewan and Alberta.

In Saskatchewan Enerfín, through its subsidiary Prairie Winds, presented three of its projects in the Province to the new prequalification system within the framework of the tender organised by the electricity company in the province, SaskPower. In parallel, Enerfín is progressing the development of a 90MW project in Alberta.

Enerfín's new Wind Plan in Navarra, birthplace of the company, will exceed 300 MW



Our business

Project development

Australia

Due to the situation of uncertainty and the delays in the connection process for the Woolsthorpe wind farm, Enerfín made progresses in the process in order to fulfill with the commitments included in the PPA signed with the utility Snowy Hydro. In addition, during the financial year all permits (except for the connection) required to start building the project were obtained; in parallel, negotiations for the supply of equipment continued their course, aiming to finalize financial close in 2020.

In parallel, Enerfín initiated the development of new projects in the state of New South Wales.

Colombia

Enerfín is firmly committed to projects in Colombia, having signed in 2019 its first PPA for the first wind farm it plans to build in the country. This wind farm, known as EL Ahumado, will have 50 MW of installed capacity and is one of the first wind farms in the country with a local and national connection, having negotiated agreements with the indigenous communities affected by the wind farm and the line.

By signing this PPA, Enerfín plans to structure the financing for the wind farm during 2020 so as to begin construction in 2021.

Meanwhile, Enerfín continues to work on its projects under development totalling over 550 MW in the region of Alta Guajira.

The early presence of Enerfín in Australia, Colombia and Mexico is key to the development of its plans in these countries



Mexico

Enerfín has continued with its development activity in the state of Yucatán, where it is building its wind power complex Panabá-Sucilá of up to 600 MW, having completed all indigenous community consultations for the entire complex and signed agreements with the 5 communities that are affected. It has also practically completed the negotiation of the easements for the transmission line TL400 kV (83 km) that runs from the Panabá-Sucilá complex to the electrical substation Dzitnup, aiming to complete the administrative and technical permitting processes of the wind farm in 2020 and begin construction in early 2021.

Enerfín also began the PPA search process for the first phase of this complex.



Simulation Panabá 1 W.F., 150 MW (Yucatan- Mexico)

Our business

Project development

Chile

Enerfín has advanced in the development of its project in the region of Los Lagos and has increased its installed capacity to 200 MW

Argentina

Enerfín has increased the capacity of its Salamanca complex located in the region of Chubut to about 300 MW and has obtained the environmental licence required for the first phase of 100 MW, which is ready to bid in the government's upcoming tenders. Enerfín has also begun a new development in the province of Buenos Aires.

Cuba

Given the growth prospects for renewable energies in Cuba, Enerfín has decided to position itself in this market as a service provider, having already signed a first contract with the company Rhylium to develop the Maisí wind farm (175 MW with PPA signed with UNE). Elecnor will be providing engineering support for this project.

Africa

The potential for growth of electrical demand and the consolidated presence of Elecnor in many countries on the continent have encouraged Enerfín to begin its activity as a project developer in Africa, looking to create a portfolio of projects in different countries which will be progressed taking into consideration changes in energy demand and the economic and financial context.

Enerfín has initially focused on countries where significant growth in demand is expected or which are strategically positioned for export purposes, having analysed opportunities and/or begun greenfield projects in Mozambique, Kenya, Tanzania, Zimbabwe and Angola.

Elecnor's historical presence in Africa, Enerfín's gateway to the continent



Uganda delegation visit



Kenya delegation visit

Our business

Construction projects

During 2019 Enerfín closed construction contracts for the Cofrentes Wind Farm (supply of WTG with GE and BOP with Elecnor) and for the Wind Farms in São Fernando 1, 2, 3 and 4 (supply of WTG with Nordex Acciona and BOP with Elecnor)

Enerfín was also responsible for supervising the construction of these projects from the beginning of construction in April and May, respectively, with a satisfactory result having been executed incident-free and on schedule.

On the other hand Enerfín has worked closely with various turbine manufacturers in the negotiation of the projects of El Ahumado (Colombia) and Woolsthorpe (Australia)



Construction information sign P.E. Cofrentes, Valencia (50MW)



Construction information sign – wind farms of São Fernando, Rio Norte, Brazil (173.25 MW)

The Cofrentes wind farm, first wind project commissioned in the Community of Valencia since 2012



Our business

Asset Management

In 2019 Enerfín has continued to provide services under the operation management contracts it has entered into with almost all the projects in operation in which it is involved.

Thanks to its management model based on permanent on site, in 2019 it has managed to achieve an average energy availability of 98,4% (Spain: 96.9%; Brazil: 99.5%; Canada: 99.6%) as well as zero occupational accidents.

Moreover, in 2015 Enerfín decided to assume with its own personnel the O&M of the wind farms of Páramo de Poza (133 wind turbines). It is worth highlighting the good results of this project and the high level of availability maintained, which was of 99.1% in 2019, in a 17 year old farm.



PP.EE. Páramo de Poza, Burgos (101 MW)

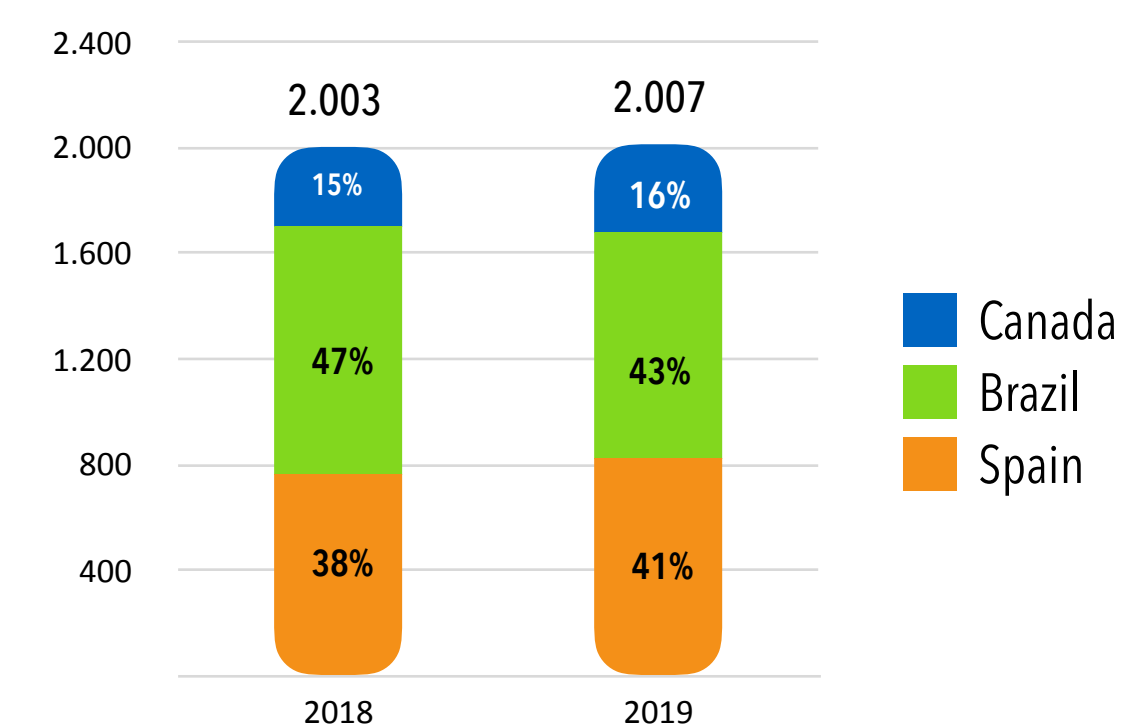
After five years carrying out the O&M of Páramo de Poza with its own means, Enerfín is ready to export the model to other wind farms



MWs managed

	Companies	Authorised capacity (MW)		Total production (GWh/year)			
		2019	2018	2019	%	2018	%
Spain	Eólica Montes de Cierzo	60,5	60,5	131,2	6,5	120,2	6,0
	Eólicas Páramo de Poza	100,7	100,7	151,0	7,5	142,4	7,1
	Aerogeneradores del Sur	54,4	54,4	122,8	6,1	105,7	5,3
	Galicia Vento	128,0	128,0	347,5	17,3	322,4	16,1
	Parque Eólico Malpica	16,5	16,5	67,9	3,4	71,2	3,6
	Subtotal España	360,1	360,1	820,4		761,9	
Brazil	Ventos do Sul	150,0	150,0	310,7	15,5	342,2	17,1
	Parques Eólicos Palmares	57,5	57,5	151,1	7,5	158,5	7,9
	Ventos da Lagoa	57,5	57,5	137,6	6,9	151,5	7,6
	Ventos do Litoral	57,5	57,5	131,5	6,6	146,4	7,3
	Ventos dos Índios	52,9	52,9	131,4	6,5	139,3	7,0
	Subtotal Brasil	375,4	375,4	862,2		937,9	
Canada	Eoliennes de L'Érable	100,0	100,0	324,5	16,2	303,5	15,2
TOTAL		835,5	835,5	2.007,1		2.003,3	

Production by country (GWh/year)

