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Integrated Report

enerfín

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Integrated Report

Contents

Dear friend,

I once again have the honour of presenting the Annual Integrated Report for 2022 of Enerfín Sociedad de Energía and its Group of Companies, outlining the achievements of the year. These excellent results are indeed the best way to celebrate the 25th anniversary of the founding of our company, in which, once again, thanks to the commitment of a team thoroughly deserving of our recognition, we managed to surpass our goals.

The obtaining of our first long-time financing, without recourse, for a 100% merchant wind project, as well as the creation and start of operations of Luzy, our energy provider company, were significant events in 2022.

Of note too was the beginning of the construction of our first large-scale photovoltaic project, kickstarting Enerfín's business activity in Colombia.

We have also continued to make progress in the development of new projects in our geographical areas of activity, as detailed in the report, highlighting in particular the significant increase in the photovoltaic solar energy portfolio.

The Enerfín Group closed 2022 with a turnover of 220.4 million euros, EBITDA of 154.8 million euros and a consolidated net profit of 40.7 million euros, which represents growth of 32.6%, 33.2% and 75%, respectively, on the figures for 2021.

enerfín 25 años

Truly exceptional increases have been recorded in the economic parameters, partly attributable to the past scenario of energy prices, but in any event, they are fruit of a sustained prudent and decisive strategy, of which these results are ample proof.

Our approach therefore in 2023 is to consolidate in these lines of action and drive diversification into markets and activities that complement the current ones, with the conviction that they will firmly reinforce our positioning and open up new and legitimate expectations for us.

Guillermo Planas Roca, Chairman

Board of Directors

Chairman

D. Guillermo Planas Roca

Directors

D. Cristóbal González de Aguilar Alonso-Urquijo
D. Juan Ignacio Landecho Sarabia
D. Santiago León Domecq
D. Rafael Martín de Bustamante Vega
D. Miguel Morenés Giles
D. Rafael Prado Aranguren
D. Ignacio Prado Rey-Baltar
D. Jaime Real de Asúa Arteche

Board Secretary

D. Joaquín Gómez de Olea y Mendaro

Deputy Board Secretary

D. Miguel Cervera Earle

New office in Madrid Arturo Soria 343

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Integrated Report

Our company

enerfín

Who we are

Enerfín's presence

Enerfín Sociedad de Energía, S.L.U. is a wholly owned subsidiary of the Elecnor Group, one of the leading global corporations in the development, construction and operation of infrastructure, renewable energy and new technology projects. The company is present in over 50 countries and registered a turnover of around €3.5 B in 2023.

Enerfín is an investor with a long-term vision in renewable energy that covers the entire value chain, developing, building, operating and managing the sale of energy from its projects.

In 2022 it began the construction of 270 MW of wind and photovoltaic power, which once commissioned in the coming months will result in a portfolio of projects in operation of 1.5 GW.

Malpica wind farm, Galicia

25 years of history

1997-2002

Enerfín was created in 1997 as a renewable subsidiary of the Elecnor Group, with a stake in the 16 MW Malpica wind farm in Galicia.

Between 1998 and 2002, work began on the construction and subsequent commissioning of 150 wind MW in Navarra and the Páramo de Poza wind farms (100 MW) in Burgos.

2003-2007

In 2004, commissioning of the 54.4 MW Aerosur wind farms (Cádiz), and in 2005 commissioning of the 128 MW Faro-Farelo wind farm (Galicia), then the largest wind farm in Europe.

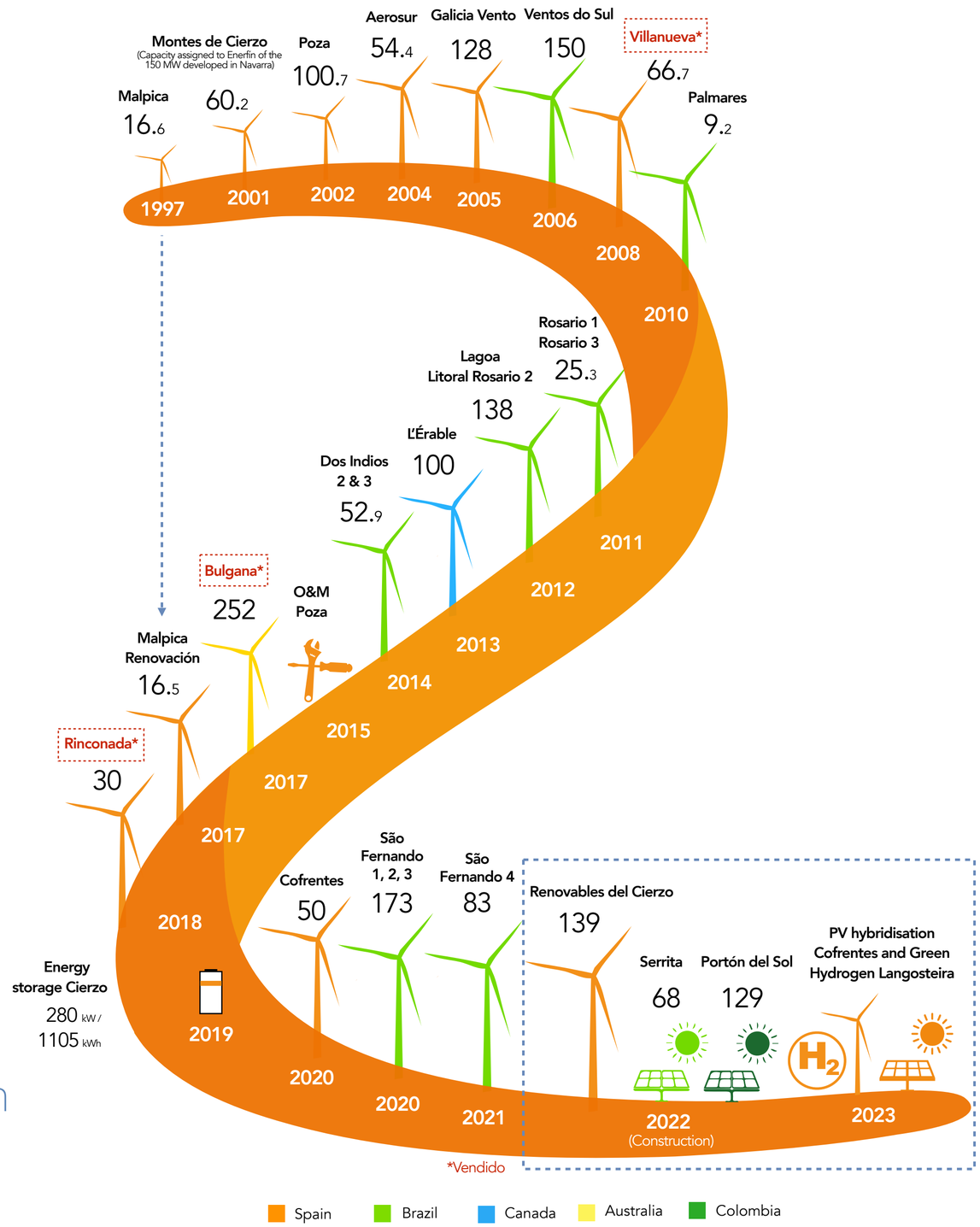
In 2006, commissioning of Enerfín's first international project in Rio Grande do Sul (Brazil), of 150 MW, expanded later. It becomes the largest wind complex in Latin America.

2008-2012

Continuation of its development in Brazil with the commissioning of the Palmares, Litoral, and Lagoa wind farms in Rio Grande do Sul (172 MW).

This period also witnessed the start of operation of the Villanueva I and II wind farms (67 MW), Enerfín's first projects in the Valencia region.

25 years of experience in renewables



2013-2017

Enerfín's international activity is consolidated with the start-up of the 100 MW L'Érable wind farm in Québec (Canada).

Completion of the 375 MW Osório-Palmares wind complex with the commissioning of the Dos Índios 2 and 3 farms (RGS - Brazil).

In 2015, start of the activity as operator and maintainer of wind turbines (O&M) in the Páramo de Poza wind farms.

In 2017, upgrading of the first Malpica wind farm, after 20 years of operation, with the installation of 7 wind turbines to replace the previous 69.

2018-2022

Commissioning of the energy storage R&D&I project in Navarra farms, which integrates a battery with a real-time energy management optimisation system.

In 2020, start of operation of the Cofrentes 50 MW wind farm (Valencia), and the São Fernando I, II and III wind farms, 173 MW (Rio Grande do Norte, Brazil).

The activity is also extended to other renewable technologies: photovoltaic and wind-photovoltaic hybridisation projects, as well as green hydrogen generation.

In 2021, completion of the construction of the wind complex in Rio Grande do Norte with 256 MW (Brazil).

Start of construction of Ribera de Navarra wind farm, of 139 MW, and Enerfín's first solar project, Portón del Sol of 129 MWp (Colombia).

In 2022, began the journey of ***Luzy***, as a retail provider of electricity energy from Enerfín's wind farms in Spain.

Modelo de negocio

Enerfín's business model is focused on long-term generation and management of renewable electrical energy.

To this end, Enerfín carries out its activity across the entire value chain of the activity: design, development and administrative processing, investment and financing, construction and commercial commissioning, exploitation and sale/trading of the energy generated by our projects.

During the last five years, Enerfín has been consistently expanding its scope of activity, initially focused on wind energy, moving on to photovoltaic solar energy, the hybridisation of both energy sources, storage, and the production of green hydrogen.

The Company has also made a significant effort to expand its portfolio of projects under construction, development and study, which at the end of the year totalled 8.8 GW.

These portfolios are distributed in the seven markets in which it is present: Spain, Brazil, Colombia, Mexico, Canada, Australia and the United States as well as in the other three in which it has operations (Argentina, Chile and South Africa).

At the end of 2022 Enerfín also began its electrical energy retail comany in Spain through its subsidiary, Luzy Energía Renovable, as a way of optimising the management of energy generated by its project.

This model is complemented by two activities that cut across all the company's businesses:

- Sustainability, a key element in Enerfín's business model, which generates not only renewable energy, but also quality employment and well-being for its employees and stakeholders. They company maintains long-term relationships and ties with them, including public administrations, affected communities, landowners, end customers, suppliers and financial institutions.
- -Sustainability management is planned and controlled by the company's Sustainability Committee, made up of staff from all areas and from various countries.
- -Research, development and innovation (R&D&I), especially in the areas of storage and management of renewable electrical energy, are the responsibility of the company's Innovation Department.

To carry out its activities, Enerfín has a team of 157 staff members, of whom 60% are based in Spain and the remaining 40% spread throughout the seven regions where the company is present. This has allowed the company to become a local player in each of them.

Along these lines, Enerfín has a corporate structure made up of a total of 94 companies that include holding companies, development service providers, construction supervision, exploitation and sale of energy in each of the countries in which it operates, as well as special purpose entities (SPEs).

Business model

Enerfín carries out the development, processing and supervision activities of the construction, exploitation and management of the sale of energy with local teams in each country in which it operates. They are all supported by the company's teams in Spain.

The management of the financing for the construction of the projects, the design and selection of technology for them, as well as the R&D&I activities are managed from Spain, where the company centralises its human and technical resources for these activities.

It should be pointed out that Enerfín also counts on the permanent support of its shareholder Elecnor, both to provide long-term financial resources that complement its internal cash flow generation for the implementation of its projects and for their construction, especially in those countries where Elecnor operates, allowing Enerfín to oversee it.

For the exploitation of projects in operation, Enerfín's policy is to have a sufficient number of its own staff in all projects.

Operating societies

Enerfín Sociedad de Energia S.L.U.
Enerfín do Brasil Sociedad de Energia Ltda.
Enerfín Quebec, Inc. (Canadá)
Enermex Gestión S.A. de C.V. (México)
Enerfín Renewables LLC, Inc. (EEUU)
Enerfín Servicios S.A.S. (Colombia)
Enerfín Energy Services, PTY LTD. (Australia)
Enerfín Energy Services, (Sudáfrica)

Holding societies

Spain
Enerfín Enervento S.L.U.
Enerfín Enervento Exterior S.L.U.

Brazil
RS1, Ltda.
Rio Grande Energía Renovable
Rio Norte I Energía Ltda.
Rio Norte II Energía Ltda.

Canada
Enerfín Energy Company of Canada, Inc.

USA
Enerfín Renewable INC (USA)

Retail Electricity Provider (REP)

Spain
Luzy Energía Renovable

Societies of Projects

Spain
Eólica Montes del Cierzo S.L.U. [1]
Eólica Páramo de Poza S.A. [1]
Parque Eólica Malpica, S.A. [1]
Aerogeneradores del Sur, S.A. [1]
Galicia Vento, S.L. [1]
P.E. Confrentes S.L.U. [1]
Gestión de evacuación de la Serna S.L. [1]
Sociedad Eólica de Andalucía, S.A. [1]
Renovables del Cierzo [2]
Parque Eólico Cernégula S.L.U. [3]
Solar 3 rayas S.L.U. [3]
Parque Eólico Volandin S.L.U. [3]
Enerfín Renovables S.L.U. [3]
Enerfín Renovables II S.L.U. [3]
Enerfín Renovables IV S.L.U. [3]
Enerfín Renovables VI S.L.U. [3]
Enerfín Renovables VIII S.L.U. [3]
Enerfín Renovables IX S.L.U. [3]
Renercycle [3]

Canada
Eoliennes de L'Érable SEC [1]
Winnifred LP

Brazil
Ventos do Sul, S.A. [1]
Paque Eólicos Palmares, S.A. [1]
Ventos de Lagoa, S.A. [1]
Ventos do Litoral, S.A. [1]
Ventos dos Indios, S.A. [1]
Ventos do São Fernando I Energia S.A. [1]
Ventos do São Fernando II Energia S.A. [1]
Ventos do São Fernando III Energia S.A. [1]
Ventos do São Fernando IV Energia S.A. [1]
Solar Serrita Energia [2]
Gran Sul Geração de Energía L.T.D.A. [3]

Chile
Eólica los Lagos S.P.A. [3]

Colombia
Portón del Sol S.A.S. E.S.P. [2]
Guajira Eólica I S.A.S. [3]
Guajira Eólica II S.A.S. [3]
Eólica La Vela S.A.S. [3]
Eólica Musichi S.A.S. [3]
Girasol Solar S.A.S. [3]
La Cayena S.A.S. [3]
Córdoba Solar S.A.S. [3]
El Roble S.A.S. [3]
Sahagun S.A.S. [3]

Mexico
Vientos de Yucatán S.A. de C.V. [3]
Vientos de Panabá S.A. de C.V. [3]
Vientos de Sucilá S.A. de C.V. [3]
Renovables del Bajio [3]

Australia
Woolsthorpe Holding Asset Trust [3]

USA
Dry Branch Solar [3]
Walnut Creek Solar [3]
West Fork River [3]
Mantle Rock Solar [3]

1. Societies with projects in operation
2. Societies with projects under construction
3. Societies with projects under development

Business model

Comprehensive management of renewable energy projects

Present throughout the value chain

DEVELOPMENT

Search for locations and land concessions

Technical studies (including resource evaluation, production and environmental studies, basic engineering, electrical studies and studies to select technology to be installed)

Administrative processing for projects, obtaining permits and authorisations

Economic-financial studies.

