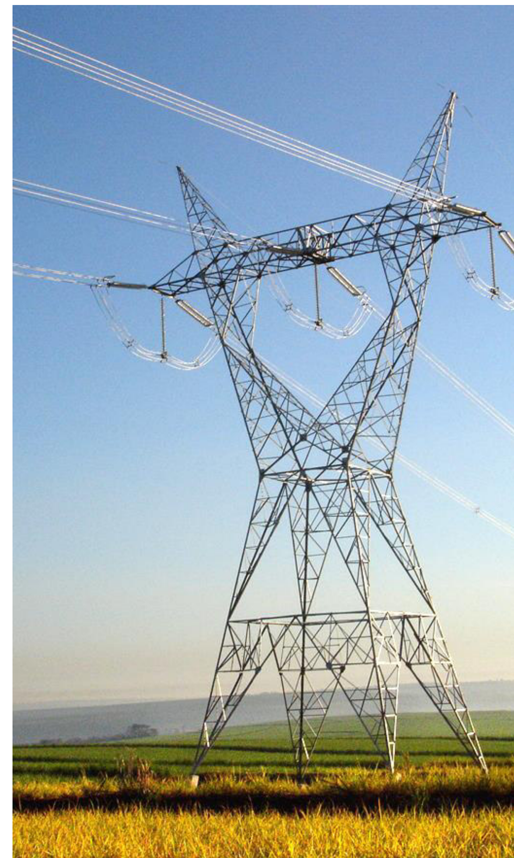
Atlantica
Sustainable Infrastructure

Consolidated Annual Report and Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021



In support of
WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

Atlantica Sustainable Infrastructure plc Consolidated Annual Report and Financial Statements

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Strategic Report

This Strategic Report has been prepared to provide shareholders with information that will aid them in assessing Atlantica's strategies and the potential of such strategies to succeed.

The Strategic Report contains certain forward-looking statements that are made by the directors in good faith and based on the information available to them up to the time of their approval of this report. These statements should be treated with caution due to the uncertainties, including both economic and business risk factors, inherent in such forward-looking information.

The directors have prepared this Strategic Report in compliance with Section 414C of the Companies Act 2006.

The Strategic Report discusses the following areas:

- Nature of the business.
- Business model, strategy and objectives.
- Fair review of the business.
- Principal risks and uncertainties.
- Environment, Social and Governance.
- Section 172 statement.
- Going concern basis.

Nature of the Business

Atlantica Sustainable Infrastructure plc (hereinafter "we", "our", the "Company" or "Atlantica"), a Company registered in England and Wales and incorporated in the United Kingdom, is a sustainable infrastructure company with a majority of our business in renewable energy assets. In 2021, our renewable sector represented approximately 77% of our revenue with solar energy representing approximately 69%. We complement our renewable assets portfolio with storage, efficient natural gas and heat and transmission infrastructure assets, as enablers of the transition towards a clean energy mix. We are also present in water infrastructure assets, a relevant sector for sustainable development. Our purpose is to support the transition towards a more sustainable world by investing in and managing sustainable infrastructure, while creating long-term value for our investors and the rest of our stakeholders.

As of December 31, 2021, we own or have an interest in a portfolio of diversified assets in terms of business sector and geographic footprint. Our portfolio consists of 38 assets with 2,044 MW of aggregate renewable energy installed generation capacity, (of which approximately 71% is solar), 343 MW of efficient natural gas-fired power generation capacity, 55 MWt of district heating capacity, 1,166 miles of electric transmission lines and 17.5 M ft^3 per day of water desalination.

We currently own and manage operating facilities in North America (United States, Canada and Mexico), South America (Peru, Chile, Colombia and Uruguay) and EMEA (Spain, Italy, Algeria and South Africa). Our assets generally have contracted or regulated revenue. As of December 31, 2021, our assets had a weighted average remaining contract life of approximately 15 years.

The address of our registered office is Great West House, GW1, 17th floor, Great West Road, Brentford, TW8 9DF, United Kingdom.