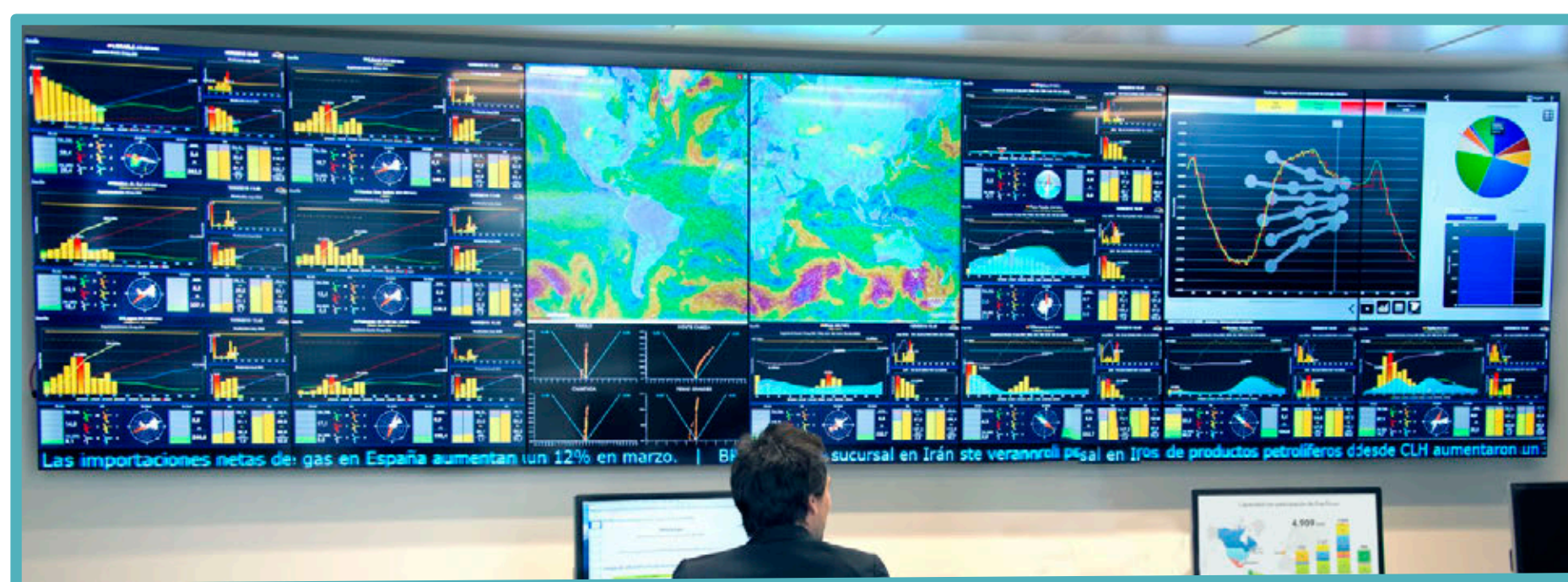


Our business

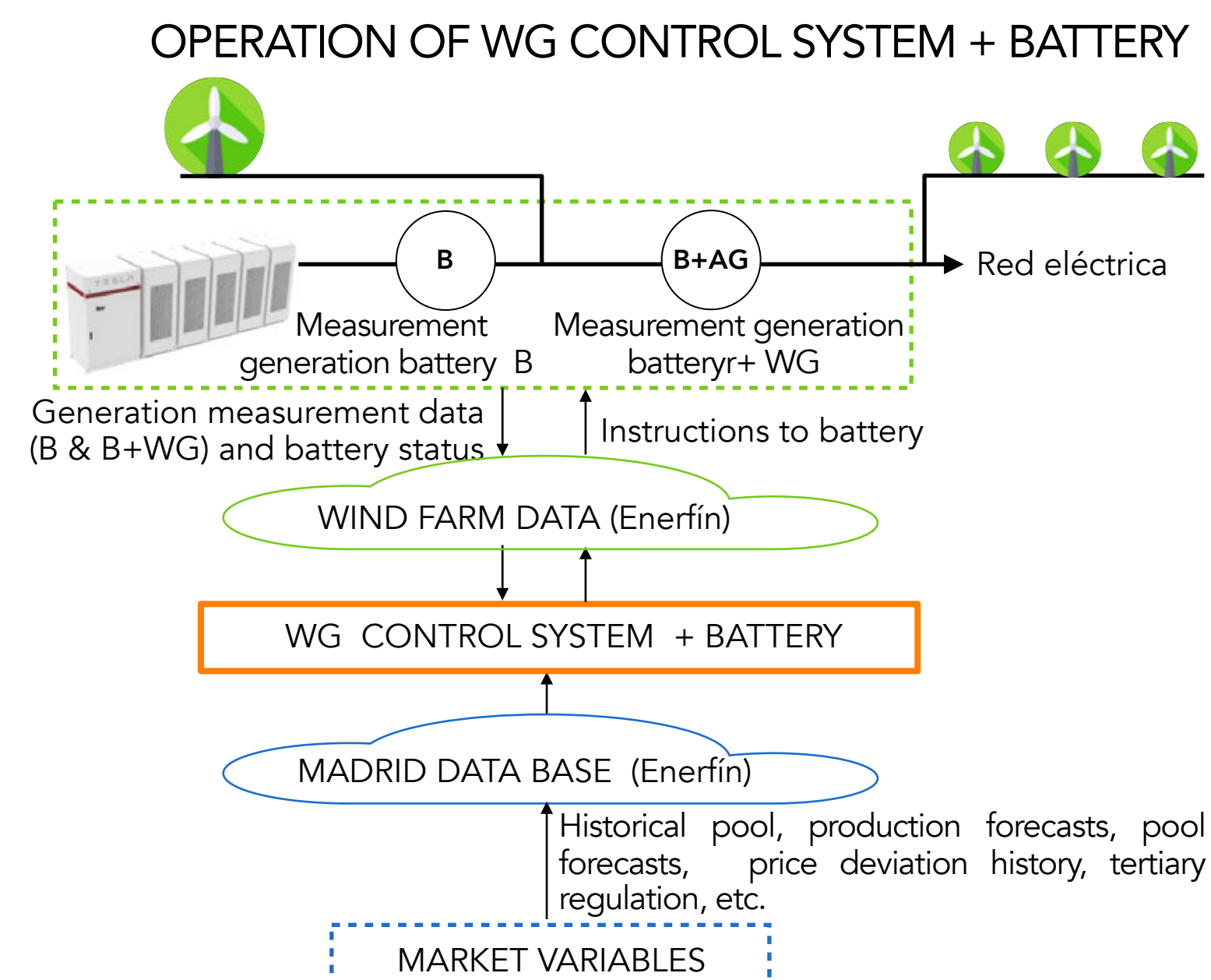
Energy management

As for its farms in operation in Spain, Enerfín has continued to carry out various actions designed to ensure and optimise its earnings, such as the arrangement of price hedges (for approx, 50% of the attributable generation in the projects it manages), having achieved a highly positive result in light of the decline of the Spanish pool price throughout the year.

It has also managed the sale of renewable energy certificates for its farms in Spain and Brazil, having obtained in 2019 more than EUR 0.4 M for their sale.



In parallel, Enerfín has begun an energy storage R&D project at its Montes de Cierzo wind farm in Navarra. With this project, Enerfín aims to simulate and analyse various strategies to reduce deviations caused by imprecise meteorological forecasting, maximise profits via energy arbitrage and sales in different markets (including those for ancillary services), and to adapt the generation output to a specific consumption profile, among others.



Enerfín has continued to drive its proprietary APMarket development tool for data management, which has been a key factor in improving the efficiency of energy sale processes





People

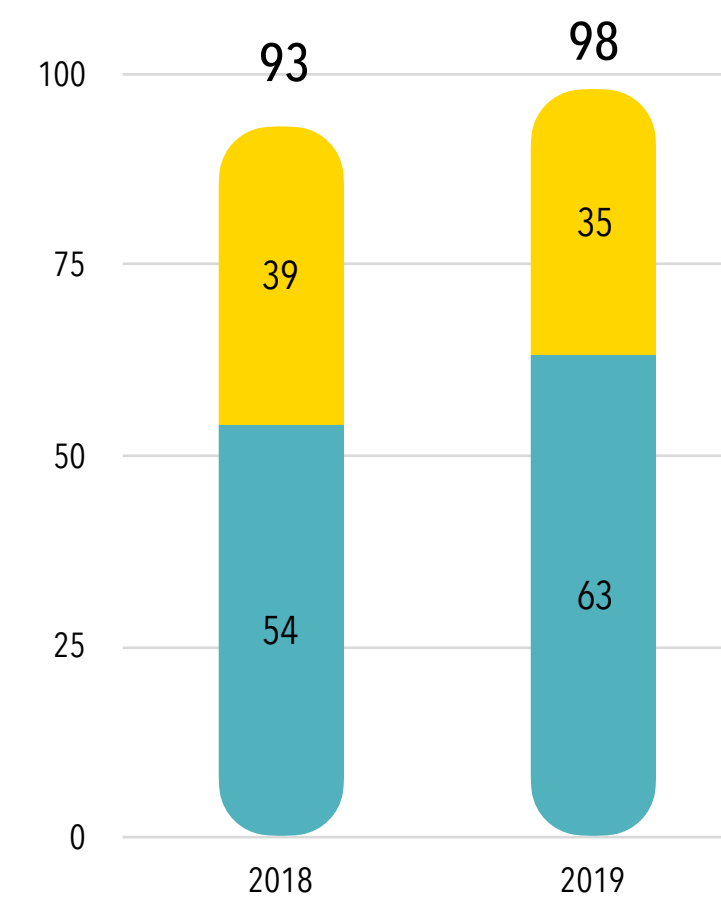
The great strength of Enerfín lies in its people, who day to day help drive the company with their skills, effort and dedication.

Enerfín has gradually increased its team over the years to match its growth, and is currently formed by 98 employees in 6 countries.