CONSTRUCTION

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

Construction supervision

Procurement and managing finances

OPERATION

Administrative and technical management of companies (SPVs)

Management of O&M contracts

Management of finance contracts

ENERGY MANAGEMENT

Definition of energy sales strategies

Management of energy generated by using price hedging instruments (swaps/PPAs)

Development of IT systems for data analysis and improvement in market processes

ELECTRICITY SUPPLIER

Retail service of 100% renewable energy, generated directly in Enerfín's wind farms

INNOVATION

Wind-photovoltaic hybridisations

Energy storage

Green hydrogen production

Wind repowering

Blockchain

Big Data / Machine Learning applied to the operation of renewable plants

Management of operating risks

Development

The development of renewable projects faces increasing risks that must be managed properly so that the projects reach the “ready to build” status. Among other reasons, these risks arise from the need to guarantee the connection of the projects without being sure of their viability, from the greater environmental restrictions and requirements resulting from the large volume of renewable projects and from the volatility in CapEx and financing cost resulting from the current environment.

To mitigate these risks, in addition to carrying out preliminary studies to confirm that the selected locations meet minimum technical and environmental feasibility criteria, Enerfín has stepped up the process control to periodically assess the merit of the processes, focusing on promoting those with the greatest chance of short-term success.

Enerfín is also continuing with its policy of capitalising development costs only in those projects in which the chances of success are very high and not recording the income from the development activity until at least the beginning of the construction phase.

Construction

One of the main risks associated with project construction is related to the dependence of wind turbine manufacturers and photovoltaic module suppliers.

The preparation of wind projects, in particular, may require that the turbine model is selected well in advance of the start of the construction, and any change in the technology and design of the plant may result in delays in obtaining permits.

To adequately manage this risk, Enerfín opts for establishing long-term relationships with the principal wind turbine manufacturers and working with them from the initial project development stage. Enerfín’s current portfolio of MWs in operation is distributed among three of the leading global manufacturers, General Electric, Nordex and Enercon. The Company also has negotiations in progress with Vestas and SGRE for projects that it expects to build in the short and medium term.

In parallel with the negotiations of the turbine supply, installation and commissioning agreements (“TSA” or Turbine Supply Agreements), Enerfín negotiates with manufacturers the turbine operation and maintenance (O&M) agreements, whose economic impact on the projects may be as significant as that of the TSA.

In both cases, the agreements contemplate the presentation of guarantees to ensure compliance with the contractual obligations, as well as penalties associated with any breach of them.

A growing company with business operations in 9 countries

Formwork at Renovables del Cierzo, Navarra

Management of operating risks

For the contracting of the BoP, Enerfín usually works with the Elecnor Group. Its proven experience in most markets in which Enerfín operates, its technical and economic solvency and its commitment as Enerfín's sole shareholder make it a key partner for successfully undertaking these investments.

Enerfín's and Elecnor's accumulated experience in negotiating these agreements also makes it possible to ensure the contracting of services at market prices.

When selecting and contracting photovoltaic modules, Enerfín also relies on the experience of its shareholder Elecnor, acquired through its company Elecnor Servicios y Proyectos which has participated in the construction of more than 2 GW of photovoltaic solar power worldwide.

The project companies engage Elecnor at arm's length terms, setting the same rights and obligations that would apply to an independent contractor.

Furthermore, construction supervision is entrusted to Enerfín by the project companies. This activity, which Enerfín has been carrying out for over 25 years, enables correct fulfilment and execution of plants equipment supply and construction agreements (BoP).

All construction-related risks, including loss of profits, are covered by insurance policies taken out with first rate insurance companies.

Pile driving at Portón del Sol solar farm, Colombia

Blades at Renovables del Cierzo, Navarra

Management of operating risks

Energy management

This activity has very different types of risks:

Electricity price volatility: Enerfín is exposed to this risk in the Spanish and Brazilian markets, in which it sells all or part of the energy to the electricity pool, while in Canada all the generation is sold through a PPA at an indexed fixed price.

To minimise this risk in those markets, the company has a policy to contract short, long and medium-term price hedges for a significant part of its outsourced generation.

In Spain, Enerfín covers approximately 60% of its generation through hedging, while in Brazil more than 90% is contracted through long-term PPAs (regulated and non-regulated market).

Generation restrictions: this risk is considered marginal as in electricity markets where Enerfín operates, renewable energy generation has dispatch priority.

Variation of the energy resource: this risk is reasonably mitigated by the resource measurement campaigns and production studies carried out during the project development phase, as well as by the age of the farms in operation and their geographical dispersion in Spain.

Regulatory risk: due to the growing competitiveness of wind and photovoltaic generation, dependence on regulated markets has fallen substantially for both energy sources, which can currently compete with any other generation source without relying on a regulatory supplement.

It is important to note a significant regulatory changes from September 2022 in the Spanish market, as a result of high natural gas prices and the effects that this has caused in the wholesale electricity market.

These changes, still in force, mainly consist of a reduction in revenue received from generators that do not depend on natural gas for electricity production (although price hedges signed under certain conditions are excluded from this reduction).

The potential impact of this measure on Enerfín's assets has been substantially mitigated by the high percentage of generation for which the company already had price hedges contracted.

In Brazil, Enerfín sells around 65% of its energy generated in the regulated market, whose good functioning is guaranteed by all the system agents. Brazil is one of the countries with the greatest regulatory stability since beginning its transition to renewable energies.

Wind farms of São Fernando, Brazil

Management of operating risks

Investment and financing

The main risks of this activity are:

Variation in interest rate:

The average leveraging of the projects that Enerfín builds and operates is around 60%.

Enerfín maintains a prudent policy of contracting interest rate hedges on similar terms to those of the different financing instruments.

In this regard, in Spain, for financing operations subject to interest rate fluctuations, hedges are contracted for at least 75% of the financed amount. The last financing of EUR 136M was closed at a fixed rate.

The financing of farms in operation in southern Brazil contracted with preferential rates set by the Brazilian Development Bank (Banco Nacional de Desarrollo Económico y Social - BNDES), with low volatility.

For its part, the financing of three of the farms of the São Fernando complex, in northern Brazil, is contracted with the Banco del Nordeste and the fourth farm with the Banco do Brasil, with funds provided by the Superintendency for the Development of the Northeast. Both have interest rates linked to inflation plus a fixed spread.

In Canada, both the senior financing contracted for the building of the L'Érable wind farm and the complementary mezzanine are contracted at fixed interest rates.

In Colombia, during 2022 we made progress in the financing of Portón del Sol (129 MWp PV) by authorising local banks (Banco de Bogotá and Banco de Occidente) and we opted for indirect funding from the entity Financiación de Desarrollo Territorial (FINDETER) with a project financing structure at a reference rate with a correlation with the country's inflation close to 100% plus a fixed margin subsidised by the incorporation of FINDETER. At the date of issuance of this report the first payment of this financing had been made for an amount of COP 300,000 M (approximately €57 M).

In all cases, the guarantees provided for contracting the financing are limited to the projects (project finance).

It should be pointed out, finally, that both in Brazil and in Colombia, the interest rate variation risk is substantially mitigated by the fact that revenue received from the sale of energy is also linked to inflation.

Building of the Portón del Sol PV plant, Caldas, Colombia

Investment and financing

Credit risk

It is Enerfín's policy to sign long-term power purchase and short-term financial hedging agreements with reputable companies with a proven credit rating, and it has not borne any loss for this risk to date.

For power purchase agreements awarded as part of invitations to tender issued by the regulatory body in Brazil (Agencia Nacional de Energia Electrica, ANEEL), the credit risk is assumed by the Brazilian electrical system.

In Canada, the power purchase agreement was signed with the company Hydro-Quebec, controlled 100% by the Government of Québec and with a AA- rating.

With regard to the generation sold directly in different electricity markets, in Spain the purchase of electricity is settled by the electricity market operator (OMIE) and the system operator (Red Eléctrica), without there having been any non-payment or delay in the settlement of the transactions to date.

Wind farms in Páramo de Poza, Burgos

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Integrated Report

Economic and operational performance

enerfín

Milestones 2022

Development

Spain

- Obtaining of favourable Environmental Impact Statement for the 92 MW Montes de Cierzo Repowering Plant (Navarra).
- Obtaining of the environmental authorisations for the first wind-solar hybridisations: Hybridisation Cofrentes (9 MW) and Hybridisation Corral del Molino I (3.4 MWp).
- Increase in the portfolio of projects under development to compete in the next capacity tenders.

Brazil

- Acquisition of the Serrita PV project (68 MW), and award of a concession agreement with the Government of Pernambuco for the supply of its energy to 52 consumption units for 28 years.
- Authorisation from CND and INCRA to register the lease contracts for the Gransul wind complex (350 MW), even though Enerfin do Brasil is controlled by a foreign company.

Colombia

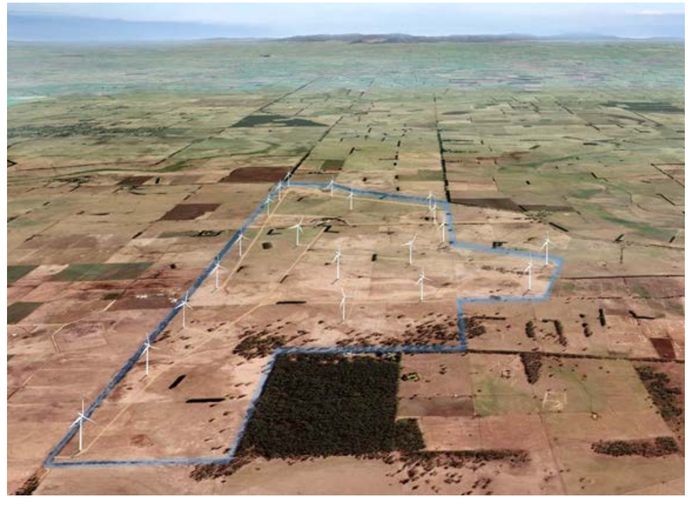
- Acquisition of the solar projects under development: Portón del Sol (102 MW), La Cayena (19.9 MW), El Roble (19.5 MW) and El Espino (200 MW), with guaranteed connection between 2023 and 2025.
- UPME's favourable decision on our extension request until Dec-24 for the COD of the El Ahumado wind farm (50 MW).
- Completion of all indigenous consultations on our wind projects in La Guajira (1,100 MW).

Canada

- Obtaining of building permits for the interconnection line of the Winnifred wind farm (136 MW) in Alberta, as well as interconnection contracts up to 150 MW.

Australia

- Receipt of connection offer for the Woolsthorpe wind farm (73 MW) and signing of connection and generation contracts.
- Signing of exclusivity agreements for the acquisition of projects at an advanced development stage in the states of NSW (120 MWp photovoltaic) and Queensland (165 MW wind).



United States

- Implementation of Enerfín in the USA with the hiring of a local team and start of development of its first solar projects (170 MW) for which it has already requested a connection to MISO.

Mexico

- Negative decisions received on the requests for generation, environmental and change in land use permits for the transmission line and the first phase of the Panabá-Sucilá wind complex (Panabá 1A and 1B - 250 MW). Lawsuits filed against all these decisions, given their lack of reasoning.
- Authorisation of postponement of the date of commissioning of the Panabá-Sucilá wind complex (first phase: Dec-2025).

Chile

- Progress made with the environmental processing and connection of the Los Lagos wind farm (240 MW) and promotion of relations with the communities.

Argentina

- Renewal of the environmental permit of the 269 MW Salamanca wind complex in the province of Chubut.

Africa

Mozambique

- EDM approval of the grid connection study for the Marara project (>30 MW) and authorisation from the Ministry of Energy to carry out feasibility studies for a wind project in the province of Gaza.

Zimbabwe

- Presentation of the environmental impact study of the Guruve-Mazowe wind project (100 MW).

South Africa

- Start of development activity in South Africa with the selection of the first greenfield projects and a portfolio of third-party projects to acquire.

Milestones 2022

Construction

Spain

- Start of construction of the 139 MW Ribera de Navarra wind farm in June, completing the civil works of 16 wind turbine positions, the supply of 14 wind turbines and the assembly of 2 wind turbines.

Colombia

- Start of construction of the 129 MWp Portón del Sol PV plant in Colombia in September with earth-moving and adaptation of the accesses.

Financing

Spain

- Financing contracted for the Ribera Navarra project under construction with an institutional investor (AIP) and first drawdown made for €136 M and €52 M, respectively.
- Early cancellation in 2022 (2 years ahead of schedule) of the financing obtained in 2017 for the construction of the renovation of the Malpica wind farm.

Innovation

Green hydrogen

Spain

- Progress made in the processing of the green hydrogen production plant by Enerfín on the outer harbour of A Coruña with the collaboration of the A Coruña Port Authority.

Brazil

- Signing of a MOU with the Government of Rio Grande do Sul and the Riograndense Refinery (Petrobras 33.1%, Braskem 33.1% and Grupo Ultra 33.1%) for the development of a Green Hydrogen generation project at the Rio Grande super port.

Artificial intelligence and R&D&I

- Subsidy received from the Government of Navarra for 40% of the budget of the Acadiems project in the “Strategic R&D Projects in Navarra” call. The project, which will be carried out by a consortium of 6 companies led by Enerfín, consists of developing an intelligent energy management system based on artificial intelligence.

Circular economy

- Participation in the launch of the Renercycle business project with 17 other companies, in which three possible lines of business related to the circular economy in wind farms will be worked on (dismantling, reconditioning of components and recycling of materials).

Collection of dismantled components for reuse at Malpica wind farm, Galicia.

Milestones 2022

Retail Electricity Provider

- During the last quarter the retail service of electrical energy activity has been registered, all the operating systems have been developed and the first contracts with residential sector customers and SMEs have been executed.

Malpica wind farm, Galicia

Main figures

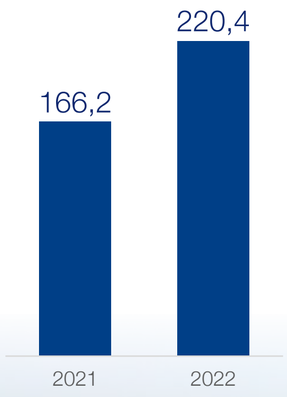
The Enerfín Group's figures in 2022 grew significantly compared to the previous year, reflecting the Group's strength in the markets in which it operates where it combines mature with newly commissioned projects.

In 2022, sales reached 220.4 million euros, an increase of 33% on the previous year, noting the greater contribution of the business in Spain. EBITDA was 154.7 million, 34% more than that obtained in 2021. Net profit came to 40.8 million, a 76% increase on the previous year.

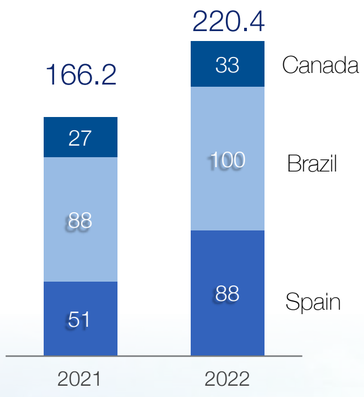
This growth in results is based on the good performance of the projects in operation in all the regions in which the Group is present, in particular the national market. Domestic projects in operation reflected the effects of the high price of the electricity market during 2022. Of note too is the stability of currencies in foreign markets, especially the appreciation of the Brazilian real compared to the previous period.