Events During the Period

Investments

- In April 2020, we made an investment in the creation of a renewable energy platform in Chile, together with financial partners, in which we now own approximately a 35% stake and have a strategic investor role. In January 2021, we closed our second investment through this platform with the acquisition of Chile PV 2, a 40 MW PV plant. Total equity investment in this new asset was approximately $5.0 million. The platform intends to make further investments in renewable energy in Chile and sign PPAs with creditworthy off-takers.
- In January 2021, we closed the acquisition of a 42.5% equity interest in Rioglass, a supplier of spare parts and services in the solar industry, increasing our equity interest to 57.5%. In addition, on July 22, 2021 we exercised the option to acquire the remaining 42.5% equity interest in Rioglass. The total investment made in 2021 to acquire the additional 85% equity interest, resulting in a 100% ownership, was approximately $17.1 million.
- In April 2021, we closed the acquisition of Coso, a 135 MW renewable asset in California. Coso is the third largest geothermal plant in the United States and provides base load renewable energy to the California Independent System Operator (California ISO). It has PPAs signed with an 18-year average contract life. The total equity investment was $130 million, which was paid in April 2021. In addition, on July 15, 2021, we repaid $40 million of project debt.
- In May 2021, we closed the acquisition of Calgary District Heating, a district heating asset in Canada, for a total equity investment of $22.7 million. The asset has availability-based revenue with inflation indexation and 20 years of weighted average contract life at the time of the investment. Contracted capacity and volume payments represent approximately 80% of the total revenue.
- In June 2021, we closed the acquisition of a 49% interest in Vento II, a 596 MW wind portfolio in the U.S. for a total equity investment of $198.3 million. EDP Renewables owns the remaining 51%. The assets have PPAs with investment grade off-takers with five-year average remaining contract life at the time of the investment.
- In August 2021, we closed the acquisition of Italy PV 1 and Italy PV 2, two solar PV plants in Italy with a combined capacity of 3.7 MW for a total equity investment of $9 million. These assets have regulated revenues under a feed in tariff until 2030 and 2031, respectively.
- In November 2021, we closed the acquisition of La Sierpe, a 20 MW solar asset in Colombia for a total equity investment of $23.5 million. The asset was acquired under our Liberty GES ROFO Agreement. We also acquired two additional solar projects in Colombia with a combined capacity of approximately 30 MW which are currently in construction, la Tolua and Tierra Linda.
- In December 2021, we closed the acquisition of Italy PV 3, a 2.5 MW solar portfolio in Italy for a total equity investment of $4.0 million. The four assets in the portfolio have regulated revenues under a feed in tariff until 2032.

- In October 2018, we reached an agreement to acquire PTS, a natural gas transportation platform located in Mexico. We initially acquired a 5% stake in the project and reached an agreement to increase our equity interest. Given that the project financing did not close, in June 2021, we reached an agreement with our partner to sell our 5% ownership in the project at cost. There are no other costs or liabilities related to this investment.

Corporate Financing Activities during the year

- On January 7, 2021 Algonquin purchased 4,020,860 ordinary shares in a private placement in order to maintain its equity interest in the Company, as a consequence of the prior underwritten public offering of 5,069,200 ordinary shares in December 2020. Gross proceeds of the private placement were approximately $300 million, which were used to finance growth opportunities and for general corporate purposes after deducting underwriting discounts and commissions and offering expenses.
- On May 18, 2021, we issued the Green Senior Notes amounting to an aggregate principal amount of $400 million due in 2028. The Green Senior Notes bear interest at a rate of 4.125% per year, payable on June 15 and December 15 of each year, commencing December 15, 2021, and will mature on June 15, 2028. The proceeds were used to fully prepay the Note Issuance Facility 2019 and to finance investments and acquisitions.
- On August 3, 2021, we established an "at-the-market program" and entered into the Distribution Agreement with J.P. Morgan Securities LLC, as sales agent, under which we may offer and sell from time to time up to $150 million of our ordinary shares, including in "at-the-market" offerings under our universal shelf registration statement on Form F-3 and a prospectus supplement that we filed on August 3, 2021. During the third and fourth quarters, we have issued 1.6 million shares under the program at an average market price of $38.43 per share pursuant to the Distribution Agreement, representing net proceeds of $61.4 million.

Asset Portfolio and Operations

The following table provides an overview of our current assets as of December 31, 2021:

Assets	Type	Ownership	Location	Currency [9]	Capacity (Gross)	Counterparty Credit Ratings[10]	COD*	Contract Years Remaining[16]
Solana	Renewable (Solar)	100%	Arizona (USA)	USD	280 MW	BBB+/A3/ BBB+	2013	22
Mojave	Renewable (Solar)	100%	California (USA)	USD	280 MW	BB-/--/BB	2014	18
Coso	Renewable (Geothermal)	100%	California (USA)	USD	135 MW	Investment grade [14]	1987/ 1989	17
Elkhorn Valley	Renewable (Wind)	49%	Oregon (USA)	USD	101 MW	BBB/A3/--	2007	6
Prairie Star	Renewable (Wind)	49%	Minnesota (USA)	USD	101 MW	--/A3/A-	2007	6
Twin Groves II	Renewable (Wind)	49%	Illinois (USA)	USD	198 MW	BBB-/Baa2/--	2008	4
Lone Star II	Renewable (Wind)	49%	Texas (USA)	USD	196 MW	Not rated	2008	1
Chile PV 1	Renewable (Solar)	35%[8]	Chile	USD	55 MW	N/A	2016	N/A
Chile PV 2	Renewable (Solar)	35%[8]	Chile	USD	40 MW	Not rated	2017	9
La Sierpe	Renewable (Solar)	100%	Colombia	COP	20 MW	Not rated	2021	14
Palmatir	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-[12]	2014	12
Cadonal	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-[12]	2014	13
Melowind	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-	2015	14
Mini-Hydro	Renewable (Hydraulic)	100%	Peru	USD	4 MW	BBB+/ Baa1/BBB	2012	11
Solaben 2 & 3	Renewable (Solar)	70%[1]	Spain	Euro	2x50 MW	A/Baa1/A-	2012	16/16
Solacor 1 & 2	Renewable (Solar)	87%[2]	Spain	Euro	2x50 MW	A/Baa1/A-	2012	15/15
PS10/PS20	Renewable (Solar)	100%	Spain	Euro	31 MW	A/Baa1/A-	2007& 2009	10/12
Helioenergy 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2011	15/15
Helios 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2012	15/16
Solnova 1, 3 & 4	Renewable (Solar)	100%	Spain	Euro	3x50 MW	A/Baa1/A-	2010	13/13/14
Solaben 1 & 6	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2013	17/17
Seville PV	Renewable (Solar)	80%[6]	Spain	Euro	1 MW	A/Baa1/A-	2006	14
Italy PV 1	Renewable (Solar)	100%	Italy	Euro	1.6 MW	BBB/Baa3/BBB	2010	9
Italy PV 2	Renewable (Solar)	100%	Italy	Euro	2.1 MW	BBB/Baa3/BBB	2011	9
Italy PV 3	Renewable (Solar)	100%	Italy	Euro	2.5 MW	BBB/Baa3/BBB	2012	10
Kaxu	Renewable (Solar)	51%[3]	South Africa	Rand	100 MW	BB-/Ba2/ BB-[11]	2015	13
Calgary	Efficient natural gas	100%	Canada	CAD	55 MWt	~41% A+ or higher[15]	2010	19