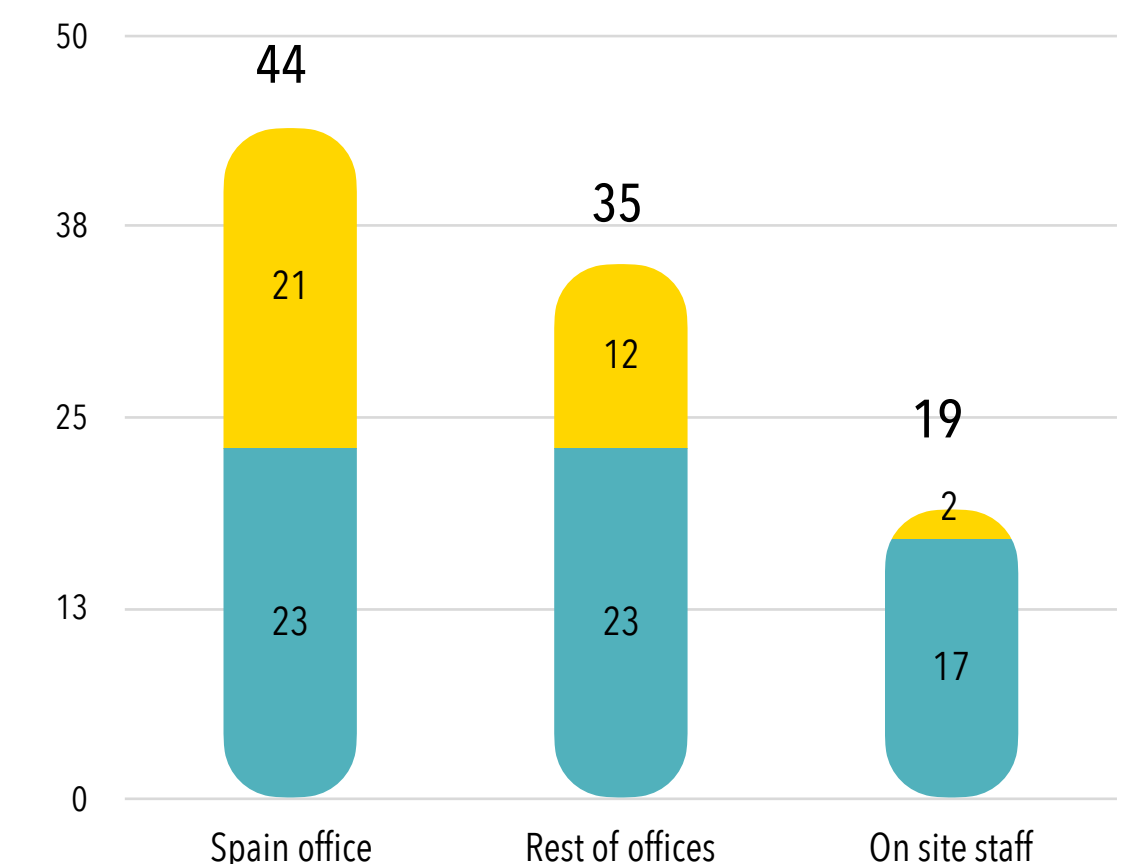
Enerfín supports and encourages the professional growth of its people within the company, and many employees have begun their careers at Enerfín. It has historically had very low staff turnover, particularly in Spain, although in 2019 the reactivation of the renewables industry, the creation of small developers and a change in the strategy of the large energy groups towards renewable energy has affected this trend.

The commitment level of the entire Enerfín team has been, is and will be the key to its success

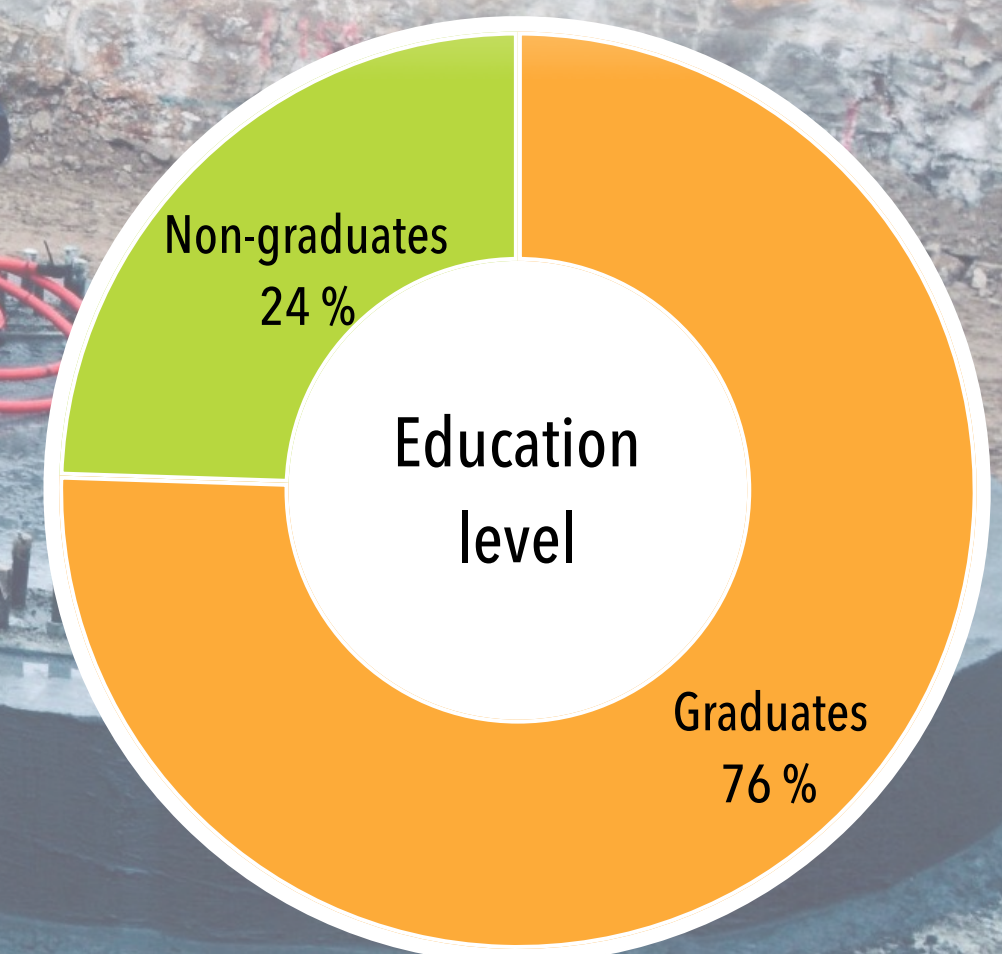
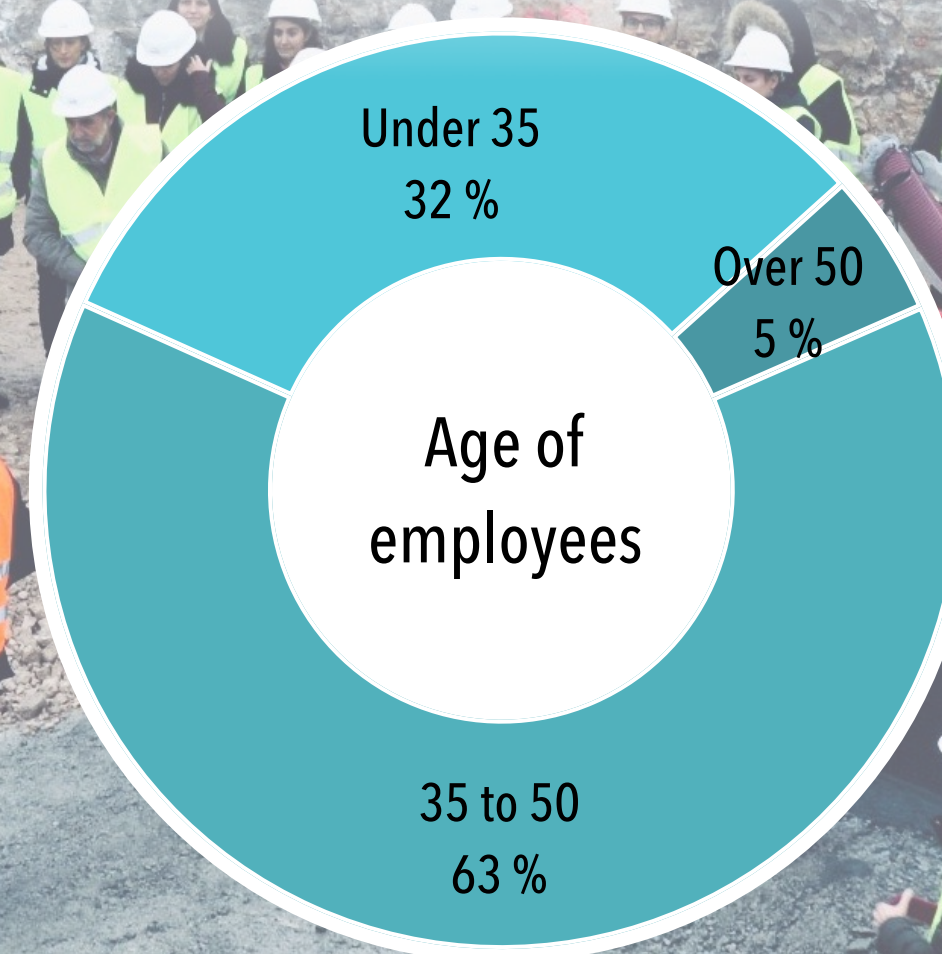
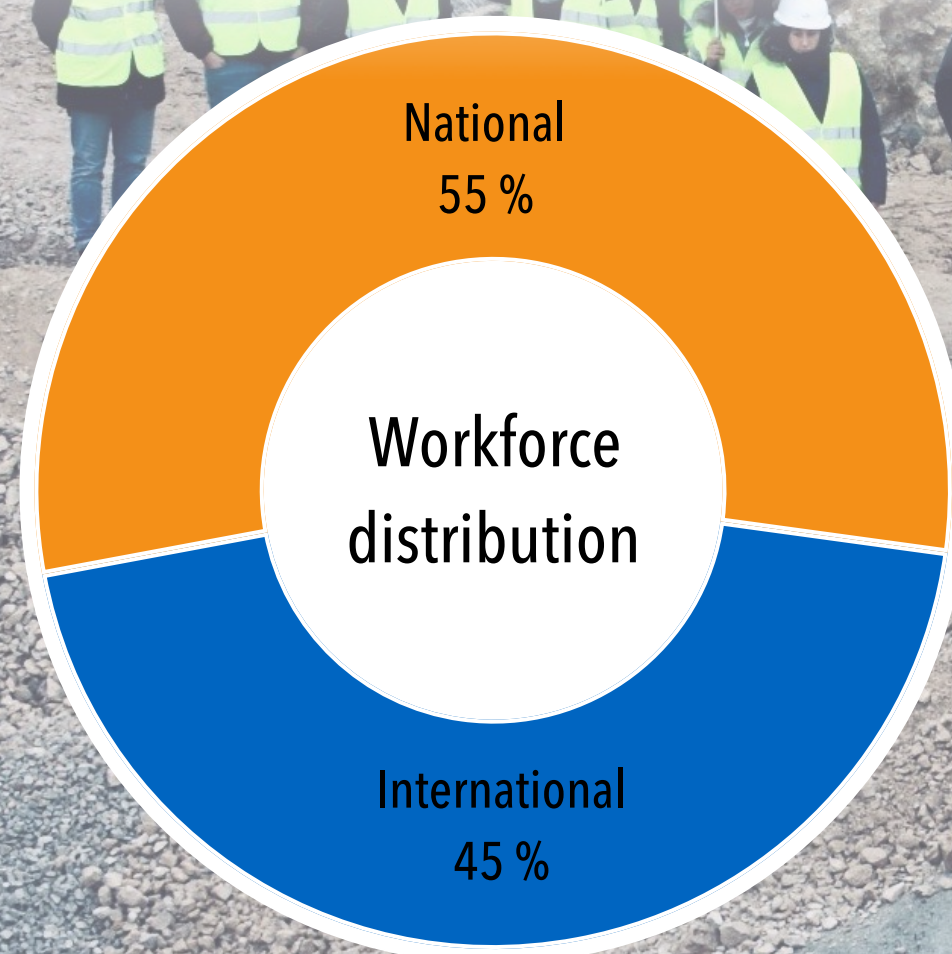
Evolution of workforce