The three parameters have continued to increase, following the trend of the previous year

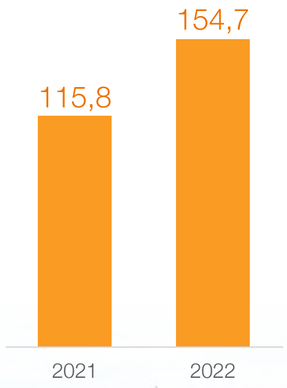
Sales



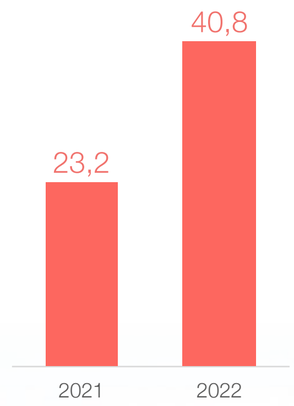
Sale by country



Ebitda



PAT

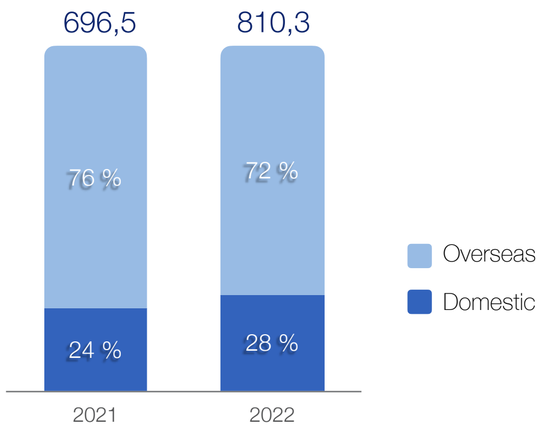


Data audited by Deloitte, S.L., no qualifications

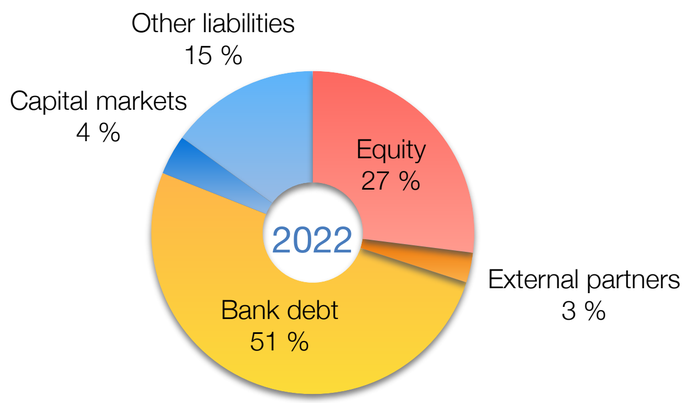
Main figures

In a year marked by high energy prices in Spain, the cash flows generated by the activity were 49.6 million euros. They have been used to finance investments in projects under construction in Ribera Navarra (Spain), Portón del Sol (Colombia) and Solar Serrita (Brazil), as well as to distribute funds to the shareholder for 21.7 million euros.

All wind project assets

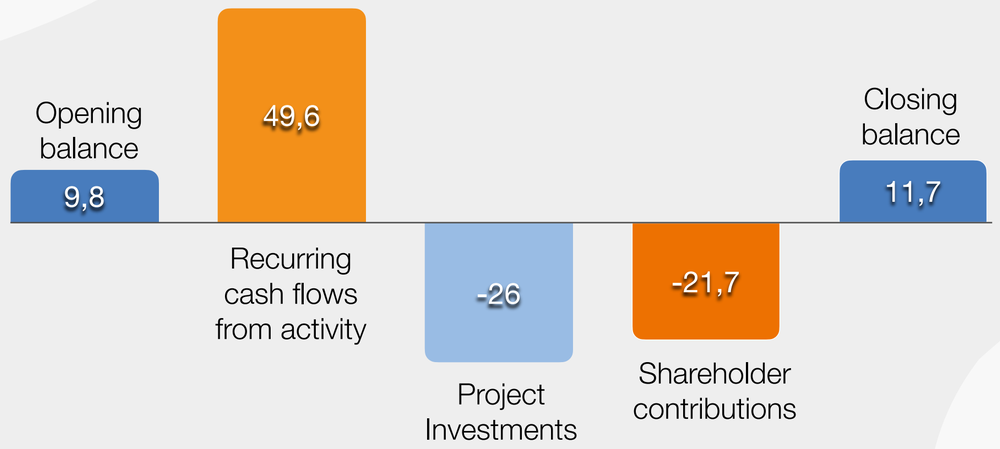


Source of the funds




Wind complex at Osório, Brazil

Operating cash flows



(Millions of €)

Main figures

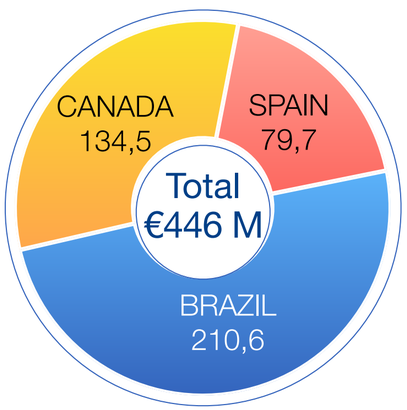
Projects continue to be financed without recourse to the shareholder (project finance modality). The net financial debt/EBITDA ratio in Spain has increased due to the first payment of the debt of the Ribera Navarra project, financed by AIP. In Brazil and Canada, the ratio has decreased as a result of the repayment of the current funding, also highlighting the increase in EBITDA of the Canadian plant due to the high production in 2022.

Diversification of sources of financing, maintaining the policy of project finance in the same currency as the revenue received from the sale of energy

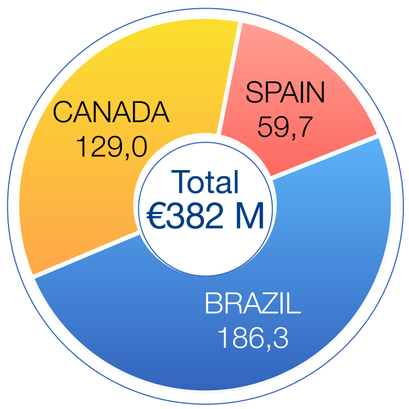
L'Érable wind farm, Canada

Wind Projects

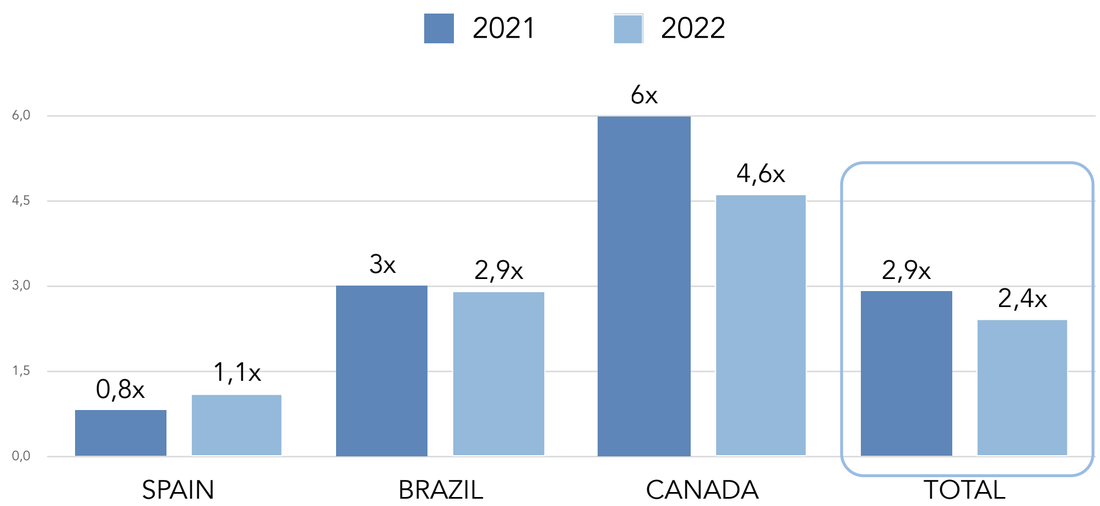
Gross Financial Debt



Net Financial Debt



Net Financial Debt Ratio /EBITDA



(Millions of €)

Sectoral environment

The growth of renewable energies continued to accelerate in 2022 despite the increase in the price of raw materials and logistics costs, which have caused an increase in the cost of installed MW.

After Russia's invasion of Ukraine, energy prices skyrocketed, demonstrating the pressing need for a rapid energy transition.

Wind

Installed 2022: 98,327 MW

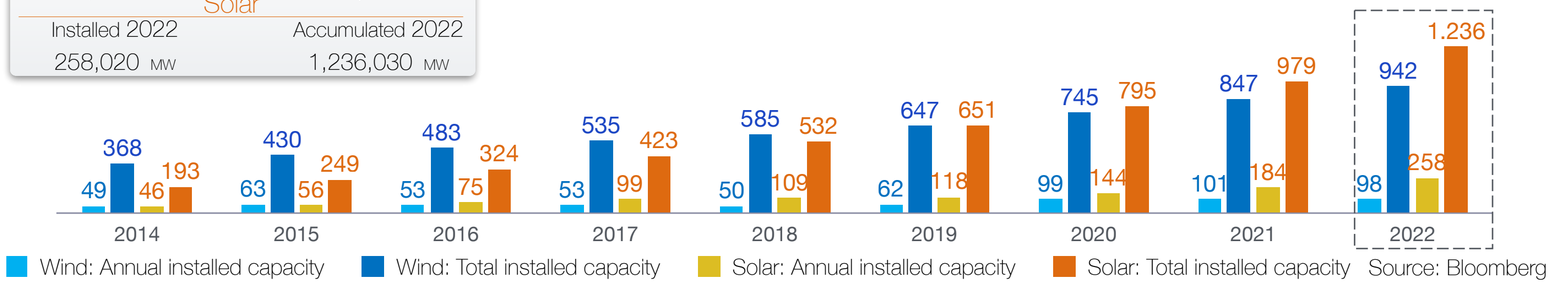
Accumulated 2022: 942,138 MW

Solar

Installed 2022: 258,020 MW

Accumulated 2022: 1,236,030 MW

Total installed power (GW)



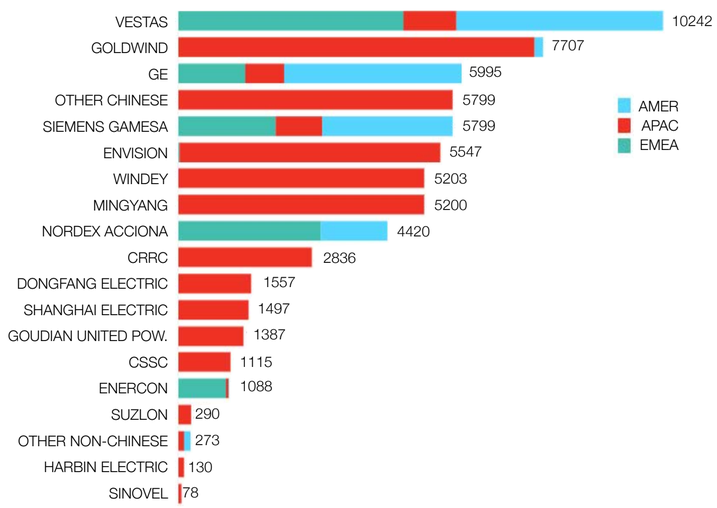
Wind

2022 was the third best year, after 2020 and 2021, for installed wind power.

There was a 5% increase in contracts signed in 2022 compared to 2021 and it is expected that in 2023 the TW of installed capacity will be exceeded.

Manufacturers are increasingly dependent on service business margins due to plummeting profits from turbine sales.

Wind installation 2022 (MW)



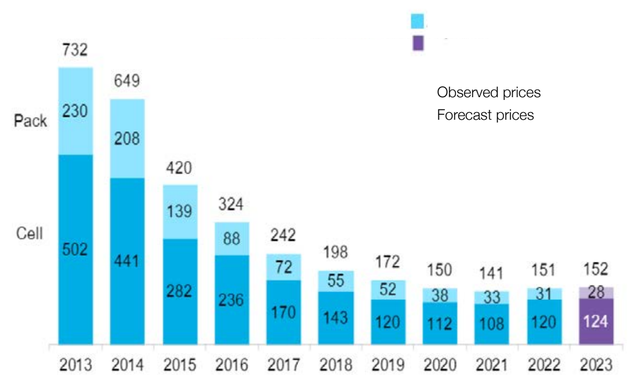
Solar

Strong growth of the photovoltaic market in 2022 (47% vs. 28% in 2021). The main driver of this increase is the rooftop installation segment in China.

The manufacture of solar modules is still dominated by China, unlike inverters whose manufacture is more local.

Small and large scale solar solutions will increasingly hybridise with storage.

Lithium-ion battery price forecast ($/kWh)



Storage

Record year of global 16 GW/35 GWh additions, with an annual growth forecast of 21% until 2030.

Main markets to 2030: China and USA, Germany, Australia, UK and Japan.

Dominant technology: continues to be lithium-ion, with new technologies anticipated in the coming years.

In revenue terms, arbitrage takes on increasing importance as fast-response markets become saturated.

Hydrogen

Forecast increase in the procurement of electrolysers: 2.4-3.8 GW in 2023 (vs. 1 GW of 2022) and 250 GW for 2030

Main markets: China, Australia, Europe and USA

34 countries already have green hydrogen development strategies.

The main uses of green H2 in projects are the substitution of grey H2 and its consumption in industry.

Sectoral environment

Spain

There was huge volatility in 2022 in electricity market prices, mainly due to the volatility in the price of natural gas after the start of the war in Ukraine.

Consequently, major regulatory changes have been implemented, including a reduction in revenue received from generators that do not depend on natural gas for electricity production (price hedges signed under certain conditions are excluded from this reduction).

Main regulatory changes 2022

Royal Decree-Law 6/2022 of 29 March adopting urgent measures in the framework of the National Response Plan to the economic and social consequences of the war in Ukraine.

Royal Decree-Law 10/2022 of 13 May establishing, on a temporary basis, a mechanism for the adjustment mechanism to reduce the price of electricity on the wholesale market.

Royal Decree-Law 11/2022 of 25 June adopting and extending certain measures to respond to the economic and social consequences of the war in Ukraine, to address situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma.

Royal Decree-Law 17/2022 of 20 September adopting urgent measures in the field of energy, in the application of the remuneration regime for cogeneration facilities and temporarily reducing the rate of Value Added Tax applicable to the Value Added Tax applicable to deliveries, imports and intra-Community acquisitions of certain fuels.

Royal Decree-Law 18/2022, of 18 October, approving measures to reinforce the protection of energy consumers and to contribute to the reduction of natural gas consumption in application of the "Plan + seguridad para tu energía (+SE)", as well as measures regarding the remuneration of public sector employees and the protection of temporary agricultural workers affected by the drought.

In terms of new projects, in 2022 more than twice the amount of photovoltaic power was installed in Spain compared to wind power. Likewise, around 50 GW, mostly photovoltaic, was environmentally authorised.

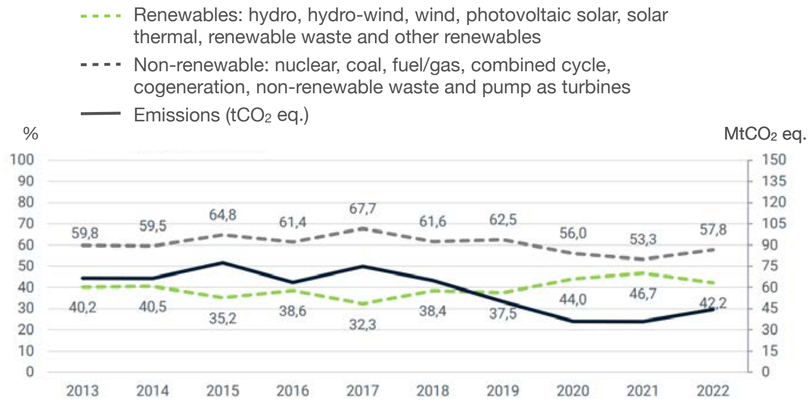
	Accumulated 2022	Installed in 2022
Wind	29,813 MW	1,670 MW
Solar	18,744 MW	3,456 MW

Wind source: REE. Spanish Wind Energy Association (AEE) preparation
Solar data source: REE

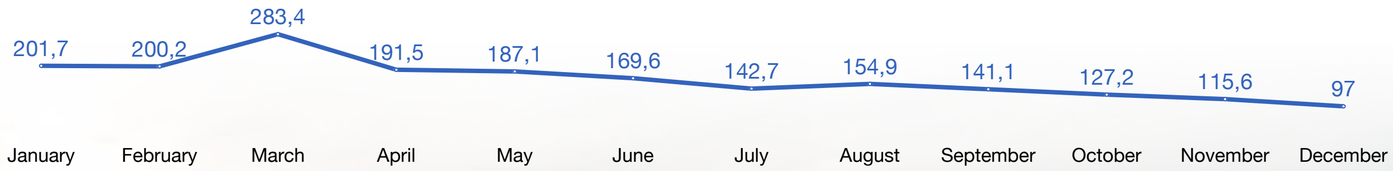
The amount of power to be commissioned before mid-2025 (RDL 23/2020 milestones) is determining the prices of both the supply of main and construction equipment.