Assets	Type	Ownership	Location	Currency (9)	Capacity (Gross)	Counterparty Credit Ratings(10)	COD*	Contract Years Remaining(16)
ACT	Efficient natural gas	100%	Mexico	USD	300 MW	BBB/ Ba3/ BB-	2013	11
Monterrey	Efficient natural gas	30%	Mexico	USD	142 MW	Not rated	2018	17
ATN (13)	Transmission line	100%	Peru	USD	379 miles	BBB+/ Baa1/BBB	2011	19
ATS	Transmission line	100%	Peru	USD	569 miles	BBB+/ Baa1/BBB	2014	22
ATN 2	Transmission line	100%	Peru	USD	81 miles	Not rated	2015	11
Quadra 1 & 2	Transmission line	100%	Chile	USD	49 miles/ 32 miles	Not rated	2014	13/13
Palmucho	Transmission line	100%	Chile	USD	6 miles	BBB/-/ A-	2007	16
Chile TL3	Transmission line	100%	Chile	USD	50 miles	A/A1/A-	1993	Regulated
Skikda	Water	34.2%(4)	Algeria	USD	3.5 M ft^3/day	Not rated	2009	12
Honaine	Water	25.5%(5)	Algeria	USD	7 M ft^3/ day	Not rated	2012	16
Tenes	Water	51%(7)	Algeria	USD	7 M ft^3/ day	Not rated	2015	18

Notes:

(1) Itochu Corporation, holds 30% of the shares in both Solaben 2 and Solaben 3.
(2) JGC, holds 13% of the shares in each of Solacor 1 and Solacor 2.
(3) Kaxu is owned by the Company (51%), Industrial Development Corporation of South Africa (29%) and Kaxu Community Trust (20%).
(4) Algerian Energy Company, SPA owns 49% of Skikda and Sacyr Agua, S.L. ("Sacyr") owns the remaining 16.8%.
(5) Algerian Energy Company, SPA owns 49% of Honaine and Sacyr owns the remaining 25.5%.
(6) Instituto para la Diversificacion y Ahorro de la Energia holds 20% of the shares in Seville PV.
(7) Algerian Energy Company, SPA owns 49% of Tenes.
(8) 65% of the shares in Chile PV 1 and Chile PV 2 are held by financial partners at our renewable energy platform in Chile.
(9) Certain contracts denominated in U.S. dollars are payable in local currency.
(10) Reflects the counterparty's credit ratings issued by Standard & Poor's Ratings Services, or S&P, Moody's Investors Service Inc., or Moody's, and Fitch Ratings Ltd, or Fitch.
(11) Refers to the credit rating of the Republic of South Africa. The offtaker is Eskom, which is a state-owned utility company in South Africa.
(12) Refers to the credit rating of Uruguay, as UTE (Administracion Nacional de Usinas y Transmisoras Electricas) is unrated.
(13) Including the acquisition of ATN Expansion 1 & 2.
(14) Refers to the credit rating of two Community Choice Aggregators: Silicon Valley Clean Energy and Monterrey Bar Community Power, both with A Rating from S&P and Southern California Public Power Authority. The third off-taker is not rated.
(15) Refers to the credit rating of a diversified mix of 22 high credit quality clients (~41% A+ rating or higher, the rest is unrated).
(16) As of December 31, 2021.
(*) Commercial Operation Date.

Business Model, Strategy and Objectives

Our strategy focuses on climate change solutions in the power and water sectors. We intend to provide clean electricity, transmission capacity and desalinated water in a safe, reliable and environmentally responsible way. We believe our value creation capability is significantly enhanced by investing in sustainable sectors and managing our assets in a sustainable manner to the benefit of our shareholders and other stakeholders.