Job distribution



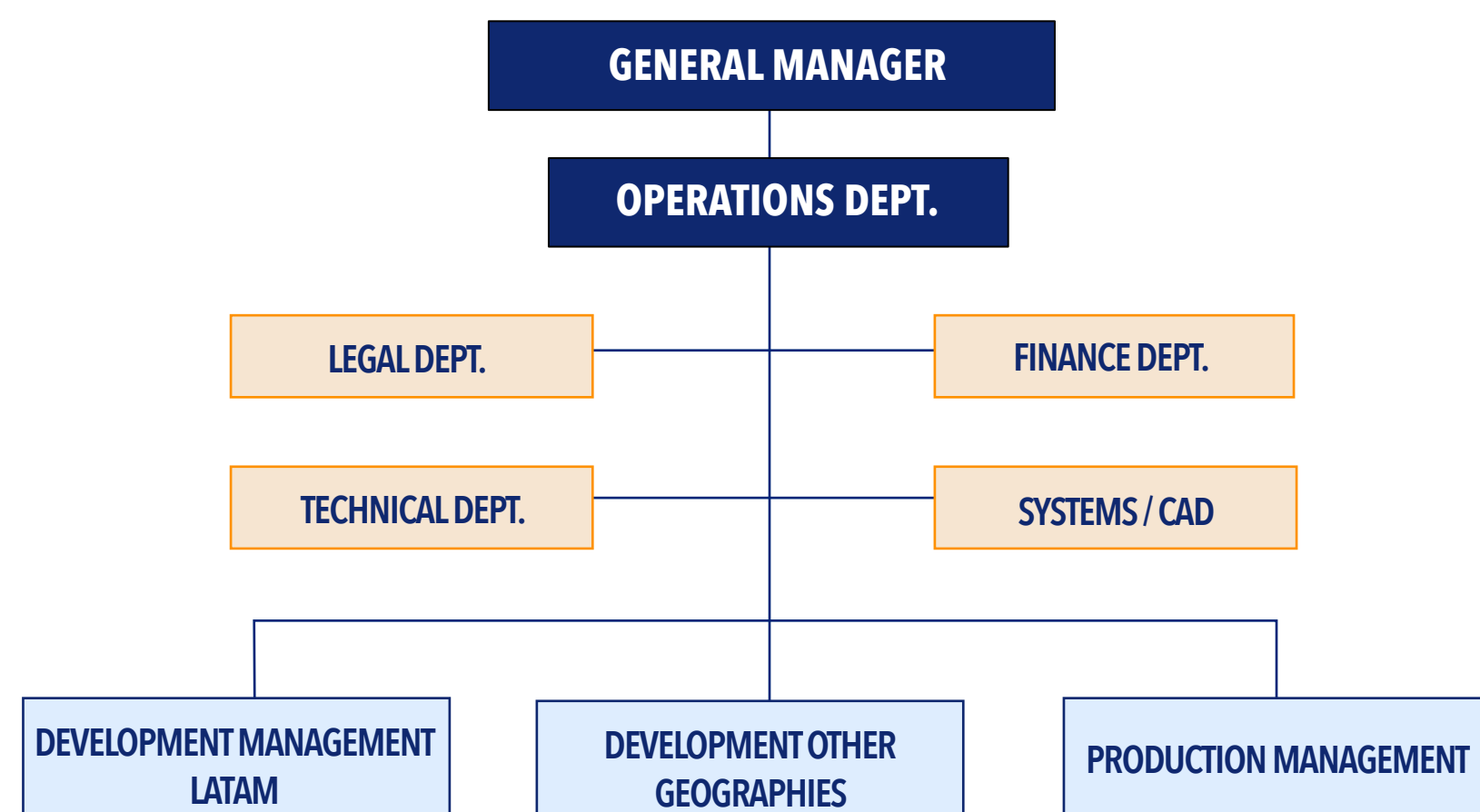
Men Women



People

The structure of Enerfín is formed by the General Management, four Business Support Areas and Two Business Management Areas, one devoted to project development and the other to production, covering the areas of construction, O&M, operations and energy management.

In 2019, of the total of 98 employees of Enerfín, 52 are involved in business and 46 in business support.



In 2019 Enerfín has reinforced training in languages, safety, compliance and matters specific to the ongoing business of the company

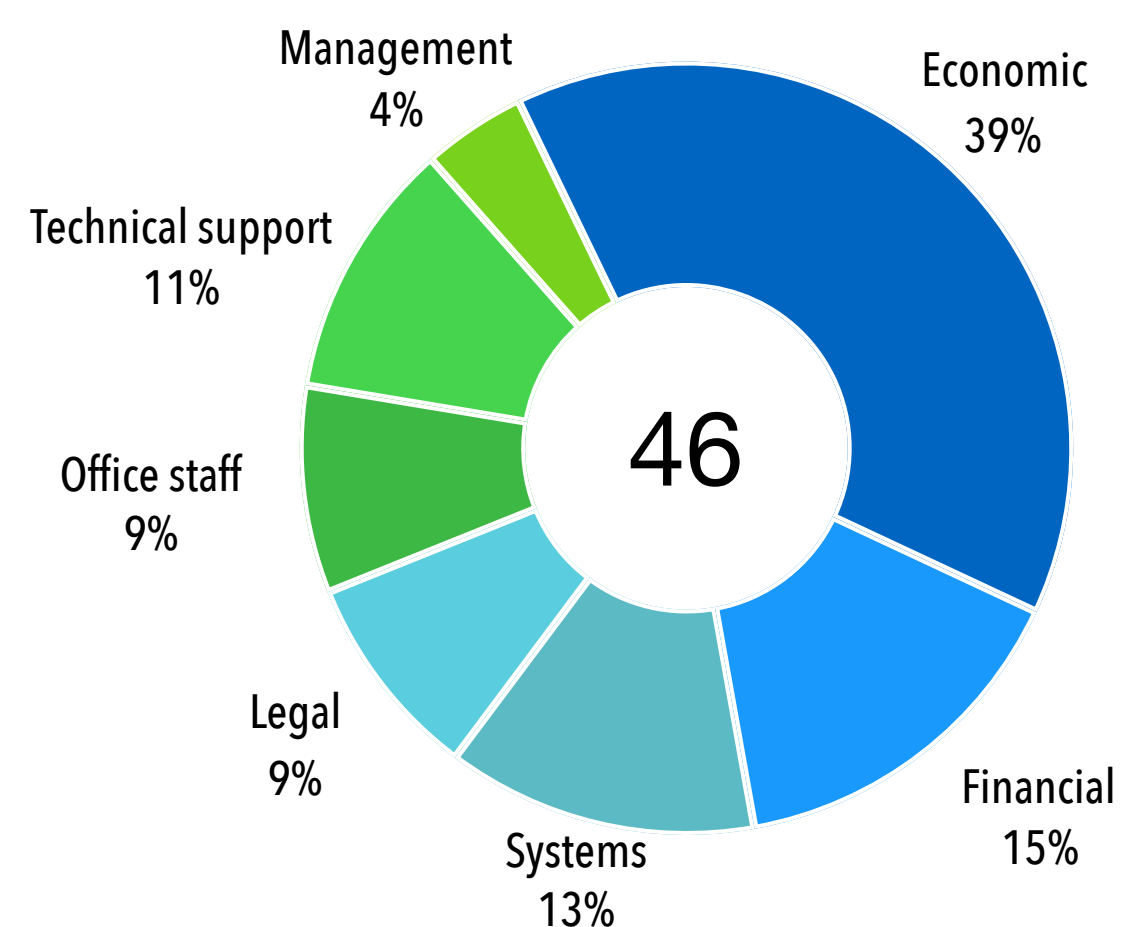


Enerfín also leads initiatives to ensure that employees are able to carry out healthy activities at their workplace, such as the attendance of the Help & Training Company programme carried out at the Madrid offices and the participation in the Company Race Event in which our female employees played a significant role.