The contribution of renewable energies to national electricity generation during 2022 was 42.2% of the electricity generation figure, 4.5% less than the previous year.

Evolution of generation (%/MtCo$_2$ eq.)



Pool Spain 2022 (€/MWh)



Sectoral environment

Brazil

In 2022 some 3 GW of wind energy and another 3 GW of solar energy were installed, although this growth rate may be affected by the increasing restrictions on connection capacity in the north-east region and the drop in energy sales prices caused by a long period of rain.

	Accumulated 2022	Installed in 2022
Wind	24,073 MW	2,923 MW
Solar	24,000 MW	2,978 MW

Source: ANEEL/ABSOLAR

Colombia

The new government of Gustavo Petro (August 2022) contemplates renewable energy as a pillar for the country's energy transition and it is expected that these sources will be prioritised in administrative procedures, although less favourable regulatory changes for the sector are also expected.

In 2022, 143 MW of solar energy and 18 MW of wind energy were installed. The growth of the latter is slowing down due to the delay in the evacuation infrastructure in the La Guajira area.

	Accumulated 2022	Installed in 2022
Wind	18 MW	0 MW*
Solar	277 MW	143 MW

Source: XM - System Operator
* Isagen's Guajira 1 and WESP projects, built by Elecnor, have not been commissioned; they are still in the testing phase

Mexico

The government was unable to implement its proposal for a constitutional reform in energy that sought to establish a monopoly of the CFE.

However, it continues with its energy policy, hindering renewable energy projects by private companies through the denial of permits and the administrative delay of processes.

Chile

In 2022 wind and photovoltaic energy exceeded 28% of the country's generation matrix.

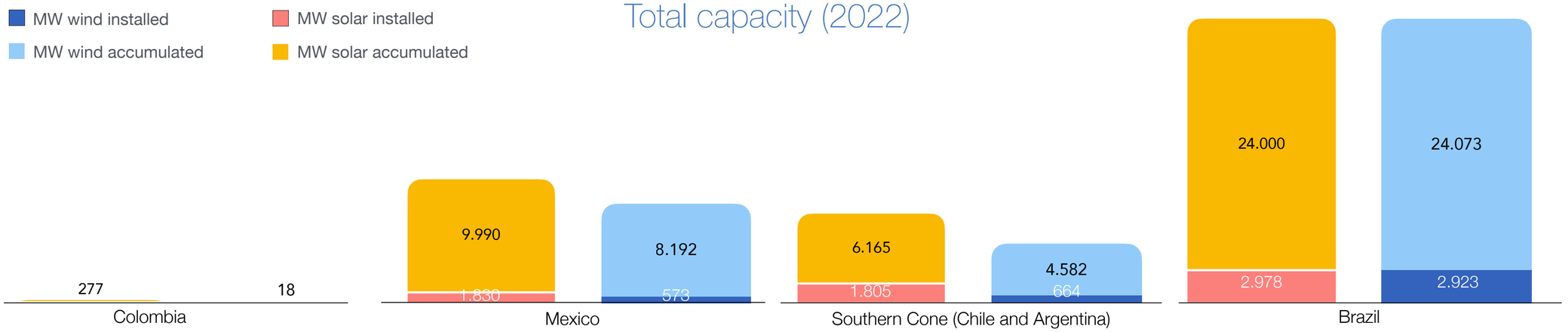
The public contracting of renewables was 777 GWh/year at an average price of US$37.5/MWh.

Approval of Storage Law, which contemplates reducing the congestion of the transmission system.

Argentina

The government and the Compañía Administradora del Mercado Mayorista Eléctrico (CAMMESA) have terminated a total of 778 MW wind power contracts awarded in the different rounds of the RenovAR programme due to non-compliances and delays associated with the inability to finance

Total capacity (2022)



Sectoral environment

Canada

In 2022, 1,006 MW of wind, 758 MW of solar energy and 50 MW of storage were installed. Most of these projects are in the province of Alberta, the only province with a fully liberalised electricity market, where the private PPA market also continues to grow.

The Federal Government of Canada announced a refundable tax credit of up to 30% of the capital cost of renewable energy investment projects. This programme has the potential to substantially boost the renewables market in Canada.

During 2022 major energy and capacity tenders were announced for 2023 in the provinces of Ontario, Quebec, Saskatchewan and Nova Scotia.

United States

The Inflation Reduction Act (IRA) was approved in August. It includes investment tax credit (ITC) and production tax credit (PTC) for wind and solar energy, available during the first 10 years of the useful life of the asset.

It is expected to be a catalyst for clean energy growth, expecting to generate 550 GW of new construction projects by 2030.

In 2022, 32 GW of renewable energy were installed, of which 12.6 GW were solar and 8.6 GW wind. Solar growth is expected to be the trend in future years.

The US continues to be the largest lithium-ion battery storage market (4 GW in 2022).

Australia

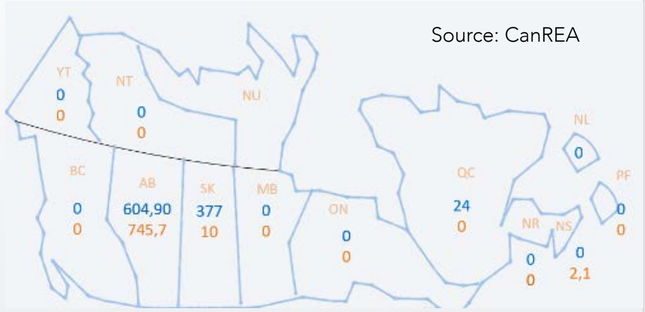
Australia continues with its coal plant closure programme. Its goal is to have 80% renewable penetration by 2030, which requires the addition of new 48 GW of capacity, mostly renewable.

Storage will play a crucial role in this transition to renewables (there are already 33 battery projects under construction or approved totalling 11.6 MWh – 4.6 GW)

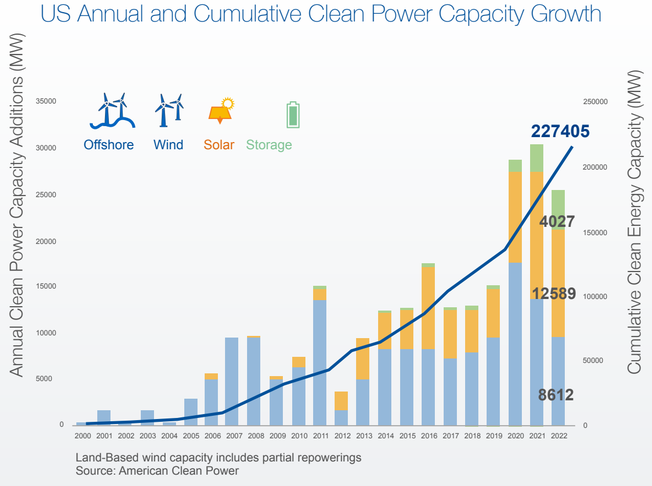
In 2022, 2.9 GW of renewable capacity was connected to the grid, (1,418 MW solar and 1,344 MW wind). Of note too was the 10 MW of storage installed this year and the 20 MW of hybrid projects.

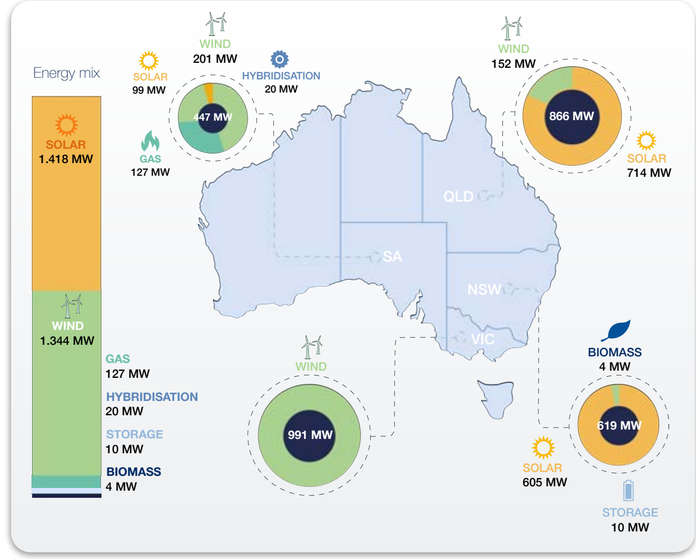
The governments of NSW, QLD and Victoria continue to push for the development of so-called Renewable Energy Zones (REZ).

	Accumulated 2022	Installed in 2022
Wind	1,005.9 MW	15,131 MW
Solar	757.8 MW	3,048 MW



Source: CanREA





Sectoral environment

Africa

The renewable energy sector on the African continent has experienced moderate growth, with close to 1 GW installed solar capacity but just over 200 MW wind capacity, all of them in South Africa.

This country, immersed in an energy crisis that has lasted for a decade, is implementing numerous measures to speed up the introduction of renewables, such as progressively liberalising the electricity market and trying to solve network congestion problems.

The activity in the rest of the sub-Saharan African countries continues to be minimal, limited to small projects. It is conditioned by the very limited development of the electricity grid, and very slow processing times, due to excessive bureaucracy and the lack of experience of the administrations.

	Accumulated 2022	Installed in 2022
Wind	7,668 MW	250 MW
Solar	10,500 MW	950 MW

Wind source: GWEC (Global Wind Energy Council)
Solar data source: AFSIA (Africa Solar Industry Association)

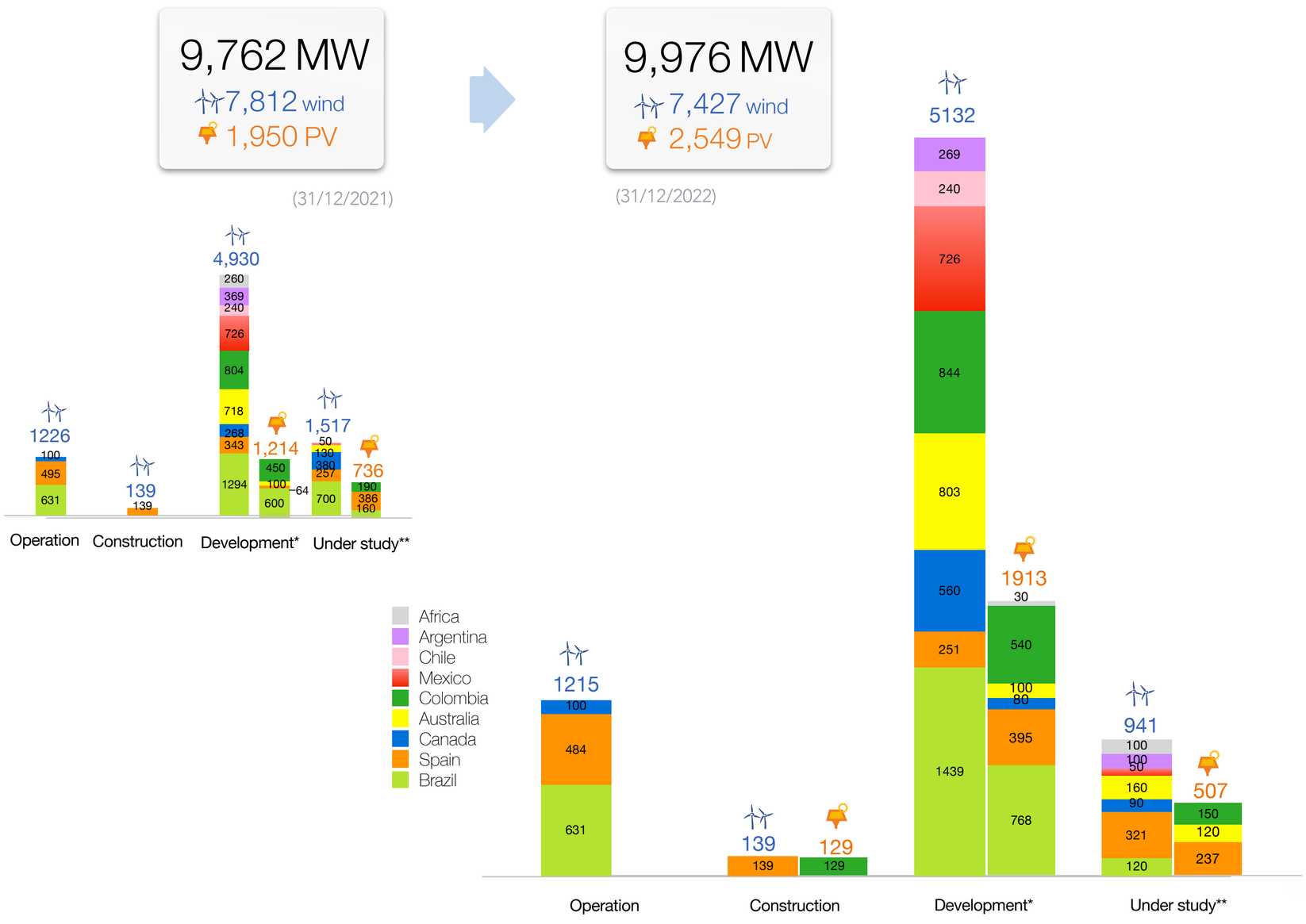
Wind farms of Renovables del Cierzo, Navarra

Operations:
Project development

Evolution of the project portfolio

9,762 MW
7,812 wind
1,950 PV
(31/12/2021)

9,976 MW
7,427 wind
2,549 PV
(31/12/2022)



(*) Includes projects with measurement campaign (wind) and land (wind and solar), or connection, plus 32 MW for the repowering of Montes de Cierzo
(**) Includes third-party projects or greenfield projects that have not reached the development phase

Stand-out project

Winnifred wind farm, **136 MW**

It is the first Enerfín project under development in Alberta to reach "ready to build" status. It is located in the counties of Forty Mile and Cypress, in an area of significant wind power in the province. To have all the permits for the farm (22 WTGs) and the interconnection line (25 km), Enerfín conducted a great deal of consultation with the affected communities and property owners to obtain full support for the project.

By having interconnection agreements signed for 150 MW, this project can be expanded with a future solar hybridisation that is now in process.


Photomontage of the Winnifred W.F., Canada

Operations: Construction and operation

In 2022 construction began on the Ribera de Navarra 139 MW wind farms, comprising the Corral I, Corral II, Montecillo and Volandín wind farms with a total of 24 wind turbines. It is expected to be commissioned in Q2-Q3 2023.

The construction of the Portón del Sol 129 MWp PV plant also began and is expected to be commissioned in Q4 2023.

In addition, we have continued with our policy of close monitoring of the assets in operation, having our own staff at the plants for the management of the operation. As a result of this, the average availability of our plants was 97.3%.