We intend to take advantage of, and leverage our growth strategy on, favorable trends in clean power generation, energy scarcity and the global focus on the reduction of carbon emissions. We believe that we are well positioned to benefit from the expected transition towards a more sustainable power generation mix in our markets. In addition, we believe that water is going to be the next frontier in a transition towards a more sustainable world.

We seek to grow our cash available for distribution and our dividends to shareholders through organic growth and by investing in new assets, while ensuring the ongoing stability and sustainability of our business. We intend to grow our business maintaining renewable energy as our main segment and with a primary focus on North America and Europe.

We believe we can achieve organic growth through the optimization of the existing portfolio, escalation factors at many of our assets, as well as the repowering and hybridization with other technologies of some of the renewable energy facilities and the expansion of our existing transmission lines.

Additionally, we expect to acquire assets from third parties leveraging the local presence and network we have in geographies and sectors in which we operate. We will also continue to invest in the development and construction of new assets, in some cases on our own and in other cases with partners. We have entered into and intend to continue to enter into agreements or partnerships with developers and asset owners.

Our plan for executing this strategy includes the following key components:

Focus on stable assets in the power and water sectors, including renewable energy, storage, efficient natural gas and heat, transmission, as well as water assets, generally contracted or regulated.

We intend to focus on owning and operating stable, sustainable infrastructure assets with long useful lives, generally contracted, for which we believe we have extensive experience and proven systems and management processes, as well as the critical mass to benefit from operating efficiencies and scale. We intend to maintain a diversified portfolio with a large majority of our Adjusted EBITDA generated from low-carbon footprint assets, as we believe these sectors will see significant growth in our targeted geographies.

Maintain diversification across three core geographic areas

Our focus on three core geographies, North America, South America and Europe, helps to ensure exposure to markets in which we believe renewable energy, storage and transmission will continue to grow significantly. We believe that our diversification by business sector and geography provides us with access to different sources of growth.

Grow our business through the optimization of the existing portfolio and through the investments in the expansion of our current assets.

We intend to grow our business through organic growth that we expect to deliver through the optimization of the existing portfolio, price escalation factors in many of our assets as well as through investments in the expansion and repowering of our current assets and hybridization of existing assets with other complimentary technologies including storage, particularly in our transmission lines and renewable energy assets.

Grow our business by investing in new assets in the business sectors where we are present

We will seek to grow our business by investing in new assets, generally contracted or regulated. We expect to acquire assets from third parties leveraging the local presence and network we have in the geographies and sectors in which we operate. We have also entered into and intend to enter into agreements or partnerships with developers or asset owners to develop or acquire assets. We also invest in assets under development or construction either directly or with partners via investment vehicles. We believe that our know-how and operating expertise in our key markets together with a critical mass of assets in several geographic areas as well as our access to capital provided by being a listed company will assist us in achieving our growth plans.

Foster a low-risk approach

We intend to maintain a portfolio of contracted assets with a low-risk profile for a significant part of our revenue. A large majority of our revenue is contracted or regulated. We seek to invest generally in assets with proven technologies in which we generally have significant experience, located in countries where we believe conditions to be stable and safe. We may complement our portfolio with investments or co-investments in assets with shorter contracts or with partially contracted revenue or in assets with revenue in currencies other than U.S. dollar or euro. We also invest in assets under development or construction either directly or with partners via investment vehicles.

Additionally, our policies and management systems include thorough risk analysis and risk management processes applied on an ongoing basis from the date of asset acquisition. Our policy is to insure all of our assets whenever economically feasible, retaining in some cases part of the risk in house.

Maintain a prudent financial policy and financial flexibility

Non-recourse project debt is an important principle for us. We intend to continue financing our assets with project debt progressively amortized using the cash flows from each asset and where lenders do not have recourse to the holding company assets. The majority of our consolidated debt is project debt.

In addition, we hedge a significant portion of our interest rate risk exposure. We estimate that as of December 31, 2021, approximately 92% of our total interest risk exposure was fixed or hedged, generally for the long-term. We also limit our foreign exchange exposure. We intend to ensure that at least 80% of our cash available for distribution is always in U.S. dollars and euros. Furthermore, we hedge net distributions in euros for the upcoming 24 months on a rolling basis.

We also intend to maintain a solid financial position through a combination of cash on hand and undrawn credit facilities. In order to maintain financial flexibility, we use diversified sources of

financing in our project and corporate debt including banks, capital markets and private investor financing. In recent years we have been active in green financing initiatives, improving our access to new debt investors

Our Competitive Strengths

We believe that we are well-positioned to execute our business strategies thanks to the following competitive strengths:

Stable and predictable long-term cash flows

We believe that our portfolio of sustainable infrastructure has a stable cash flow profile. The off-take agreements or regulation in place at our assets have a weighted average remaining term of approximately 15 years as of December 31, 2021, providing long-term cash flow visibility. In 2021, approximately 58% of our revenue was non-dependent on natural resource (i.e. not subject to the volatility that natural resource may have, especially solar and wind resource). This includes our transmission lines, our efficient natural gas plant, our water assets and approximately 77% of the revenue received from our solar assets in Spain. In these assets, our revenue is not subject to (or has low dependence on) solar, wind or geothermal resources, which translates in a more stable cash-flow generation. Going forward, our new investments will probably be dependent on the natural resource. Additionally, our facilities have minimal or no fuel risk.