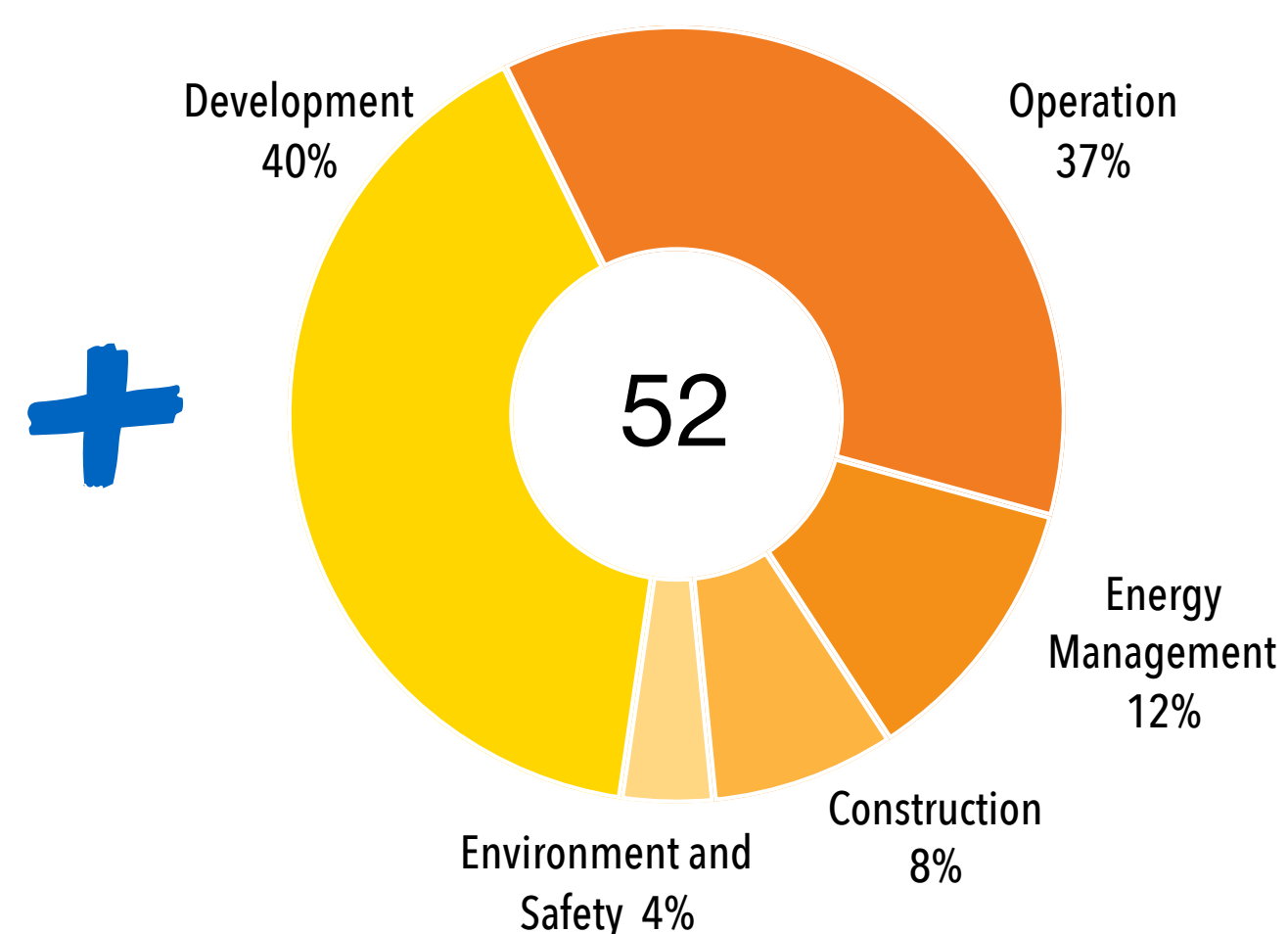


Company Race Event (Madrid)

Business management and support



Business



Visit of the Enerfín team to the Cofrentes wind farm worksite, Valencia (50MW)

Occupational risk prevention

HOURS WORKED 2019
(includes hours in wind farms under construction) **731.989**

MAJOR ACCIDENTS **0**

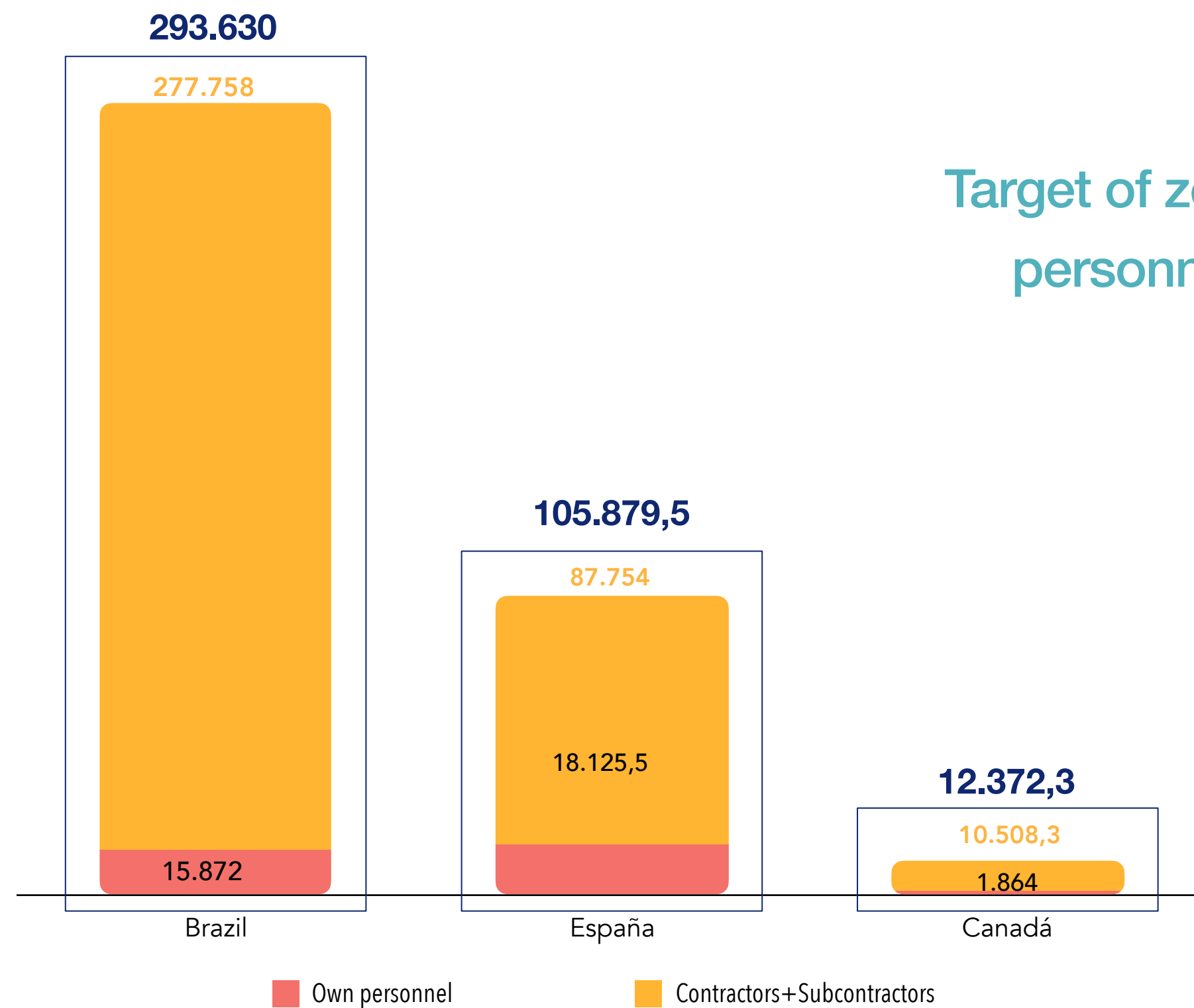
MINOR ACCIDENTS* **3**

*(1 "in itinere" with no sick leave, 1 foot entrapment and 1 hand entrapment of Elecnor subcontractors, not logged in indexes according to its criteria)