Stand-out project

Portón del Sol PV plant, Colombia

The Portón del Sol project is our first photovoltaic plant and our first project in Colombia.

This project is of special social and environmental importance due to the active involvement of local society in the construction of the project and the fact that highly qualified teams (biologists and veterinarians) are available for the protection of the natural environment (relocation of bird nests and care of native fauna).

Building of the Portón del Sol PV plant, Caldas, Colombia

Operations:
Energy management and electricity provider

In 2022, Enerfín continued with its risk management policy by closing short and long-term hedges for its assets, to assure part of the income.

In Spain, it continued to expand its list of counterparties and closed short-term hedges for approximately 40% of the expected generation from its farms in operation.

In Brazil, short-term hedges were closed for 25% of the expected generation of the farms in operation that are exposed to the spot market price (San Fernando 2 and 3).

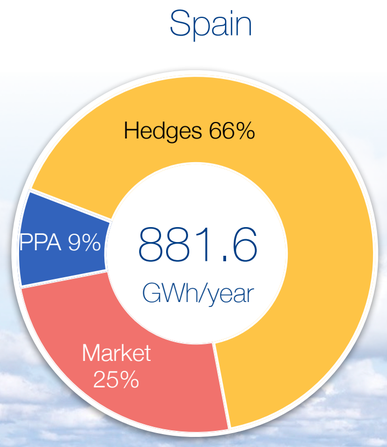
Furthermore, during the year two long-term power purchase contracts were signed for Enerfín's first photovoltaic projects:

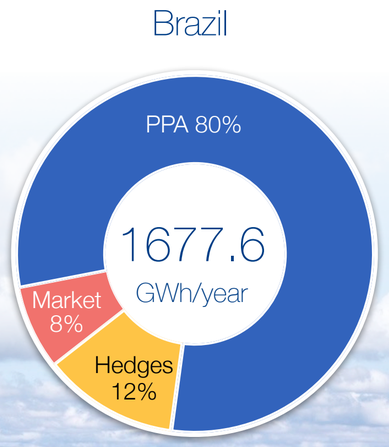
- In Brazil, a concession agreement was signed with the Government of Pernambuco for the electricity supply of 52 supply points (official buildings, prisons, hospitals, universities...) that are equivalent to 75% of the planned generation of the Serrita PV Plant and for a term of 28 years.
- In Colombia, a private PPA was signed with Nitro Energy for 80% of the planned generation of the Portón del Sol PV Plant, for a term of 12 years.

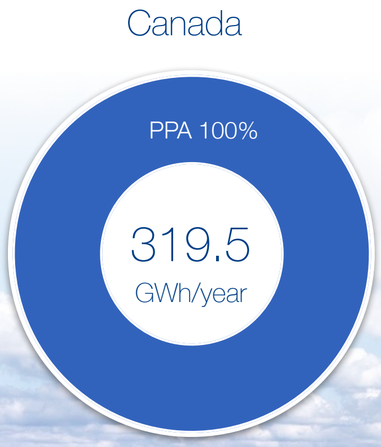
In addition, Enerfín continued to promote its energy storage project consisting of the integration of a Tesla battery at its Montes de Cierzo wind farm, having made progress in the design and optimisation of the control system to improve real-time energy management.

Among other functionalities, there has been optimisation of arbitrage in different markets, improvement in the deviation between forecasts and actual generation, self-consumption and daily battery operation.

Enerfín's generation: 2,878.7 GWh/year







Osório wind complex, Rio Grande do Sul, Brazil

Operations:
Energy management and electricity provider

We generate renewable energy equivalent to the consumption of more than 1.3 million households

Retail Electricity Provider (REP)

At the end of 2022, the Enerfín electricity supplier company, Luzy Energía Renovable, was incorporated.

It was created as a logical step to complete the value chain of the entire renewable energy generation process, reaching the last link in the chain: more efficiently trading of the energy generated in Enerfín's wind farms.

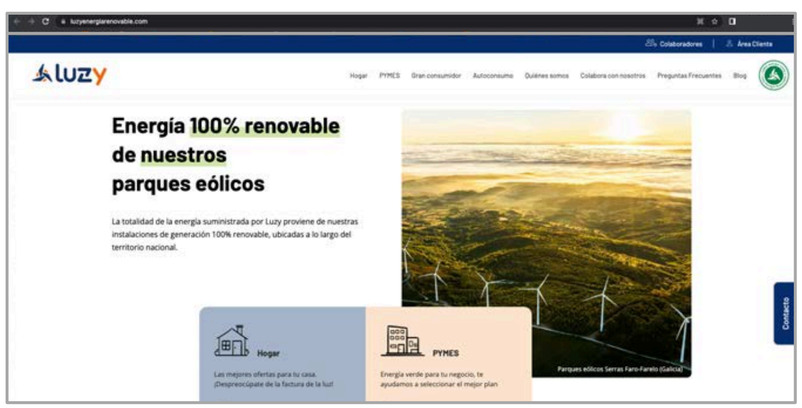
Luzy wants to portray to the public an image of both a fresh and young but also traditional company when it comes to representing the values of trust and solidity, which are Enerfín's hallmarks.

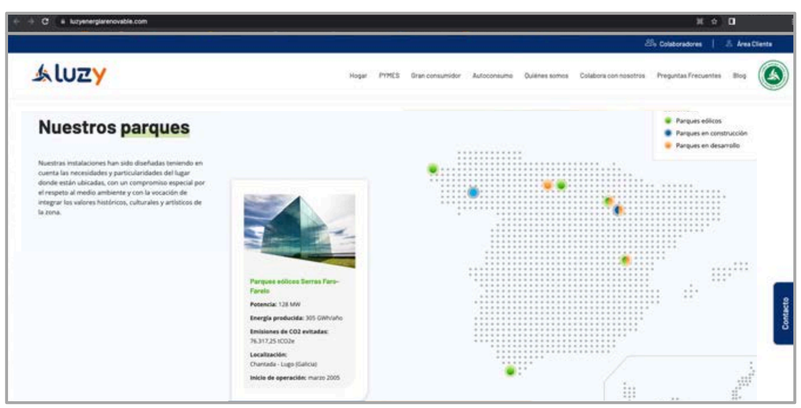
Having its own renewable generation allows Luzy to offer its customers competitive and significant advantages, since it can make long-term proposals and benefit from vertical integration.

The electricity provider company is mainly focused on the SME market and the industrial sector.

Luzy was set up to generate trust and clarity in contracts, focusing on stable business relationships and the continuous search for security for its customers.

Luzy is a supplier company of electricity from exclusively guaranteed renewable sources, generated by Enerfín's national farms. Thanks to this, its customers can benefit from consuming 100% renewable energy as a competitive advantage over their competition. Luzy's customers are awarded a green seal and certificate, both physically and digitally, as a sign of this value of respect for the environment.





2 0

Integrated Report

E S G c o m m i t m e n t

enerfín

Corporate governance: Sustainability pillars

Since the start of its activity, 25 years ago, Enerfín has always strived for a sustainable and long-term business model that is respectful of and committed to the environment, people and the development of the communities in which its projects are integrated.

Perfectly aligned with the purpose, values and business culture of the Elecnor Group, Enerfín is also firmly committed to the Group's Sustainability Policy and Strategic Plan.

To that end, since 2021 Enerfín has had its own Sustainability Committee, which in addition to accompanying the implementation of the Group's policy and strategy, analyses and promotes its own initiatives in this area.

In 2022, Enerfín actively participated in the implementation and audits of the Elecnor Group's CSR system, which received IQNet SR10 certification.

Of note too is the "Green Loan" obtained for the Ribera de Navarra farms after Enerfín passed an exhaustive sustainability due diligence process.

Corporate governance: Management of corporate risks

Enerfín is exposed to diverse risk factors related to both the sector and the geographical areas in which it operates. In this regard, the company, within the framework of the risk management system implemented by its shareholder, the Elecnor Group, continuously and preventively monitors these risks, so that the likelihood of them materialising and their potential impact on the business, profitability and efficiency, as well as on its reputation and sustainability, are minimised.

To this end, the Risk Management System has these main pillars:

- Identification of risks for their management, evaluation and continuous prioritisation.
- Identification of risk management and control mechanisms and tools, implementation and evaluation of their effectiveness.
- Continuous optimisation of risk management, through development and implementation of improvement initiatives and projects.

Enerfín's main risks are grouped into five major categories:

Governance risks

Regarding the structure and form of governance of the organisation.

Strategy, planning and environment risks

Linked to the main variables and decisions of a strategic nature, the implementation of the strategy, changes or trends in the environment, which could impact the business, activities and objectives of the organisation.

Operating risks

They cover the way in which the organisation performs its activity and manages its resources in accordance with the established processes and procedures.

Reporting risks

Related to the management of information, both internally and externally, including risks that range from the capture and processing of information through to the preparation of reports and their distribution.

Compliance risks

Relating to mechanisms established to ensure compliance with laws and regulations and the policies and procedures of the organisation.

Corporate governance: Our corporate culture

Enerfín shares the vision and values of the Elecnor Group. These are designed for people who form part of the company, customers to whom a commitment is made and society, so Enerfín adopts a respectful, ethical and fair management approach.

The Elecnor Group's values shape a corporate culture that is reflected in the way each of its employees behaves and acts, including Enerfín's staff. These values provide the foundation for its Code of Ethics and the different regulations and policies approved on compliance. These values are as follows:

Focused on people

- ✓ Talent
- ✓ Passion
- ✓ Safety

Responsible

- ✓ Integrity
- ✓ Ethics
- ✓ Respect

Committed

- ✓ Effort
- ✓ Perseverance
- ✓ Trust

A global company that fulfils its purpose with a people-based business model and that believes in generating shared value and sustainability.

Efficiency, diversification and robustness are the levers for growth and expansion.

Corporate governance: Ethical management and compliance

Compliance system

As with the rest of the Elecnor Group's subsidiaries, Enerfín is integrated in its Compliance System, which is designed and operated in accordance with the best national and international practices. In addition, this Compliance System is certified in accordance with the UNE-ISO 37001 Anti-Bribery Management Systems and UNE 19601 Management System for Criminal Compliance standards.

Furthermore, Enerfín, in order to adapt to the uniqueness of its business and the countries in which it operates, developed its own Compliance System, which is structured on the results of the company's compliance risk analysis and the key elements and procedures of the Elecnor Group's Compliance System. This work has been carried out in close collaboration with Elecnor Group's Compliance Area and its external advisers.

The pillars of Enerfín's Compliance System are as follows:

Enerfín has implemented an Ethics channel, through which any employee of the company can raise any query or doubt on the Code of Ethics and its implementing regulations, propose improvements to the control system or report, in good faith, irregular conduct or conduct contrary to the company's internal regulations. Likewise, all ENERFÍN employees must immediately report any irregular practice, unlawful or unethical behaviour of which they may become aware or witness.

Nothing of this nature was reported in 2022.

In the interests of continuous improvement, in 2023, Enerfín will continue to work, among others, on the following Compliance objectives:

- Consolidation of the systems implemented in connection with the analysis of compliance risks and due diligence procedures with third parties.
- Holding of training sessions on the Compliance System for Enerfín staff.
- Continue with the adaptation of the compliance system to the reality of other countries where the Group operates.

L'Érable wind farm, Canada

Corporate governance: Innovation

The challenge of moving towards the decarbonisation of the economy and achieving the net emission goals by 2050 requires innovative and sustainable actions.

Enerfín is working on the development of different innovation projects with which it contributes to this decarbonisation, allowing a greater penetration of renewable energies and helping to reduce the impact of activities with high emission rates.

Main innovation cornerstones

- Hybridisation of wind farms with photovoltaic plants.
- Integration of energy storage systems in renewable generation projects.
- Management of hybrid plants through Artificial Intelligence (digitisation of energy management).
- Green hydrogen production, storage and refuelling.
- Wind repowering
- Integration of circular economy criteria in renewable projects.
- Preventive maintenance in operation of generation plants.
- Blockchain: Bitcoin mining systems
- Cybersecurity

Innovation cornerstones in Enerfín

HYBRIDISATIONS WIND - PHOTOVOLTAIC

ENERGY STORAGE

GREEN HYDROGEN PRODUCTION

REPOWERING WIND

BLOCKCHAIN

ACADIEMS

ENERFÍN

AI: ACADIEMS PROJECT

Corporate governance: Innovation

Storage

Enerfín is working on the definition and development of several hybrid energy storage projects with both existing renewable generation projects and those under development in Spain.

Enerfín has energy storage experience. Since 2019, it has been operating a Tesla battery associated with its Montes de Cierzo Wind Farm (Navarra) with which it is developing an R&D&I project to optimise the management of the energy generated by the farm

Enerfín has begun the second phase of the Montes de Cierzo experimental Battery project. Its objectives are the technical and economic analysis of the battery, the improvement of the "Day-ahead market arbitrage and real time" module and the development of an "Autonomous Control System" for the battery.

Hybridisation

Enerfín is developing three hybrid projects in wind farms in operation or in the advanced development phase, in which it will install photovoltaic power without increasing the total power connected to the grid.

For this it has selected sites with good complementarity of wind and photovoltaic resources, which will allow it to minimise energy losses and increase the response capacity in case of voltage fluctuations in the grid.

Green hydrogen

In line with national and global objectives, Enerfín is making a commitment to green hydrogen both in Spain and in other international markets. We exploit the synergies of Enerfín as a renewable energy generator and Elecnor as an experienced supplier of services associated with gas.

Nationally, Enerfín is participating in the design and development of various projects to promote and deploy the use of green hydrogen for multiple uses, as a raw material, for heat and electricity generation, as well as the replacement of current fossil fuels for the decarbonisation of transport.

With our innovation projects we help to decarbonise the economy

Stand-out project

Green hydrogen production, storage and refuelling on the outer harbour of A Coruña.

Enerfín continues to develop the green hydrogen production plant in the outer harbour of A Coruña with the collaboration of the A Coruña Port Authority, and is studying possible synergies and collaborations with other potential partners in the project.

The project consists of the design, development, construction and operation of a 1 MW rated power green hydrogen generation plant (Green H2 Langosteira).

The hydrogen will be used as fuel for heavy transport, urban and interurban passenger transport fleets and port machinery.

In 2022 Enerfín made significant progress with the environmental and urban processing procedure of the project, having received the favourable issuance of the Certificate of Urban Compatibility by the Arteixo City Council.

Pilot project Hydrogen bus in A Coruña

In August, Enerfín and the A Coruña Port Authority held an event on the Avenida de la Marina to present the pilot experience of a hydrogen-powered bus, within the framework of the business group led by Enerfín "A Coruña Green Port H2 Mobility", which is planning a green hydrogen production and refuelling plant in Langosteira for use in urban and interurban mobility.

Also participating in the group are the A Coruña Port Authority as project coordinator, the Tram Company for the purchase and operation of a hydrogen-powered bus and the engineering company AVIA.

Corporate governance: Innovation

Green hydrogen

In the Brazilian market, Enerfín is working on the development of a green hydrogen production plant at the Port of Rio Grande, in the state of Rio Grande do Sul, where Enerfín has major presence as a wind generator.

For this it has signed two memorandums of understanding, one with the State of Rio Grande do Sul in Brazil to collaborate in the development of a renewable hydrogen plant in the region and another with the Rio Grandense de Petróleo Refinery (potential consumer of green hydrogen in the Port of Rio Grande), whose purpose is cooperation between the parties for the co-development of the project at the Refinery.

Elecnor signs a memorandum of understanding to build a green hydrogen plant in Brazil

The state of Rio Grande do Sul wants to lead the energy tranformation in the giant of South America.