Our diversification by geography and business sector also strengthens the stability of our cash flow generation. We expect our well-diversified asset portfolio, in terms of business sector and geography to maintain cash flow stability.

Furthermore, due to the fact that we are a U.K. registered company, we should benefit from a more favorable treatment than if we were a corporation based in the U.S. when receiving dividends from our subsidiaries that hold our international assets because they should generally be exempt from U.K. taxation due to the U.K.'s distribution exemption. Based on our current portfolio of assets, which includes renewable assets that benefit from an accelerated tax depreciation schedule, and tax regulations benefits permitted in the jurisdictions in which we operate, under current regulations we do not expect to pay significant income tax in the upcoming years in most of our geographies due to existing net operating losses, or NOLs. Furthermore, based on our existing portfolio of assets, we believe that there is limited repatriation risk in the jurisdictions in which we operate.

Positioned in business sectors with high growth prospects

The renewable energy industry has grown significantly in recent years and it is expected to continue to grow in the coming decades. According to Bloomberg New Energy Finance 2021, renewable energy is expected to account for the majority of new investments in the power sector in most markets. In Bloomberg's green scenario, approximately 1,400 GW of renewables will be added every year for the next three decades. Solar PV sees the largest deployment with 16.5 TW installed by 2050. Required investment in energy supply and infrastructure amounts to between $92 trillion and $173 trillion over the next three decades. To achieve this, annual investment will need to more than double from around $1.7 trillion, to somewhere between $3.1 trillion and $5.8 trillion per year.

The significant increase expected in the renewable energy space over the coming decades also requires significant new investments in electric transmission and distribution lines for power supply,

as well as storage and natural gas generation for dispatchability, with each becoming key elements to support additional wind and solar energy generation. We believe that we are well positioned in sectors with solid growth expectations.

We also believe that our diversified exposure to international markets will allow us to pursue improved growth opportunities and achieve higher returns than we would have if we had a narrow geographic or technological focus. If certain geographies and business sectors become more competitive for asset acquisitions in the future, we believe we can continue to execute on our growth strategy by having the flexibility to invest in other regions or in other business sectors.

Well positioned in ESG

In 2021, 73% of our Adjusted EBITDA was derived from renewable energy and 64% of our Adjusted EBITDA corresponded to solar energy production. Adjusted EBITDA from low carbon footprint assets represented 88%, including renewable energy, transmission infrastructure, as well as water assets. We have set a target to maintain over 80% of our Adjusted EBITDA generated from low-carbon footprint assets.

In addition, we have set a target to reduce our scope 1 and scope 2 GHG emissions per unit of energy generated by 70% by 2035, with 2020 as base year. This target has been validated by the Science Based Targets initiative in 2021.

In terms of governance, we maintain a simple structure with one class of shares. The majority of our Directors are independent, and all the board committees are formed exclusively by independent directors. In 2021, the Board updated and /or issued, as applicable, several key ESG-related documents following our long-term strategy. 25% of our directors are women.

We have been rated by various ESG rating agencies, which we believe can provide relevant information for investors.

A Fair Review of the Business

Factors that Affect Comparability of our Results of Operations

- Acquisitions and Non-recurrent Projects

  The results of operations of Chile PV 1 and Tenes have been fully consolidated since April and May 2020, respectively. Tenes was recorded under the equity-method from January 2019 to May 2020, at which point we then gained control over the asset and started to fully consolidate it. The results of operations of Chile PV 2, Coso, Calgary District Heating, Italy PV 1 and Italy PV 2, La Sierpe and Italy PV 3 have been fully consolidated since January, April, May and August, November and December 2021, respectively. Vento II has been recorded under the equity method since June, 2021.

  In addition, the results of operations of Rioglass have been fully consolidated since January 2021. In 2021, most of Rioglass operating results relate to a specific solar project which ended in October 2021, and which represented $85.3 million in revenue and $1.0 million in Adjusted EBITDA, included in our EMEA and Renewable energy segments for 2021 and which are non-recurrent.

- Impairment

  Considering the delays in the improvements and replacements that we are carrying out in the storage system in Solana and their impact on production in 2021, as well as an increase in the discount rate, we identified an impairment triggering event in accordance with IAS 36 (Impairment of Assets). As a result, an impairment test has been performed which resulted in the recording of an impairment loss of $43.1 million for the year ended December 31, 2021 in the line "Depreciation, amortization, and impairment charges".