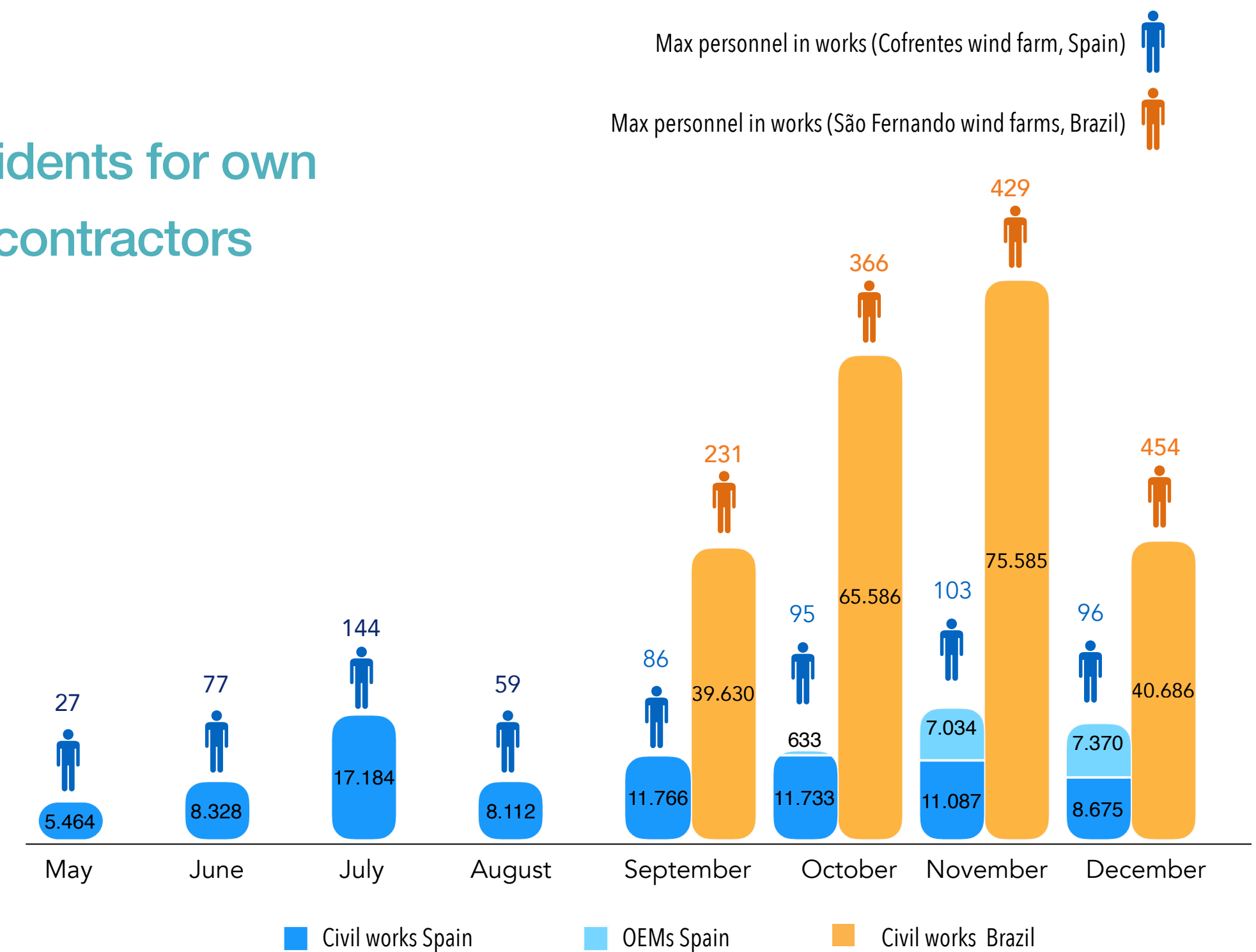


411,882 hours worked in operation 2019

320,107 hours worked in construction 2019



Target of zero accidents for own personnel and contractors



Occupational risk prevention

The health and safety of our employees, key values for Enerfín



The Company's Integrated Health, Safety and Environmental Policy focuses on ensuring:

COMPLIANCE WITH LEGISLATION on occupational risk prevention and industrial safety.

PREVENTION of harm caused to the health of employees and/or collaborators.

PROVISION of material means to enhance safety.

TRAINING in prevention techniques and personnel specialisation.

RAISING AWARENESS of workers and managers.

ADOPTION OF APPROPRIATE MEASURES through continuous inspections and audits of worksites.

These are some of the main actions carried out in 2019:

Legislation compliance: Successful outcome of internal and external audits regarding the monitoring for the Risk Prevention Management System (in line with OHSAS 18001) at Enerfín.

Prevention: organisation of a rescue session at a wind turbine with the involvement of external emergency services at the wind farms of La Herrería and Pasada de Tejada (Tarifa).



Provision: At Enerfín we strive to ensure that our personnel has the best human and material means in health and safety, having set aside a provision for this purpose of over EUR 50,000 in 2019.

Training: Enerfín continues to train all its workers on matters of health and safety, paying particular attention to our managers and having carried out the following training in 2019.

Theoretical-practical training on evacuation via stairs of wind turbine.

Basic first aid training for all office staff.



Occupational risk prevention

Theoretical-practical training on fire extinction for the First Intervention and Evacuation Team at Enerfín.



First Intervention and Evacuation Team at Enerfín: Lucía Azpeitia, Montse Talavera, Manuel Moral and Alvaro Martín.

Theoretical-practical training at height, handling of charges, fire extinction and first aid for all wind farms site managers and prevention officers.

Theoretical-practical training on fire extinction, CPR and hub rescue at wind farm.



Emergency drill at P.P.E.E. Páramo de Poza

Awareness: In 2019 two campaigns on awareness and behavioural change in health and safety were organised for all structural and works personnel.

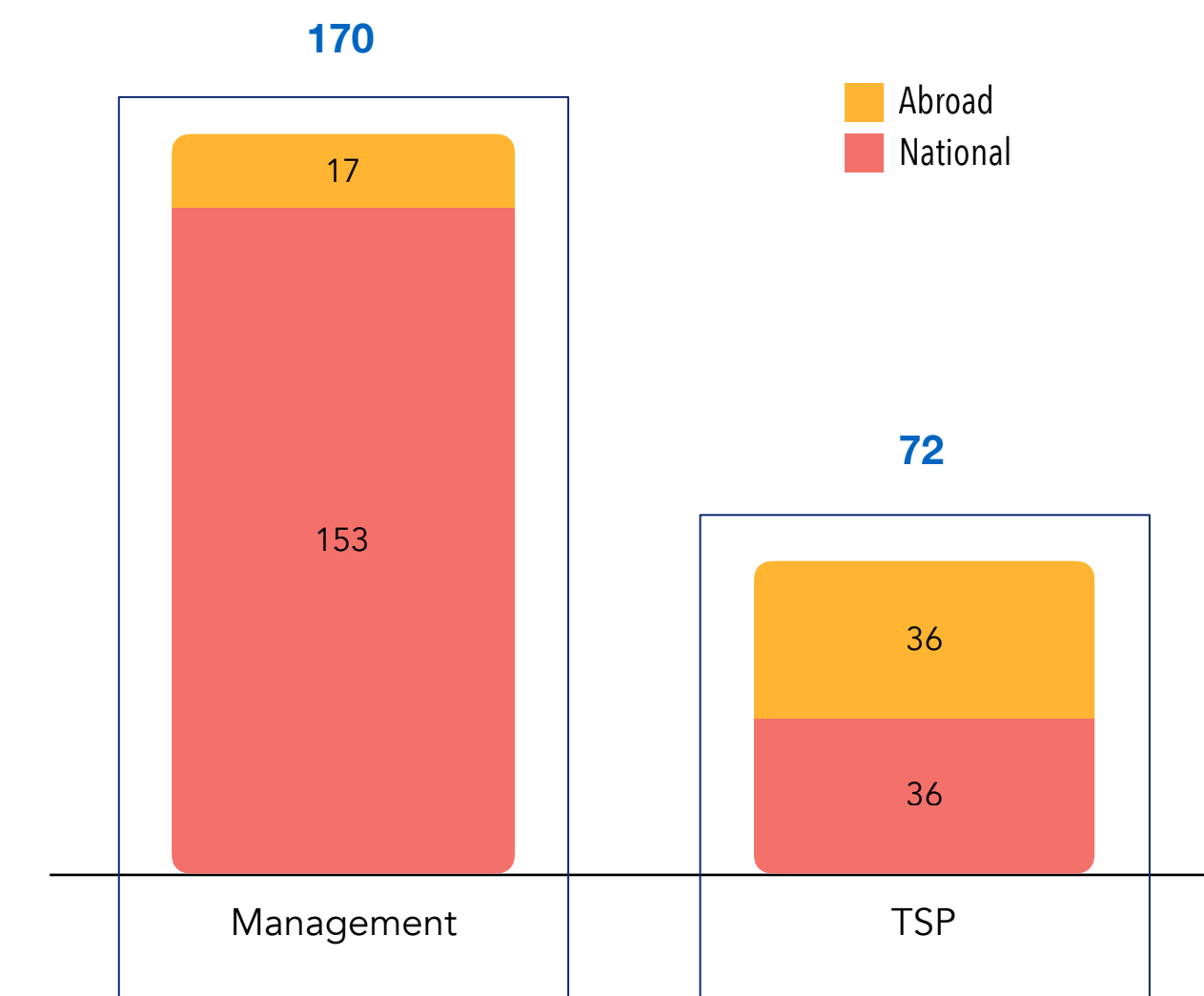
World Day on Health and Safety at the Workplace.