26/03/2022 - **Ramón Roca**

Predictive maintenance

Two years ago, Enerfín started a predictive maintenance project applying advanced data analytics technologies, which are providing very positive results.

In the Cofrentes wind farm, predictive maintenance has made it possible to anticipate possible incipient damage to the main components of the wind turbine, allowing the predictive replacement of components, resulting in significant economic savings. It has also helped to detect other possible minor problems (deviations in anemometers, nacelle positioning, failures in control and temperature systems, among others), minimising production losses.

The incorporation of larger and more powerful technologies into the operation portfolio makes it necessary to include these predictive maintenance tools and processes in the operation of wind farms to optimise maintenance costs.

Cybersecurity

The potential risk of cyber attacks on electrical generation, transmission and distribution infrastructures has generated the need to guarantee the resilience of the electricity sector in case of the possible unavailability of supply.

With this objective of advancing the safety and resilience of generation assets, Enerfín is participating in the EU-funded ELECTRON European research project through the H2020 programme, whose aim is to develop a platform able to strengthen data privacy and the resilience of energy systems to cyber attacks.

Green bitcoin mining

Enerfín installed a prototype of an experimental system for the supply of renewable energy to computer equipment for cryptocurrencies, which require a large amount of energy, in a combination of renewable generation and batteries to reduce emissions from these systems and evaluate their profitability.

Scope: Supply and installation of a bitcoin mining system (0.06 MW) at the Enerfín Montes de Cierzo wind farm with ASIC 90-95 TH computing technology.

Corporate governance: Innovation

Artificial Intelligence

In the context of the current energy transition, the manageability and development of digital tools that allow the optimisation of renewable sources to meet the growing needs of the market are crucial.

Aware of this, Enerfín has made a strong commitment to technological research in this line of the sector by leading this multi-disciplinary project, which will add great value to the company's renewable activity and management, as well as flexibility to demand.

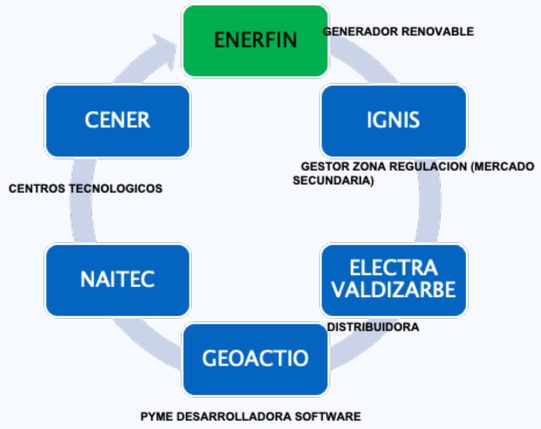
L'Érable wind farm, Canada

Stand-out project

ACADIEMS Project

The ACADIEMS project, made up of a consortium of 6 companies led by Enerfín, involves the development of an intelligent energy management system, based on artificial intelligence. This coordinates renewable generation resources, storage systems and demand flexibility to offer services in the day-ahead, intraday and balance services electricity markets (secondary and tertiary regulation). This will result in benefits for all actors in the value chain of the electricity system and will allow consumers - prosumers to obtain economic returns resulting from the provision of flexibility services.

In 2022, the project received a subsidy through the call for "R&D Strategic Projects in Navarra" from the Government of Navarra for 40% of the budget presented by Enerfín (€672,908).



R&D&I association, collaboration, sponsorship and event actions

Aware of the importance of sharing trends, knowledge and experience, Enerfín actively participates in associations and congresses in the area of innovation, collaborating with universities and technology centres.

Membership of R&D&I associations

- AEPIBAL, Asociación Empresarial de Pilas, Baterías y Almacenamiento Energético (Spanish Business Association of Batteries and Energy Storage).
- AeH2, Asociación Española de Hidrógeno (Spanish Hydrogen Association)
- AgH2, Asociación Gallega de Hidrógeno (Galician Hydrogen Association)
- AIN, Asociación de Industria de Navarra (Navarra Industry Association)
- REOLTEC- Innovation platform of the Spanish Wind Energy Association
- Asociación de Hidrógeno en Colombia (Colombian Hydrogen Association)

Collaboration with technology centres

- CENER (Centro Nacional de Energías Renovables)

Social: People's energy

Our people

Enerfín is currently made up of a team comprising 157 people, a 27% increase on the previous year.

This growth accompanies the boost in the renewable energy sector and the birth of new national and international projects to be developed.

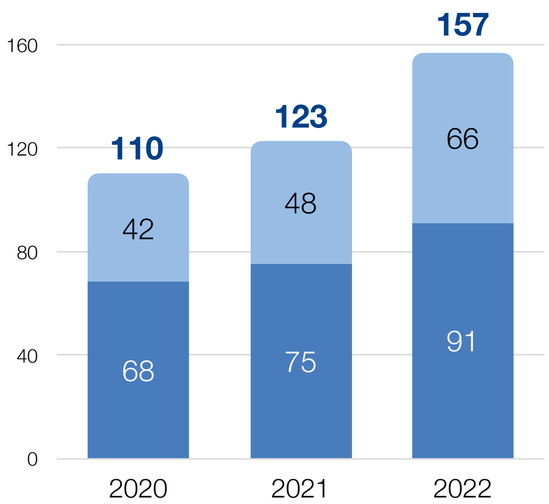
Our teams are distributed internationally in different geographical areas, with 60% of the workforce in Spain, 25% in Brazil and 15% distributed between Colombia, Canada, USA, Australia and Mexico.

Just as Enerfín is committed to the geographical diversity of its projects, it is also committed to the diversity of its employees. The team is made up of 58% men and 42% women.

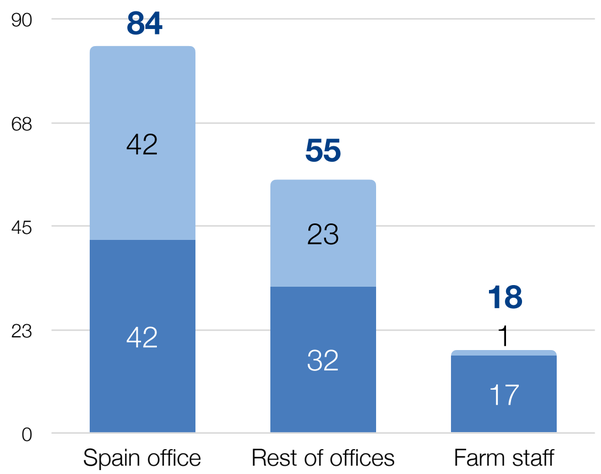
This distribution only varies if we look at the figures in its central office in Spain with 50% men and 50% women. Diversity is a great tool to create value in the company.

Enerfín's team can be split into two areas, business and business support. They are both coordinated and aligned to achieve the company's overall goals.

Evolution of the workforce



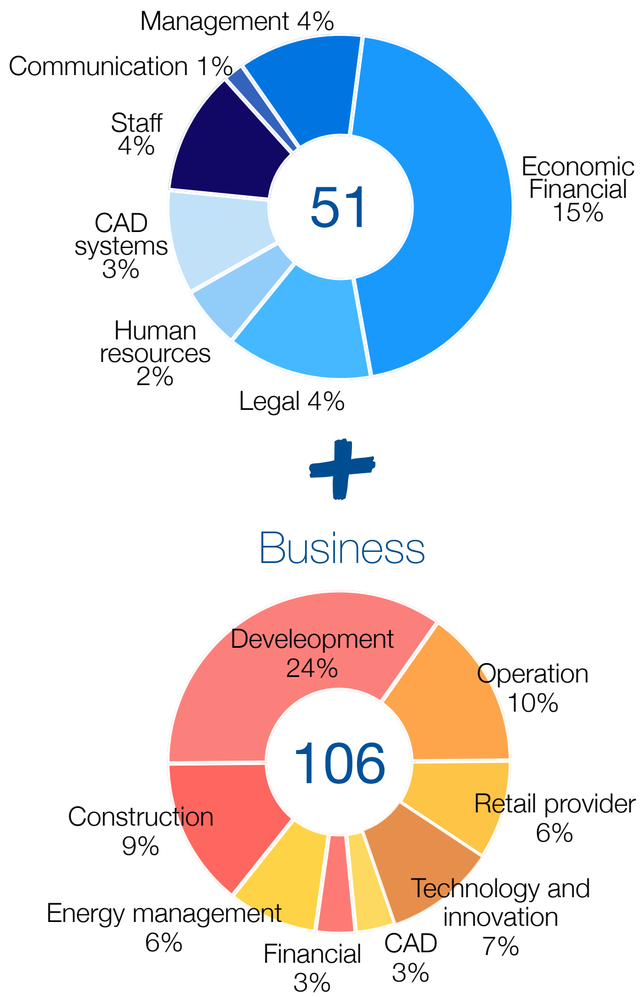
Job distribution



Men Women

Social:
People's energy

Business management and support



Diversity is a great tool to create value in the company

Social: People's energy

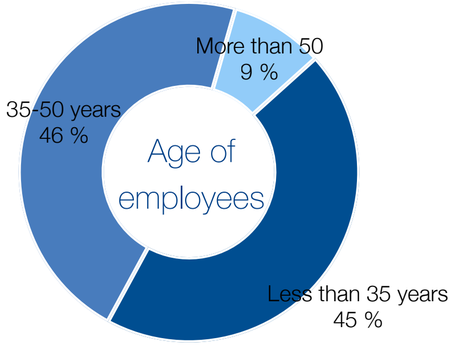
Talent selection

Enerfín's staff are mostly university trained, making up 84% of the workforce.

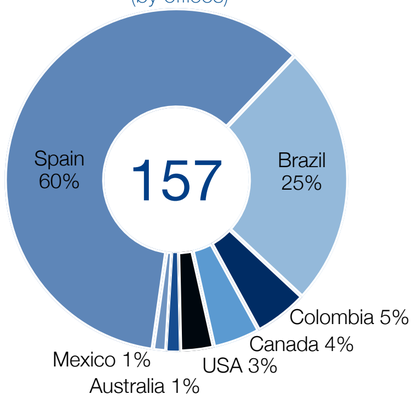
The growth this past year is reflected in the increase in the number of employees in the under-35 group, representing 45% of the workforce, followed by 46% of employees in the 35-50 year-old group and 9% who are over 50.

Enerfín is committed in its talent policy to generating the opportunity for new hires in recent graduates through internship and training programmes to include them in the labour market and be the company's future.

Professional development and growth in the company are a basic pillar for Enerfín, supporting always the promotion of internal talent to positions of greater responsibility. This is why a Career Plan for Newly Recruited Graduates has been implemented this year.



Geographical distribution
(by offices)



Quality employment

In 2022, a total of 34 people joined the company, of whom 3 had participated in a previous internship.

In its commitment to professional stability, 97% of employment contracts are permanent.

Its conviction for quality and long-term employment with the teams has led to the incorporation of measures to promote the well-being of its employees and foster a good climate.

These measures include: remote work policy, drawing contest, Team Building, sporting events and volunteer activities.

Stand-out project

Enerfín Renewables USA

In the first quarter of 2022, Enerfín began its activity in the United States. During the year, a team of 6 specialists in the development of renewable projects was consolidated, based in Virginia.

Enerfín Renewables currently has 2 wind projects and 5 photovoltaic projects in different states of the central and eastern United States.

There is a strong culture of teamwork, maintaining very close communication through its website and its own LinkedIn profile.

We consolidate **talent** by offering **quality** employment and **professional** development

Social: People's energy

Occupational well-being

Enerfín promotes employee well-being by contributing to their work-life balance. To this end it has flexible start and finish times, a short working day on Fridays and in July and August, as well as a flexibility policy for remote working.

It also offers benefits through a Flexible Compensation Plan with a restaurant card, transport card, medical insurance and retirement savings plan.

Evaluation of performance and professional development

To promote the talent of its teams, Enerfín has established a Training Plan based on three areas: Technical training, multidisciplinary training and language training.

In 2022, Enerfín's team completed 6,000 hours of training during the whole year.

Communicate and share

In 2022, Enerfín took a step further in communication, creating a specialist department to communicate the company's news. It shares news each week on its work, values and team culture, as well as details and curiosities of potential interest to the general public.

Its approach is to offer interesting and quality content, with the enthusiasm to contribute to future environmental value intrinsic to Enerfín's renewable activity.

This task of "communicating externally" has also helped create a culture of internal communication, which encourages Company staff to share their activities. Even when they might seem everyday activities or a very specialised language, they can always be "translated" in an accessible way for the general public, under the premise that "what we do matters and contributes".

It has been shown that the details of the tasks performed are interesting to share, since LinkedIn, as Enerfín's most active social network, has grown by more than 15,000 followers since starting in 2022.

In fact, Enerfín's new electricity trading company, Luzy Energía Renovable, entails much broader and more specific communication needs due to its commercial activity, which makes the task of communication not only relevant for the company today, but absolutely necessary.

Both Enerfín and Luzy Energía Renovable accept the challenge of sharing the day-to-day in the development of renewable projects, as their slogans say: at Enerfín "we think of a better world" and Luzy's is "the energy that we share".

Social: Zero Accidents Goal

Health and Safety, the value of people

This commitment, which forms part of the Group's vision and values, is formalised with the approval of the Integrated Health, Safety and Environmental Management Policy, including the following health and safety principles:

Enerfín continues to work to reduce the staff accident rate, including both own and subcontracted personnel, and thus achieve its inalienable objective of "zero accidents".

To this end, its underlying premise is that safety is everyone's responsibility, it involves all levels of the organisation in safety performance and promotes a preventive culture within it.

For health and safety management, Enerfín is supported by the following pillars:

- Health and Safety Management System certified in accordance with ISO 45001: 2008*
- Preventive activity integrated in the Elecnor Group's Joint Prevention Service, committed to excellence in prevention (safety excellence project), for which significant efforts and the necessary resources are allocated.

Accordingly, during 2022, the following actions to improve and control safety were carried out by both prevention technicians and the chain of command:

- Internal audits of works (1), by the central audit department of the Joint Prevention Service.
- Internal safety audits (7), carried out by Elecnor Group staff, and external audits (3), carried out by accredited certifiers.
- Safety inspections (321) by the Site Managers and Prevention Service Technicians associated with each Office.
- Main risk permissions (503), by the Team Leaders or those responsible for the work.
- Awareness-raising meetings (118), held by the chain of command and prevention technicians.
- Training in prevention (3,050 hours) at all levels.

The non-negotiable value for the **health and safety** of our people is the Enerfín Group's **main motivation**. To this end, it makes **significant efforts** and allocates all the necessary resources

* In 2022 supervision of construction was included within the scope of the certification

Social: Zero Accidents Goal

7 Internal audits
with a total of 10 working days

5 non-conformities detected, all in the environmental area and related to the following points:

- Pouring of concrete on site.
- Evaluation of legal requirements (2)
- Documented information
- Management of Risks and Opportunities

3 External audits
with a total of 16 working days

No non-conformities were detected in Spain and Canada. 1 non-conformity detected in Brazil.

Supervision of construction included in the scope of the certificate (national).

1 Work audits for central prevention

Páramo de Poza facilities visited in June 2022

No non-conformities detected.

The final evaluation of the audits was 5 (good condition), which is the highest evaluation in the scale established by the Joint Prevention Service.