  In addition, IFRS 9 requires impairment provisions to be based on expected credit losses on financial assets rather than on actual credit losses. For the year ended December 31, 2021 we recorded a reversal of the expected credit loss impairment provision at ACT for $24.9 million following an improvement of a major client's credit risk metrics which is reflected in the line item "Depreciation, amortization, and impairment charges". In 2020 we had recorded a $26.6 million impairment provision in ACT.

- Change in the useful life of the solar plants in Spain

  In September 2020, following a thorough analysis of recent developments in the Energy and Climate Policy Framework adopted by Spain in 2020, we decided to reduce the useful life of the solar plants in Spain from 35 years to 25 years after COD, effective from September 1, 2020. This change in the estimated useful life was accounted for as a change in accounting estimates in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. This caused $46.0 million increase if we compare the results of the two years since the change was applied for twelve months in 2021 and only four months in 2020.

- Electricity market prices

  In addition to regulated revenue, our solar assets in Spain receive revenue from the sale of electricity at market prices. Electricity prices have increased significantly since mid-2021 and revenues from the sale of electricity at power prices represented $132.9 million in 2021 compared to 42.9 million in 2020, causing higher short-term cash collections. Regulated revenues are revised every three years to reflect, among other things, the difference between expected and actual market prices if the difference is higher than a pre-defined threshold. Current higher market prices in Spain will therefore cause lower regulated revenue to be received progressively over the remaining regulatory life of our solar assets. As a result, we recorded a negative provision for $77.1 million with no cash impact on the current period that has lowered revenue and Adjusted EBITDA in this geography, compared to a positive provision reversal for $22.3 million in 2020.

Factors Affecting Results of Operations

- Exchange rates

  Our functional currency is the U.S. dollar, as most of our revenue and expenses are denominated or linked to U.S. dollars. All our companies located in North America, with the exception of Calgary, with revenue in Canadian dollars, and most of our companies in South America have their revenue and financing contracts signed in, or indexed totally or partially to U.S. dollars. Our solar power plants in Europe have their revenue and expenses denominated in euros, Kaxu, our solar plant in South Africa, has its revenue and expenses denominated in South African rand and La Sierpe our solar plant in Colombia has its revenue and expenses

denominated in Colombian pesos. Project financing is typically denominated in the same currency as that of the contracted revenue agreement. This policy seeks to ensure that the main revenue and expenses streams in foreign companies are denominated in the same currency, limiting our risk of foreign exchange differences in our financial results.

Our strategy is to hedge cash distributions from our assets in Europe. We hedge the exchange rate for the distributions in euros after deducting euro-denominated interest payments and euro-denominated general and administrative expenses. Through currency options, we have hedged 100% of our euro-denominated net exposure for the next 12 months and 75% of our euro-denominated net exposure for the following 12 months. We expect to continue with this hedging strategy on a rolling basis.

Although we hedge cash-flows in euros, fluctuations in the value of the euro in relation to the U.S. dollar may affect our operating results. For example, revenue in euro-denominated companies could decrease when translated to U.S. dollars at the average foreign exchange rate solely due to a decrease in the average foreign exchange rate, in spite of revenue in the original currency being stable. Fluctuations in the value of South African rand and Colombian peso with respect to the U.S. dollar may also affect our operating results. Apart from the impact of these translation differences, the exposure of our income statement to fluctuations of foreign currencies is limited, as the financing of projects is typically denominated in the same currency as that of the contracted revenue agreement.

- *Interest rates*

  We incur significant indebtedness at the corporate and asset level. The interest rate risk arises mainly from indebtedness at variable interest rates. To mitigate interest rate risk, we primarily use long-term interest rate swaps and interest rate options which, in exchange for a fee, offer protection against a rise in interest rates. As of December 31, 2021, approximately 92% of our project debt and close to 100% of our corporate debt either has fixed interest rates or has been hedged with swaps or caps. Nevertheless, our results of operations can be affected by changes in interest rates with respect to the unhedged portion of our indebtedness that bears interest at floating rates, which typically bear a spread over EURIBOR, LIBOR or over the alternative rates replacing these.

- Electricity market prices

  In addition to regulated revenue, our solar assets in Spain receive revenue from the sale of electricity at market prices. Regulated revenues are revised every three years to reflect the difference between expected and actual market prices if the difference is higher than a pre-defined threshold. Given that since mid-2021 electricity prices in Spain have been, and may continue to be, significantly higher than expected, it will cause lower regulated revenue starting in 2023 over the remaining regulatory life of our solar assets. Also, the regulator or the administration may change or may create new mechanisms to adjust the price of electricity, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Key Performance Indicators

We closely monitor the following key drivers of our business sectors' performance to plan for our needs, and to adjust our expectations, financial budgets and forecasts appropriately.

- MW in operation in the case of Renewable energy and Efficient natural gas and heat assets, miles in operation in the case of Electric Transmission lines and Mft^3 in operation in the case of Water assets are indicators which provide information about the installed capacity or size of our portfolio of assets.
- Production measured in GWh in our Renewable energy and Efficient natural gas and heat assets provides information about the performance of these assets.
- Availability in the case of our Efficient natural gas and heat assets, Transmission lines and Water assets also provides information on the performance of the assets. In these business segments revenues are based on availability, which is the time during which the asset was available to our client totally or partially divided by contracted availability or budgeted availability, as applicable.