Road safety awareness campaign for Enerfín staff.

In addition to the foregoing, we have started to hold follow-up and awareness meetings with our staff, with a total of 28 meetings held in 2019.

Adoption of measures: through the continuous performance of works inspections and audits; 3 internal audits of works and 254 safety inspections have been carried out in 2019, resulting in 13 corrective measures.

Inspections carried out in 2019



Environmental protection

Enerfín, conscious of the importance that the respect for the environment has in the quality of life for society and the sustainability of its business project, uses practices and actions in its business that are environmentally respectful with a firm commitment to the following:

COMPLIANCE with applicable environmental legislation.

Planning of activities to ensure **POLLUTION PREVENTION** is respected, guaranteeing the continuous improvement of environmental conduct.

OPTIMISATION OF CONSUMPTION of water, power and raw materials, increasing efficiency of usage and encouraging the use of materials which ensure greater environmental protection.

AWARENESS of all its employees, collaborators and general public that participate in the Environmental Awareness and Renewable Energies Programmes implemented at our wind farms, what benefits a better environmental management and knowledge of our sector.

ADOPTION OF APPROPRIATE MEASURES designed to minimise the environmental impact of activities.

In this regard, the following actions have been carried out in 2019:

Legislation compliance: Successful outcome of internal and external follow-up audits for the certification of the Integrated System Enerfín, including the proper performance- in accordance with the ISO 14001 standard- of its environmental management.

Pollution prevention: 1.9GWh were generated in 2019, having saved 455,459 t of CO2 emissions.

In addition, all our facilities have the means to act in the event of accidental spillage, as well as suitably trained personnel to act in the event of environmental emergencies.

Optimisation of consumption: In line with the actions carried out in previous years, a special effort has been made in 2019 to reduce consumption:

Plastic: purchasing 100% recycled bottles of water from the solidarity project "Water to change the world", collaborating with a social welfare company that uses 100% of its dividends to take water to those who lack it (with projects in Cambodia, Cameroon and Ethiopia).

Paper: we have reduced the use of paper by 5% thanks to greater efficiency in the control and monitoring of printers and organisation of awareness campaigns.

Energy: in 2019, Enerfín signed electricity supply contracts that guarantee that the power consumed, both in offices and national wind farms, is generated from 100% renewable energy.

Enerfín is committed to
ensuring that its activities help
to build a sustainable future



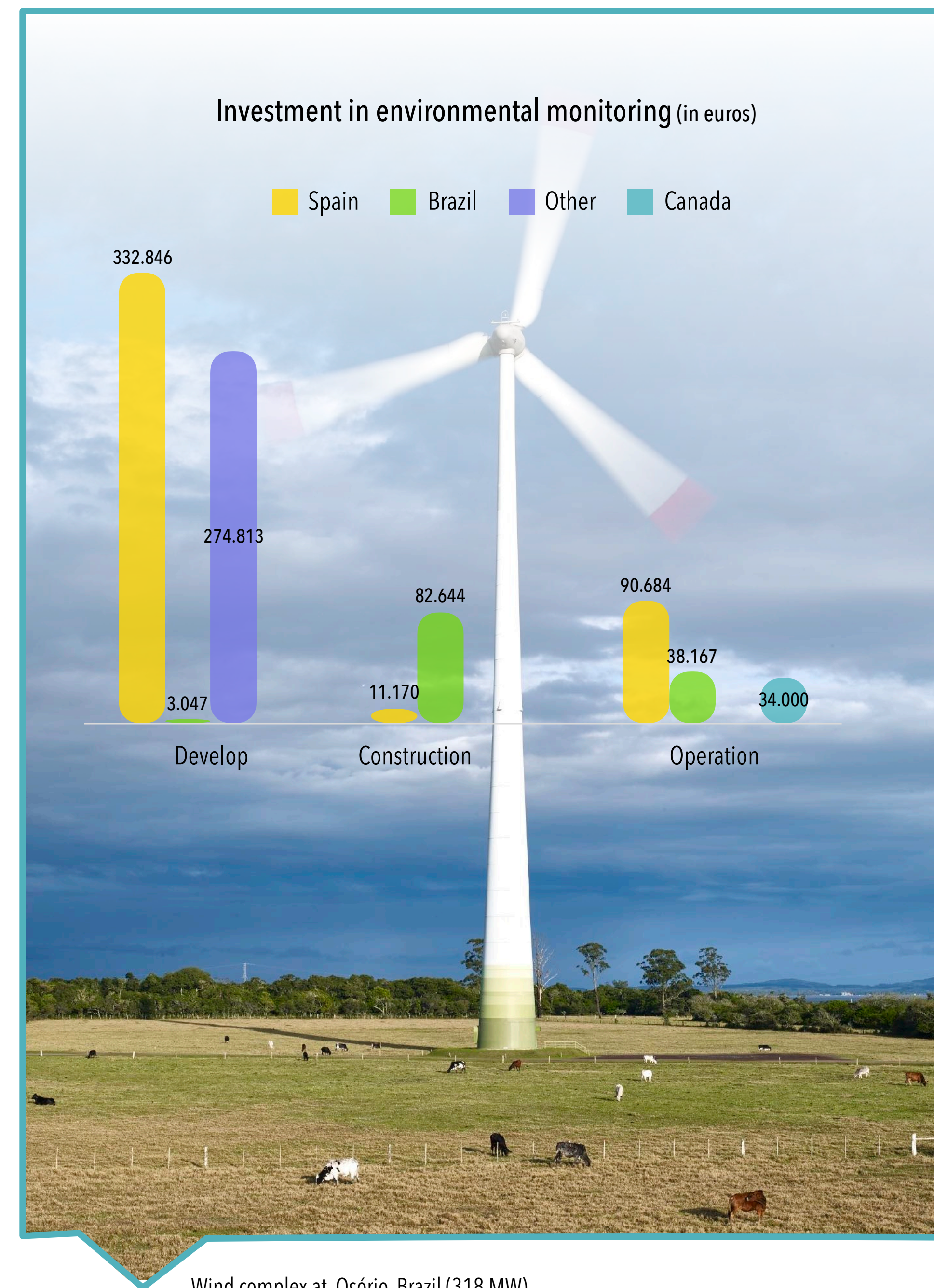
Environmental protection

Enerfín invests in the protection of the environment along its value chain



Environmental and renewable energy awareness campaigns: In addition to the continuous awareness raising initiatives organised for employees and collaborators, Enerfín provides training on environmental awareness and renewable energy to various communities, including schools, providing content on wind power and sustainability.

Measures: In 2019 Enerfín used considerable financial resources to organise fauna studies (see graph) during the development phase, in an effort to become acquainted with the environment surrounding the installation of its wind turbines and applying appropriate measures to ensure the compatibility of the potential impacts on biodiversity.



Committed to our environment

The development, progress and wellbeing of the societies in which we operate our business are a priority for Enerfín



Year after year, Enerfín organises community projects, highlighting the following ones in 2019:

Spain

Support for knowledge of the area and local customs of the places where it operates, such as sponsoring boat trips along the River Miño route (Lugo, Galicia), and of local festivities such as those organised by the Town Halls of Poza de la Sal (Burgos) and Malpica de Bergantiños, (A Coruña).

It has also sponsored, along with Elecnor, the surfing schools "La Salvaje Surf Eskola" "Surf Eskola Sopelana-Gorka Yarritu" and "Moana Surf House" on the beaches of Sopelana and La Salvaje, in Vizcaya



Brazil

Osorio Complex Visitors' Centre: since 2016, this facility has been providing information on wind power and sustainability, as well as promoting the dissemination of knowledge of the main tourist spots in the municipality of Osorio. More than 6000 people visited this centre in 2019.

Supporting sports: The now traditional race Corrida dos Ventos took place in 2019, with the participation of 55 cyclists, 115 runners and 65 walkers.

In addition, Ventos do Sul, Enerfín's Brazilian subsidiary, contributed with the project "Futebol de rua pela educação, ano VIII, instituto futebol da rualos" which aims to support the sports incentive law.



Canada

In 2019 Enerfín organised guided tours to its L'Erable wind farm in collaboration with the local tourist office, having received 480 tourists and 133 schoolchildren. Enerfín has also contributed to the construction of a centre for the elderly suffering from loss of autonomy in the municipality of Saint Ferdinand, now in the last stages of construction.

Colombia

In 2019 Enerfín carried out a number of consultation processes with several indigenous communities affected by its project at El Ahumado to establish long term relationships reflected in the agreements reached with all of them.



México

In 2019 Enerfín completed consultation processes with the six Mayan communities located in the area of influence of its projects in the State of Yucatán, having obtained the community's consent for the projects and an agreement of the social benefits to be provided by the Company.

Good governance

Zero tolerance on matters of ethics and integrity



This commitment is reflected in many aspects and circumstances that form part of the day to day work of its managers and employees, as well as its directors and all other people with whom Enerfín is involved.