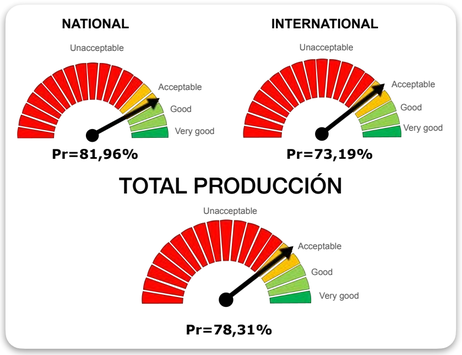
The commitment to promote safe behaviour, part of an essential foundation: "Safety is everyone's responsibility"

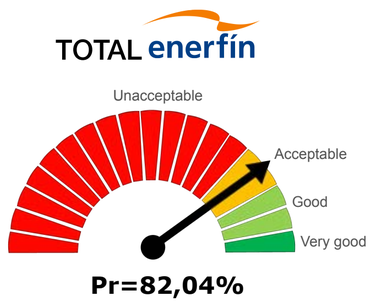
Safety inspections

Performance rate (Pr) $Pr = \frac{\text{No. inspections performed}}{\text{No. inspections expected}} \times 100$

Very good > 95
Good >90≤95
Acceptable ≥80≤90
Unacceptable < 80

PRODUCTION





PREVENTION

Social:
Zero Accidents Goal

Training and awareness

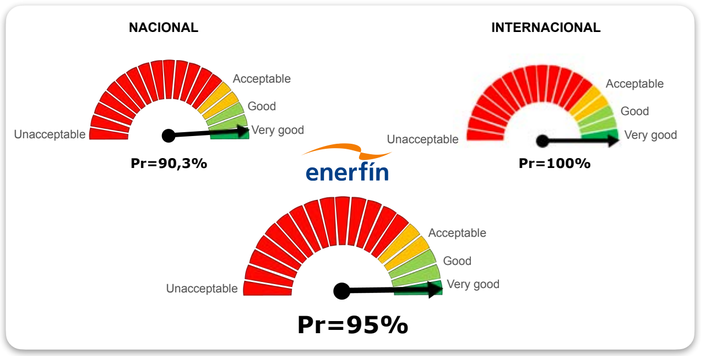
In Enerfín, preventive training is provided according to current legislation and that necessary to comply with article 19 of the Law on the Prevention of Occupational Risks, as well as any other aimed at improving the technical and preventive training of its workers so that they perform tasks by eliminating or minimising risks.

In 2022, a total of 3,050 hours of Occupational Risk Prevention training were provided with a total of 2,816 attendees.

Awareness-raising meetings

Meetings held rate (Mhr)

$$R_0 = \frac{\text{No. meetings held}}{\text{No. meetings expected}} \times 100$$



Total training in Health and Safety at the Workplace

	2.816 attendees	3.050 hours
National	108	719
International	2.708	2.331

Main safety indicators

Enerfín is firmly convinced that all accidents are preventable and avoidable and continues to work with the certainty that it will continue to improve. In this way, the actions listed above are complemented with actions to promote the reporting of incidents (8 incidents reported in 2022), ideas for improvement and lessons learned, involving employees within their health and safety management system in the workplace and obtaining the following prevention indicators:

- Improvement rates: meetings held rate, performance of inspections, investigation of accidents and incidents, efficiency rate, corrective measures for accidents rate.
- Proactive rates: incident rate, ideas rate +
- Accident rates: Frequency and severity rate.

Health and Safety 2022 Figures

Enerfín maintained, during 2022, a zero accident rate for own staff and contractors. In the case of subcontractors, there were 3 minor accidents with sick leave, in the construction phase:

Hours worked
(construction and operation)

799.249

Serious accidents	Minor accidents*
0	3

*Causes of accidents: twisted ankles (33 LD), cuts (3 LD), cut (3 LD)
LD: Lost Day

8	8	321	503	118
Improvement ideas	Reported incidents	Safety inspections	Main Risk Permissions	Awareness-raising meetings

Enerfín is firmly committed to promoting safe behaviour

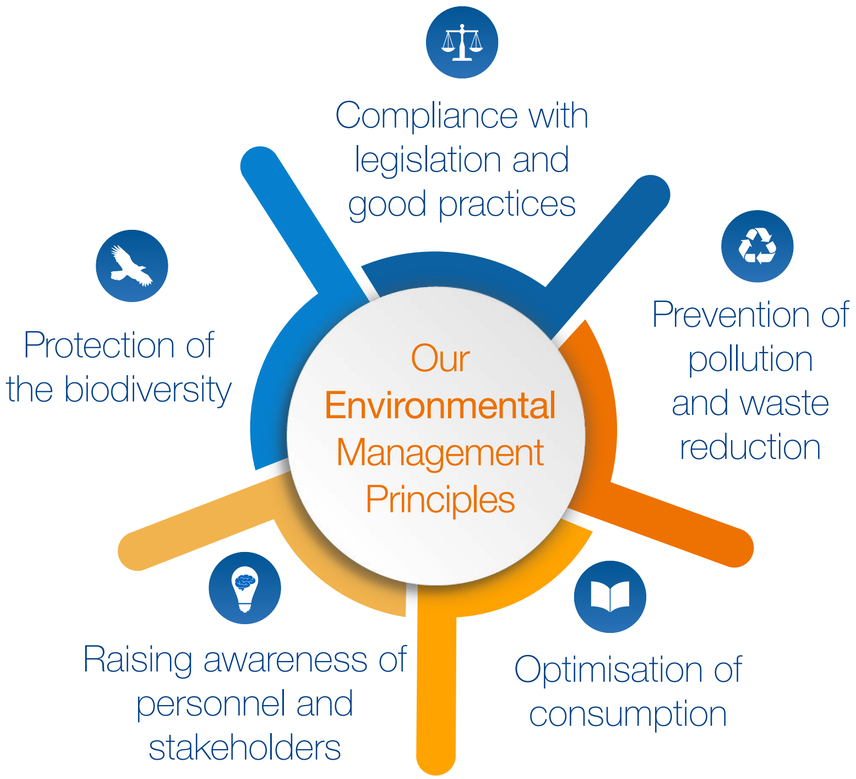
Environmental: Caring for the planet

Environmental Management Policy

Enerfín remains strongly committed to the Environment. One of its most ambitious objectives is to reduce its carbon footprint year after year, both at its facilities and in its projects.

During 2022 it was calculated that an equivalent of 429,620 tons of Co2 emissions were avoided.

Within the framework of its Corporate Responsibility model, Enerfín's Management has sought to apply its very rigorous Environmental Management policy, demonstrating its commitment to the environment through the following pillars.



Commitment to caring for the planet is inherent in our business model, in developing and operating investment projects in renewable energies that help build a sustainable energy model

Our commitment

The Company embodies these commitments in its Environmental Policy and with the voluntary implementation of an Environmental Management System in accordance with ISO 14001 standard, which allows it to evaluate and manage the potential environmental risks of its activities and establish specific goals and objectives.

In 2022, Enerfín continued to work on and invest in the optimisation of environmental management in all its activities and facilities, having successfully passed the external audits and obtained the relevant certifications in Spain, Brazil and Canada.

Moreover, during this year, the "Construction Supervision" activity was included within the scope of its certification, visiting some of the wind farms that were in the construction phase (Ribera de Navarra wind farm in Tudela).

L'Érable wind farm, Canada

Environmental: Caring for the planet

Prevention of pollution and waste reduction

Waste generation prevention is the waste policy commitment that provides the most environmental benefits. This is why it occupies first position in the waste hierarchy and is key for our company.

Fight against climate change

Climate change is already having severe and far-reaching impacts on the environment, as well as on society and the economy.

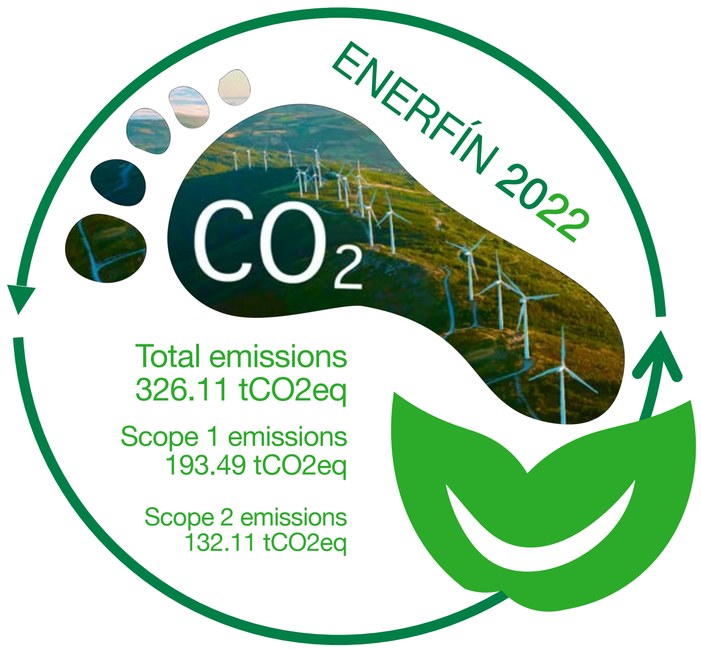
Enerfín is firmly committed to mitigating it, not only with the commitment implicit in its business model, but also with premeditated and conscious efforts to reduce the emissions from its activity.

Web Seal

In Luzy Energia Renovable, renewable electricity supplier we intend to share the need to be sustainable, with the intention that its customers display the 100% renewable energy seal on their websites. We trust that this first link is a chain, whose ultimate goal is to make our society more sustainable.

In addition to this web seal, physical 100% renewable energy certificates are offered for placement on the customers' premises, so that multi-point businesses or businesses that do not have a website can show their renewable value.

Elecnor Group's emissions reduction goals



Montes de Cierzo, Navarra

In 2022, Enerfín managed to avoid estimated CO_2 emissions equivalent to 429,620 tons thanks to the renewable energy produced

Environmental: Caring for the planet

Optimisation of consumption

In 2022 some of the agreed objectives were the reduction of paper consumption and the optimisation of energy consumption in the offices.

New offices

Since September, temperature limitations in the offices have been carried out. In addition, and taking advantage of the move to the new facilities in Arturo Soria in Madrid, additional energy saving measures have been added, such as:

- Heat and cold insulating blinds on windows
- Automatic disconnection of air conditioning in periods when there are no people working in the office.
- Automatic lights that adapt to changes in the outdoor light.

Paper

By firmly committing to the digitisation of processes together with significant staff awareness, we have managed to reduce the number of printed copies in our central offices by more than 10%.

Energy

In terms of energy consumption, with the change to the new central offices, an optimal degree of efficiency between consumption and comfort has been achieved, reducing electricity consumption for lighting and air conditioning* by more than 35%.

With regard to the national facilities associated with the operational centres (the farms), energy consumption was reduced by almost 7% and fuel consumption decreased by 12%.

Objective 1 :
Avoid printing on one side

Sheets printed on one side

2021	Until June 2022
10.678 (19,6%)	4.817 (17,2%)

Objective 2 : **Decrease by 5%**

Sheets used

2021	Until June 2022
54.397	27.981

Place sheets with a blank side in the trays provided and use them for taking notes and draft notes.

1 **Avoid printing** and try to use the digital version.
2 Print double-sided and try to fit two sides in one page.
3 Use **recycled** paper.
4 Reuse blank-sided paper. Use notebooks, which can be obtained from the Environment Department.
5 **Recycle** the paper that is no longer useful.

Trees consumed

2021	Until June 2022
6,5	3,4

Environmental: Caring for the planet

Environmental awareness

Aware of the importance of environmental awareness to build a more responsible world that is respectful of our planet, Enerfín has been carrying out for several years environmental awareness-raising actions at its facilities, through guided tours of its wind farms and through its Environmental Awareness and Renewable Energies Programme. It aims to raise awareness about caring for the environment and the vital role that renewable energies play in the fight against climate change and sustainable economic development.

By doing so, Enerfín provides all its knowledge, reaching different types of groups, mainly schoolchildren between 7 and 18 years of age.

In Canada, guided tours of the L'Érable wind farm, which were organised in collaboration with the local tourist office, continued in 2022, although with a new format for independent and small groups due to the health restrictions imposed by Covid-19. Likewise, in Brazil, visits continued to be made through the Osório Wind Complex visitor centre, built in 2019 with the sole purpose of raising awareness among all our stakeholders.

Enerfín maintains its commitment to the environment carrying out training and awareness-raising actions in the different countries in which it operates

Environmental: Caring for the planet

Commitment to biodiversity

At present it is essential to respond to an increasingly critical situation as far as the richness of the biodiversity of our planet is concerned. Despite the initiatives carried out and the major advances achieved in this area, the reality is that work must be still done today to conserve the biological diversity as losses in it are linked to terrible consequences for the environment and for ourselves as human beings.

Enerfín, committed to its natural environment, continues to work so that the design of its projects does not detract from biodiversity. As a result, all the projects have pre-operational studies of at least 1 year's work where the potential environmental impacts of our projects under development on their surrounding and immediate environment, including flora and fauna, are evaluated. In 2022 alone, an investment of more than 1.6 million euros was made in these lines of action.

It should be pointed out that the generation of energy from renewable sources (wind and solar) contributes substantially to the reduction of Greenhouse Gases (GHG) that cause global warming, which also has a significant and highly positive impact on biodiversity.

Enerfín, committed to its natural environment, continues to work to ensure that the design of its projects does not detract from biodiversity

Environmental monitoring

Tarifa (Cádiz)

At Enerfín's Areosur facilities in Tarifa, every year significant economic investment goes into the development of environmental projects, agreed with the Local Government Office for Sustainability, Environment and Blue Economy, the Migres Foundation and other local developers.

These measures are aimed at conservation, education, dissemination and research, in particular, and among others, the contribution of supplementary feeding and the monitoring of the breeding population of listed species, the dissemination of information on protected birds and the provision of training courses for environmental guards at wind farms.

Enerfín is strongly committed to the environment. This is why it continues to implement environmental measures to protect local fauna, with special care of the most sensitive species such as griffon vultures, Egyptian vultures, Montagu's harriers, black vultures and red kites, to improve their habitats.

Egyptian vulture, Tarifa, Cádiz

Team of biologists and veterinarians in the construction area of the Portón del Sol Solar Farm, Colombia

Environmental: Integration with communities

Dialogue with communities

Enerfín tries to promote open and proactive dialogue with the communities of the area of influence of its projects.

Within the framework of the Social and Environmental Impact Evaluation Studies, Enerfín conducts prior, free and informed consultation processes in which potentially affected people can be informed on the project and communicate any doubts and concerns they may have.

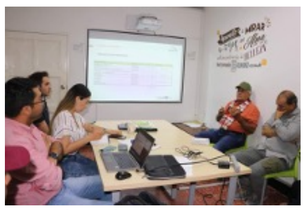
The results of these consultations make it possible to establish, if appropriate, measures to prevent and mitigate impacts, and propose initiatives of a social and/or environmental nature that favour the integration of the project in the territory.

Occasionally, the area of influence of the projects is home to indigenous communities. Enerfín pays special attention to these vulnerable groups, recognising their rights and applying a respectful policy of dialogue and participation.

Colombia

In 2022, Enerfín held 22 follow-up meetings on the Prior Consultation processes for the Brisas Wind Farm, demonstrating Enerfín's fulfilment of its commitments and the socially responsible actions of the company with the communities.

Likewise, to ensure the participation of local communities in the different projects in the country, in 2022 more than 50 meetings were held. And 14 institutional meetings on the environmental licensing procedure with the communities in the area of influence of the Trupillo project.