	As of December 31,	
	2021	2020
Renewable Energy		
MW in operation[1]	2,044	1,551
GWh produced[2]	4,655	3,244
Efficient Natural Gas & Heat		
MW in operation[3]	398	343
GWh produced[4]	2,292	2,574
Availability (%)[4]	100.6%	102.1%
Transmission lines		
Miles in operation	1,166	1,166
Availability (%)	100.0%	100.0%
Water		
Mft^3 in operation[1]	17.5	17.5
Availability (%)	97.9%	100.1%

[1] Represents total installed capacity in assets owned or consolidated at the end of the year, regardless of our percentage of ownership in each of the assets except for Vento II for which we have included our 49% interest.
[2] Includes 49% of Vento II wind portfolio production since its acquisition. Includes curtailment in wind assets for which we receive compensation.
[3] Includes 43 MW corresponding to our 30% share in Monterrey and 55 MWt corresponding to Calgary District Heating.
[4] GWh produced includes 30% of the production from Monterrey.

During 2021, our renewable assets continued to generate solid operating results and production increased by 43.5%. The increase was mainly driven by the contribution from the recently acquired renewable assets Coso, Chile PV1, Chile PV 2, Vento II, Italy PV 1, Italy PV 2, Italy PV 3 and La Sierpe bringing approximately 1,339 GWh of additional electricity generation. The increase was also due to higher production at Kaxu compared to the prior year when an unscheduled outage that affected part of the first half of 2020, largely covered by insurance. Production also increased in our assets in Spain where solar radiation was better than in the previous year.

In our solar assets in the U.S. production decreased by 3.5% year over year mainly due to lower solar resource in Arizona, especially in the third quarter, and lower availability in the storage system,

as we are carrying out the improvements and replacements that were scheduled. These works have impacted production in 2021 and are expected to impact production in 2022 as we have been experiencing delays due to COVID-19 restrictions and delays from subcontractors.

In our wind assets in Uruguay production decreased by 10.4% in 2021, mainly due to lower wind resource in the period. Wind resource was also lower than expected in our wind assets in the United States.

Efficient natural gas and heat production was lower in 2021 compared to 2020 due to lower production at ACT, mainly due to lower demand from our off-taker. This did not affect our revenue as the contract is based on availability and continues to achieve high availability levels.

In Water, the decrease in availability was mainly due to lower availability in Tenes in the fourth quarter of 2021, resulting principally from the high number of suspended particles in the water caused by heavy rains in the region in the fourth quarter. Availability in this plant in the first quarter of 2021 was also lower largely due to the installation of some new safety-related equipment. Our transmission lines, where revenue is also based on availability, continue to achieve high availability levels.

Results of Operations

The table below details our results of operations for the years ended December 31, 2021, and 2020

$ in millions	2021	2020
Revenue	1,211.7	1,013.3
Other operating income	74.6	99.5
Employee benefit expenses	(78.7)	(54.4)
Depreciation, amortization and impairment charges	(439.4)	(408.6)
Other operating expenses	(414.3)	(276.7)
Operating profit	**353.9**	**373.1**
Financial income	2.7	7.1
Financial expense	(361.2)	(378.4)
Net exchange differences	1.9	(1.4)
Other financial income/(expense), net	15.7	40.9
Financial expense, net	**(340.9)**	**(331.8)**
Share of profit/(loss) of associates carried under the equity method	12.3	0.5
Profit before income tax	**25.3**	**41.8**
Income tax	(36.2)	(24.9)
Profit/(loss) for the year	**(10.9)**	**16.9**
Profit attributable to non-controlling interests	(19.2)	(4.9)
Profit/(loss) for the year attributable to the parent company	**(30.1)**	**12.0**

Revenue

Revenue increased by 19.6% to $1,211.7 million for the year 2021, compared to $1,013.3 million for the year 2020. On a constant currency basis, revenue in 2021 was $1,187.7 million, representing an increase of 17.2% compared to the year 2020. On a constant currency basis and excluding the aforementioned Rioglass non-recurrent solar project, revenue for the year 2021 was $1,102.3 million, representing an increase of 8.8% compared to the previous year.

This increase (on a constant currency basis and excluding the Rioglass non-recurrent solar project) was mainly due to the contribution of the recently acquired and consolidated assets which represent a total of $92.3 million of additional revenue in 2021. Revenue was also higher at Kaxu. Damage and business interruption were covered by our insurance; however, insurance proceeds were recorded in "Other operating income". In addition, revenue increased at ACT mainly due to higher revenue in the portion of the tariff related to operation and maintenance services, driven by higher operation and maintenance costs for the year 2021 compared to the previous year. At ACT, operation and maintenance costs are higher in the quarters preceding any major maintenance, which is scheduled for the beginning of 2022.