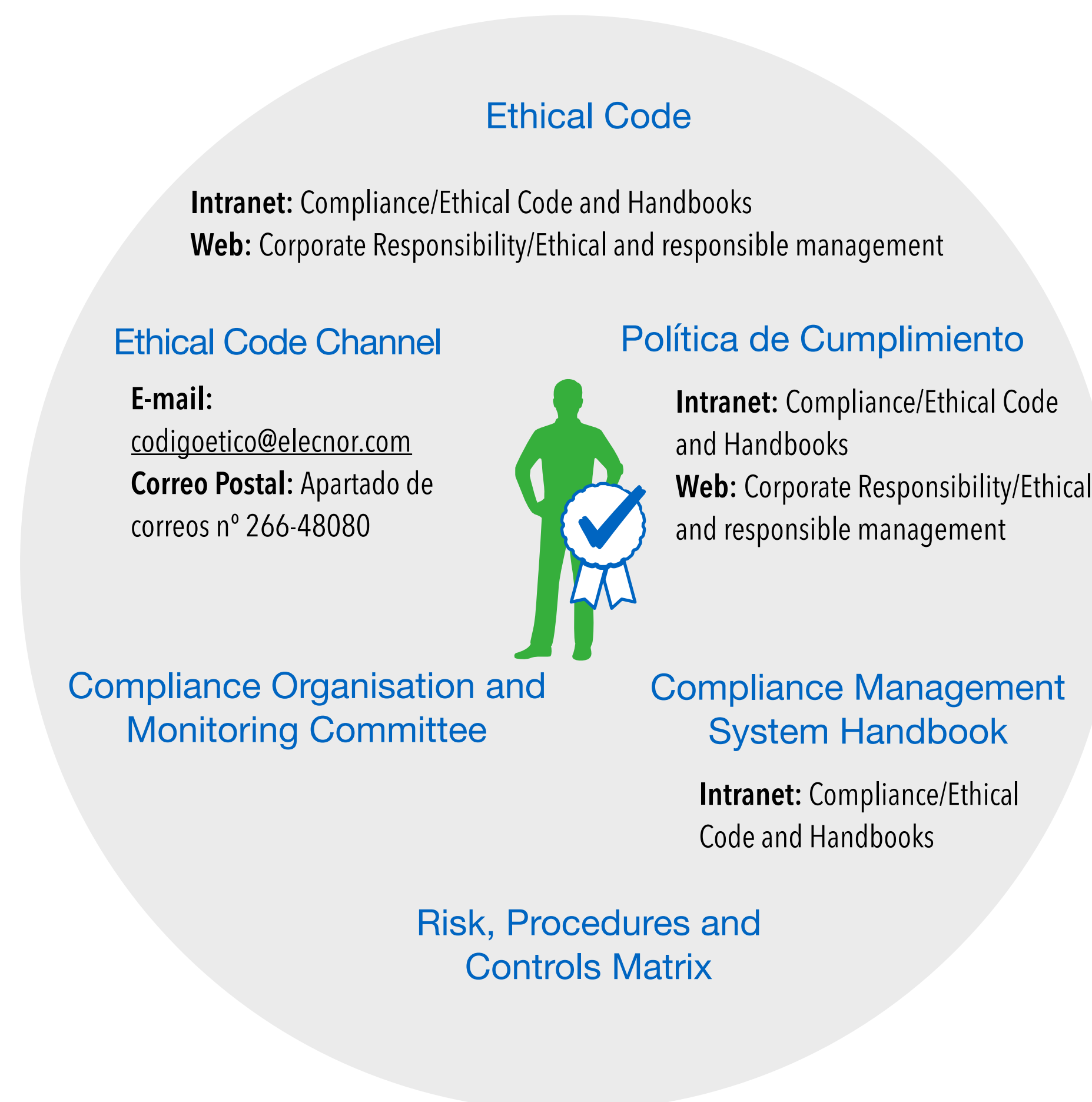
Enerfín is working and taking the necessary steps to implement its own Compliance System based on the Elecnor Group Compliance System, which it expects to complete during 2020. Until such time, both Enerfín and its subsidiaries (at a local and international level) are subject to the Compliance System of the Elecnor Group, whose main considerations are described further on.

Enerfín's involvement in the Elecnor Compliance System is reflected, among others, in its participation, through its Legal Adviser, in the Global Compliance Coordination Committee. One of the main activities of this Committee is to maintain a permanent communication channel between the various coordinators on any relevant aspect regarding Compliance that may be of interest, both at a local and global level (new regulatory and/or third party requirements, business practices, guidelines and standards, initiatives, concerns...).

Compliance Training:

During 2019 Enerfín employees have participated in a Compliance Training Plan, and Enerfín plans for all its staff to have received this training in 2020.

This training has included a group of 27 Enerfín employees whose level of responsibility and/or position, creates particular exposure to Compliance risks.



Main elements of the Elecnor Group Compliance System

Innovation

Conscious of the technological improvements taking place in the renewable energies sector, Enerfín has made progress in 2019 in R&D&i and digitalisation projects with the clear objective of managing energy in a more efficient manner.

R&D&i

Within the area of energy storage, Enerfín is developing a prototype involving the design, simulation, implementation and optimisation of wind power battery control system to help manage the energy generated in a wind farm. The control logic will be designed so that the batteries work one way or another depending on the application sought from time to time.

To this end it has implemented a storage system using Ion-Lithium (280 kW/ 1.1 MWh) batteries, connected to a single wind turbine at the Montes de Cierzo I wind farm (29,67 MW), located in Tudela, Navarra.

This wind turbine + battery integrated system will be analysed like a small scale wind farm, in an effort to extrapolate the conclusions from this analysis to a wind farm of any size and of use in other countries.

In the data analysis required for energy management, Enerfín has continued with its plan to improve the APMarket tool, mainly focused on the adaptation to the changes taking place in the Spanish wholesale market and the implementation of automated controls on Enerfín's transactions in the electricity market and other automated billing features.

Digital Transformation Plan

In 2019, Enerfín has focused on two initiatives: one concerning the development of wind farm projects and the other concerning the predictive maintenance of wind farms in operation.

Regarding the first, the digitalisation of the development phase has been completed, along with the deployment of the selected software tools.

As for the second, Enerfín has selected the necessary tools and implemented anomaly detection algorithms, having completed a first pilot in its wind farm at Faro-Farelo (Galicia) to which it plans to add two other pilots in 2020 to enable a more objective assessment of the benefits that the different solutions of this process can bring.



Storage system using Ion Lithium battery at P.E. Montes de Cierzo (Navarra, Spain)

**First non-experimental wind farm on mainland Spain
integrating a battery+wind turbine and a real time
energy optimisation system.**



Outlook for the future





As has already been mentioned in this Report, 2019 was very favourable for the growth of renewable energies due to the governments' need to meet renewable targets, the growing commitment of businesses to use clean energies and their increasing competitiveness.

However, the sudden onset of the Covid-19 pandemic and its consequences for the main economies of the planet have brought about a scenario of uncertainty that renders making short or medium term predictions impossible.

Notwithstanding this, Enerfín is facing this situation with a strong financial position, a growing cash generation capacity and a human team that is committed to overcoming the most complex crisis in the history of the company.

Despite the activity slowdown caused by the state of alarm in Spain, Enerfín, along with the joint effort of its contractors GE and Elecnor, the Government of the Generalitat Valenciana and of Iberdrola Distribución, managed to ensure the commercial commissioning in April of its Cofrentes wind farm.

Similarly, in Brazil, and also thanks to the support of the human teams of its contractors Nordex-Acciona and Elecnor do Brasil and the support from local institutions, Enerfín continues to build, amid strict Covid-19 prevention measures, its wind farms of São Fernando I, II, III and IV.

The positive situation of the sector and Enerfín's solid position to continue along its growth path have been affected by the uncertainty brought about by Covid-19



Therefore, and subject to the prudence required by the current situation of uncertainty and the complex financial outlook, Enerfín continues committed to the construction and commissioning - in the shortest term allowed by the pandemic situation - of the wind farms that are in an advanced development stage in Australia, Brazil, Colombia, Mexico, Canada and Spain.

Each of these markets presents its own challenges, which are being actively addressed by Enerfín:

- In Australia, Enerfín continues to progress in the connection solution of the Woolsthorpe wind farm, scheduled for this year.
- In Brazil, the construction of the next phases of the São Fernando wind complex will depend on the recovery of energy demand and the value of the currency.
- In Colombia, the operational difficulties in the area of La Guajira where El Ahumado wind farm is located, must be added to the inherent hurdles associated to being one of the first wind farms under construction in the country.
- In Mexico, the Company must carry out a thorough analysis of the recent regulatory modifications announced by the Government in order to begin construction of the first phases of the Panabá wind farm.
- The increasing congestion of transmission networks both in Saskatchewan and Alberta may impact certain projects in the short term, which is why we are working to diversify our portfolio with a view to providing more options.
- In Spain, the approval of the National Integrated Energy and Climate Plan (PNIEC) will consolidate the growth of the previous years, although there remain many aspects pending negotiation that might affect the implementation pace and success thereof.



Similarly, the Enerfín team is active in the development of its wind farm projects in Argentina, Chile, Cuba, Mozambique, Kenya and Zimbabwe.

In parallel, Enerfín firmly intends to continue to enhance its capacities in the energy management area, a determining factor in the viability of renewable projects. Enerfín is fully aware that the energy sale model has changed, with regulated markets having given way to non-regulated power purchase agreements ("PPAs") and the purchase and sale of power in spot markets.

To this end, Enerfín has invested great innovative efforts in the installation of its first battery, described in earlier sections of this report, the results of which can be extrapolated to other markets, and is actively working on its first hybrid projects with other technologies, such as solar photovoltaic.

Enerfín maintains its development and construction plans in all its markets, particularly its first projects in Australia, Colombia and Mexico





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