Institutional meetings with the communities

The social legitimacy granted by the stakeholders directly involved and affected by our operations is key to the success of the projects

Activities with the communities in the area of La Dorada (Caldas)

Environmental: Integration with communities

Chile

A social consultant has been hired from our company Eólica Los Lagos to implement the Community Relations Plan during and following the processing phase of the Los Lagos del Sur wind farm project. The objectives are to:

- Discuss and detail the measures and/or Voluntary Environmental Commitments for each sector, clarifying the difference between Environmental Measures and Environmental Commitments.
- Clarify doubts about the processing of the project.
- Continue with the permanent community relationship started with the Early Citizen Participation process, delivered in the environmental impact study, establishing trusting working relationships. The first meetings have been held with each of the communities and groups in the area of influence of the project. At the meetings held during the last week of the year, a total of 300 calendars for 2023 were delivered for each member of the community to each of the 16 local communities.

Spain

In Spain, Enerfín also provides support in local communities, as is the case of Galicia Vento in the Chantada area, in Galicia, where the Faro Farelo wind farm is located.

Enerfín collaborates with the Chantada Alzheimer's Association, which seeks to provide a non-drug therapy to users with dementia at an early or not very advanced stage, in order to delay the progression of the disease as much as possible.

The contribution of Enerfín and other collaborators allowed them to move to new facilities this year in order to provide a better service to Alzheimer's patients.

For several years now Enerfín has sponsored the Chantada fun run and basketball club.

In addition, at Enerfín's offices in Madrid, used toys were collected among employees to celebrate *"Children's Day"* donating all the toys to families at risk of social exclusion.

Environmental: Integration with communities

Enerfín's social action takes place in the different countries where it has a presence and is focused on culture, sport, education and health, among other areas. In 2022, it continued to support numerous initiatives:

Brazil

In the areas of health and well-being and reduction of inequalities, Ventos do Sul, a subsidiary of Enerfín in the country, has collaborated with various projects related to disease research, improvement of hospital care, promotion of sports and integration of people with disabilities, among others:

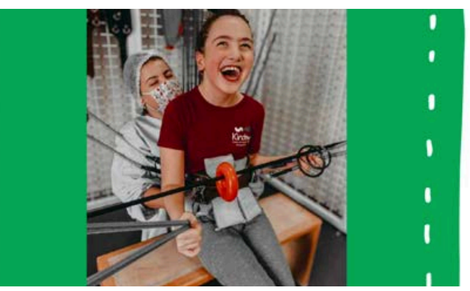
- Physical activity incentive programme for the elderly - PIAFI.

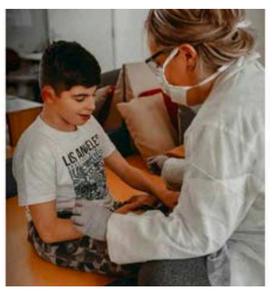
- Karatê e Capoeira: Revelando Campeões. For young people, improving their interpersonal relationship skills and regular playing of sport.
- Hospital Vida e Saúde (Santa Rosa/RS). The objective is to acquire endoscopy equipment for cancer diagnostic tests.
- Hospital Pequeno Príncipe (PRONON) / PR. Development of a therapeutic vaccine for the treatment of cancer resistant to chemotherapy and mitotane and improvement of its adverse effects.
- Renovation HOSPITAL BENEFICENTE SÃO VICENTE DE PAULO - RS. Improvements made in rooms for hospitalised patients through an agreement and privately.
- Conhecer para Transformar Project: The objective is to generate knowledge to increase the possibilities of curing childhood cancer.
- Multi-Year Plan for Cultural Activities 2021/2022 - Fundação Iberê Camargo (Porto Alegre/RS). Promote the work of one of the most important Brazilian artists of the 20th century.
- Ajuda Vira Água – ONG Água Viva (Lapão/BA). The project collects funds to invest in infrastructure that enables access to drinking water.
- Construindo Sorrisos (CMDCA) - RS. Care activities for family members on the importance of patient care.
- GNU PARALYMPIC CATEGORIES I. Offers training conditions for wheelchair swimming and fencing athletes.
- Humanisation and Health Care and Wellbeing of the Elderly (Porto Alegre/RS). Care for the elderly, including hospitalised patients.

Enerfín is also very committed to the dissemination of local culture and heritage, cross-cutting elements in many of the SDGs. Within the framework of the celebrations of the 250th anniversary of the city of Porto Alegre, capital of Rio Grande do Sul, Enerfín has participated in the sponsoring of numerous initiatives:

- Túnel do Tempo (PRONAC) - RS. Free exhibition for pedestrians and local state schools on the origins of the city.
- Eco Ópera (PRONAC) - RS. Interaction with nature through workshops and opera.
- FESTIVAL DE ARTES E SUSTENTABILIDADE VILA FLORES (PRONAC) - RS.

- It gives value to new cultural languages, diversity of expression, sustainability and the SDGs.
- Instrumental Music Concert Visita Sua Cidade (PRONAC) - RS. Bring instrumental and classical music to public places in cities.





Environmental: Integration with communities

Africa

Enerfín is developing in Zimbabwe, together with a local partner, the first wind project in the country. It has aroused great interest and support both in the local community and at various levels of government.

Within the framework of carrying out the project Environmental Impact Study, contracted to a local consultant and completed in 2022, consultations were held with all stakeholders, including farmers and cattle-raisers in the area, environmental associations, local authorities and companies in the region.

Canada

We continued to support associations of a social nature and cultural initiatives in the neighbouring communities of the farm, highlighting this year a collaboration with the Municipality of Saint-Ferdinand to organise a series of weekly outdoor concerts during the summer entitled Dimanche dans le vent: “Sundays in the wind”.

Colombia

In 2022, different activities were carried out with the 90 indigenous communities identified in the Guajira area, where Enerfín has several projects underway. Of note were the giving of 2,500 Christmas gifts to the children of the communities, and donations for the purchase of food and medicines.

Environmental: Integration with communities

Mexico

Enerfín is collaborating with social development initiatives in Mexico, enabling a series of workshops chosen by members of the 5 communities, where Enerfín is developing the Panabá-Sucilá wind complex that will produce 600 MW of clean energy.

To date a workshop on the manufacture of artisan scented candles and several hammock weaving workshops have been held in the community of Yalsihón, Yucatán. Seeds and scheduled irrigation have also been provided to create community gardens.

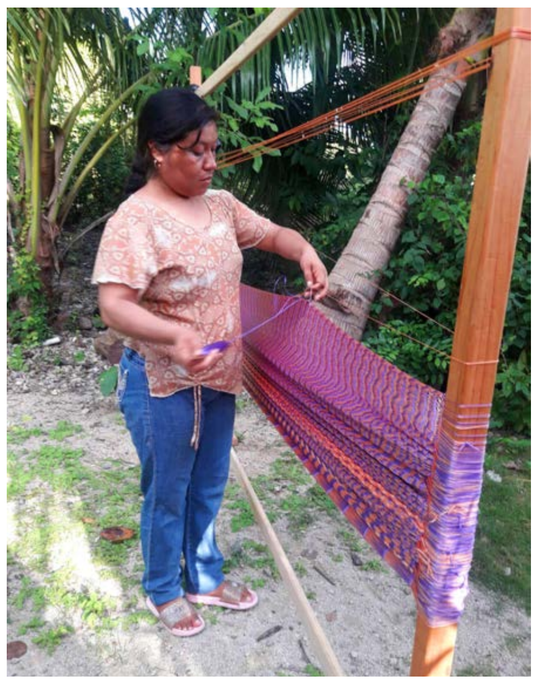
Coexistence in these creations of communities arouses the desire to grow, to work as a team, collaborate and undertake. And apart from the gratifying community aspect of these types of initiatives, the purpose of these workshops is to provide alternative sources of income and economic independence to the remote communities of Yucatán.

Stand-out project

Wind projects of Yucatán, Mexico

Enerfín has a Social Management Plan that will be implemented at the beginning of the works on the Panabá-Sucilá Wind Complex. While they are beginning, and despite the long delay of the project, Enerfín is actively collaborating to generate opportunities for members of local communities in this area, including:

- The implementation and care of community gardens.
- Hammock weaving workshop for 20 people.
- Workshop for making scented candles and candles with mould.



Environmental:
Contribution to the Sustainable Development Goals (“SDG”)

In line with the activity of developing and operating renewable energy projects and R&D&I applied to these technologies (green hydrogen, hybridisation, storage), Enerfín prioritises the goals of Agenda 2030 that are related to energy, climate change and innovation.

It also contributes to other SDGs through numerous actions carried out in the local communities of the different countries where it undertakes its projects.

Worthy of special mention here are the initiatives in Brazil, Colombia, Mexico, described in depth in this report, in the area of education, health, culture and environment, among others, which help develop and generate wealth in these communities.

Finally, as a result of the general implementation of its environmental, health and safety and compliance management policies and systems, Enerfín also contributes to SDG 3, 4, 9, 12, 13 and 16.

São Fernando wind farm, Brazil

Enerfín helps to achieve the goals of Agenda 2030 by the very nature of its activity and the numerous initiatives associated with its internal management and its projects

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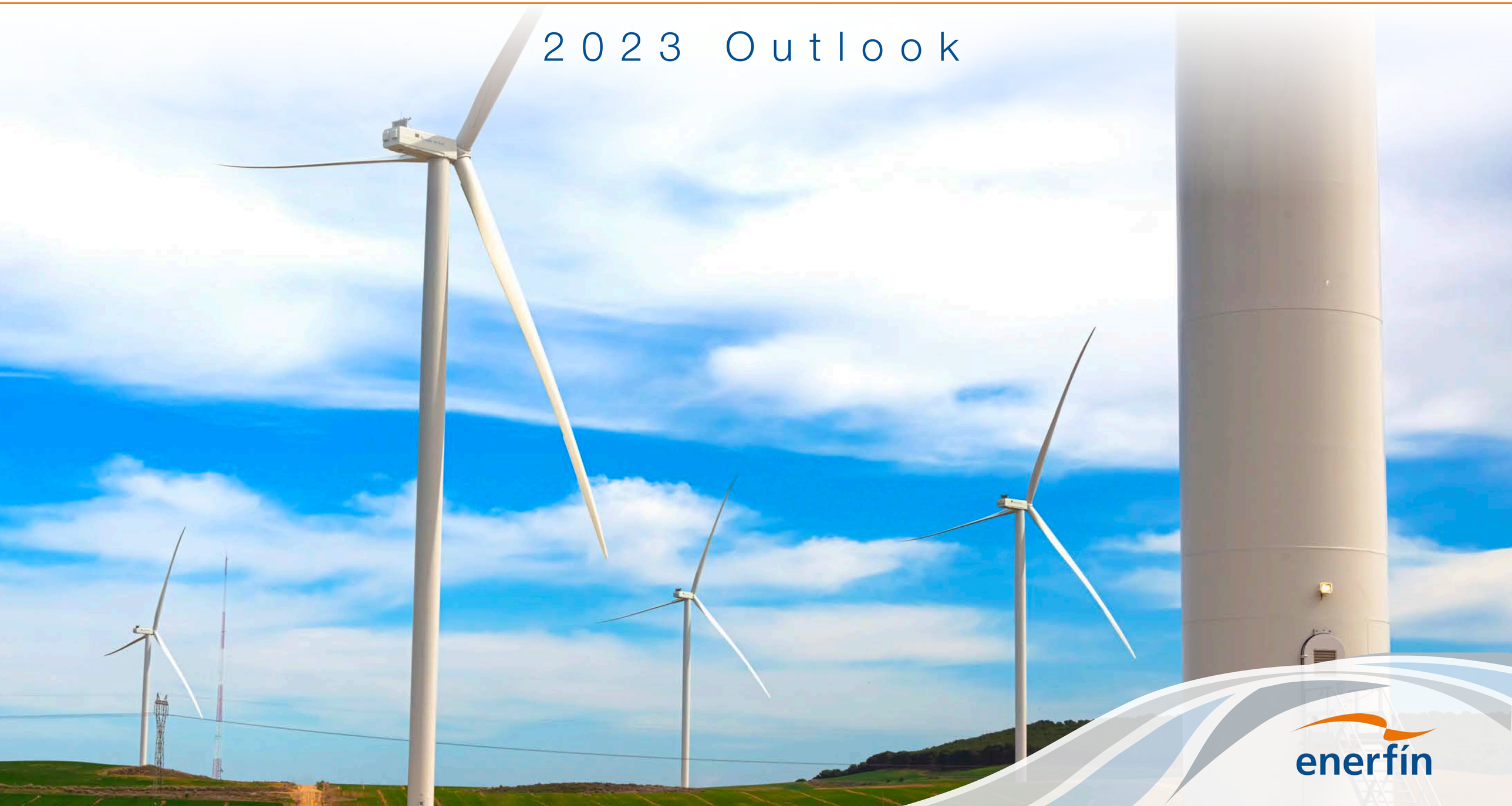
Integrated Report

2023 Outlook



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Outlook for the future

Enerfín's growth plans continue to make progress in 2023, both in the construction and commissioning of new renewable megawatts, as well as in the growth of the portfolio of projects under development and, no less relevant, in the management and trading of renewable electricity produced by our farms.

A good example of this are the Ribera de Navarra wind project, which Enerfín plans to put into operation during the year and the construction of its first PV farm (Portón del Sol, Colombia), which will begin to generate renewable energy in 2024.

Likewise, the plans to start the construction of new wind and photovoltaic projects in Spain, Brazil, Colombia and Canada, widely described in this Integrated Report, are advancing as planned. The portfolio of projects under development in the different regions where the company operates also continues to grow with projects in different stages of development.

This growth is in line with the current energy policies of all the countries where the company is present, which encourage the acceleration of the energy transition with complete conviction in order to continue reducing greenhouse gas emissions.

In this regard, the energy crisis that we have been experiencing in Europe since the start of the war in Ukraine in February 2022, which destabilised the energy markets of practically the entire continent, only strengthened the conviction of leaders across the world to continue promoting these policies.

However, this crisis has also generated significant macroeconomic imbalances, turning the increase in short-term inflation generated by the Covid-19 pandemic into a persistent effect that has forced central banks to increase interest rates to hitherto unseen levels in the last two decades.

To cope with this situation, highly exhilarating for the sector but complex due to the macro environment, Enerfín has been strengthening its teams in all the regions where it operates. The Company increased its national and international workforce by 27% the previous year. This increase in resources will make it easier for the company to meet its objectives:

- Complete and start construction of more than 500 MW of wind, photovoltaic and hybridisation energy.
- Complete the processing of another 700 MW to be built over three years, including a first photovoltaic project in the United States.
- Increase the portfolio of new projects under development.
- Start energy management in Colombia, Alberta and Australia.
- Consolidate Luzy Energías Renovables.
- Install its first commercial storage and green hydrogen generation projects.

Outlook for the future

However, we must take into account the transformational effect of investments by paying greater attention to risk management to cope with new challenges.

The Company begins the construction of its first solar projects

As well as the challenges associated with its activity, which include in particular:

- The selection and appropriate management of supply agreements for wind turbines and solar panel manufacturers, in a context of significant economic difficulties for the former.
- The growing social opposition to renewable facilities due to the rapid growth of new projects.
- The accumulation of projects under development, which collapses the processing ability of administrations.
- The difficulty of attracting and retaining talent in the sector.
- The interventionism of governments in the electricity markets, resulting from the volatility suffered during 2022.
- The increase in the costs of raw materials and logistics that does not end up being transferred to energy prices.

All this while maintaining the highest sustainability values of the company, which are inherent to the values and principles of the Company and its shareholder, Elecnor Group.

Enerfín's long-term vision requires it to manage development, construction, investment, exploitation and energy management activities with rigour, prudence and risk control. Nevertheless, it also allows it to undertake them without being conditioned by the volatility of the markets in the short and medium-term.

Enerfín's more than 25 years of experience allow the company to tackle these objectives with more than reasonable optimism.

Wind complex at Osório, Brazil

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