These effects were partially offset by a 4.8% decrease in revenue from our solar assets in Spain on a constant currency basis, in spite of higher production in the period. The decrease results mainly from a negative provision that reduces revenue but has no cash impact on the current period, as further explained in the discussion of the EMEA region. Revenue also decreased in our solar assets in North America, mainly due to lower solar radiation in the year ended December 31, 2021 compared to the previous year and lower availability of the storage system in Solana, as previously described.

Other Operating Income

The following table details our other operating income for the years ended December 31, 2021 and 2020:

	Year ended December 31,	
	2021	**2020**
Other operating income	$ in millions	
Grants	60.7	59.0
Insurance proceeds and other	13.9	40.5
Total	**74.6**	**99.5**

Other operating income decreased by 25.0% to $74.6 million for the year ended December 31, 2021, compared to $99.5 million for the year ended December 31, 2020.

"Insurance proceeds and other" for the year 2020 included $18.4 million in insurance income in Kaxu in compensation for the unscheduled outage, as well as $5.7 million in insurance income received at Solana and Mojave in compensation for events from prior years, which are the main reasons for the decrease.

"Grants" represent the financial support provided by the U.S. Department of the Treasury to Solana and Mojave and consist of an ITC Cash Grant and an implicit grant related to the below market interest rates of the project loans with the Federal Financing Bank. Grants were stable for the year 2021 compared to the previous year.

Employee Benefit Expenses

Employee benefit expenses increased by 44.4% to $78.7 million for the year ended December 31, 2021, compared to $54.5 million for the year ended December 31, 2020. The increase was mainly due to the consolidation of Coso and Rioglass.

Depreciation, Amortization and Impairment Charges

Depreciation, amortization and impairment charges increased by 7.5% to $439.4 million for the year ended December 31, 2021, compared to $408.6 million for the year ended December 31, 2020. The increase was mainly due to an increase in depreciation and amortization at our solar assets in Spain. In September 2020 we reduced the useful life of our solar assets in Spain from 35 to 25 years after COD, which increased our depreciation and amortization charges for the year ended December 31, 2021 by $46.0 million compared to the previous year. In addition, the increase is also due to the $43.1 million impairment loss recorded in Solana in September 2021, after a triggering event was identified mainly due to delays in the improvements and replacements in the storage system and their impact on production in 2021, as well as to the increase in the discount rate. Depreciation, amortization and impairment charges also increased due to the consolidation of recent acquisitions and because in 2020 this caption included a reversal of an impairment charge in our wind assets in Uruguay for $18.7 million in Cadonal and Palmatir, with no corresponding amount in 2021.

These effects were partially offset by a reversal of the expected credit loss impairment provision at ACT. IFRS 9 requires impairment provisions to be based on the expected credit loss of the financial assets in addition to actual credit losses. ACT recorded a reversal of the expected credit loss impairment provision of $24.9 million for the year ended December 31, 2021, while in the year ended December 31, 2020 there was an increase of $26.6 million in the expected credit loss impairment provision. In addition, for the year ended December 31, 2020, depreciation, amortization and impairment charges included an equipment write-off of $48 million related to the Solana storage system with no corresponding amount in the current period.

Other Operating Expenses

The following table details our other operating expenses for the years ended December 31, 2021 and 2020:

	Year ended December 31,			
	2021		2020	
Other operating expenses	**$ in millions**	**% of revenue**	**$ in millions**	**% of revenue**
Raw materials	70.7	5.8%	7.8	0.8%
Leases and fees	9.3	0.8%	2.6	0.3%
Operation and maintenance	154.0	12.7%	110.9	10.9%
Independent professional services	39.2	3.2%	40.2	4.0%
Supplies	40.8	3.4%	27.9	2.8%
Insurance	45.4	3.8%	37.6	3.7%
Levies and duties	29.9	2.5%	39.8	3.9%
Other expenses	25.0	2.1%	9.9	1.0%
Total	**414.3**	**34.2%**	**276.7**	**27.3%**

Other operating expenses increased by 49.7% to $414.3 million for the year ended December 31, 2021, compared to $276.7 million for the year ended December 31, 2020, mainly due to higher raw material costs corresponding to the aforementioned Rioglass non-recurrent solar project.

Other operating expenses also increased due to higher operation and maintenance costs mainly caused by the contribution of the recently consolidated assets for $17.9 million and higher costs at

ACT, since operation and maintenance costs are higher in this asset in the quarters preceding a major overhaul, which is scheduled to be performed at the beginning of 2022.

In addition, the cost of supplies increased mainly because part of our supply costs are related to the electricity market prices, which have increased in 2021 compared to the previous year.

Operating Profit

As a result of the above-mentioned factors, operating profit decreased by 5.1% to $353.9 million for the year ended December 31, 2021, compared with $373.1 million for the year ended December 31, 2020.

Financial Income and Financial Expense

	Year ended December 31,	
	2021	**2020**
Financial income and financial expense	$ in millions	
Financial income	2.7	7.1
Financial expense	(361.2)	(378.4)
Net exchange differences	1.9	(1.4)
Other financial income, net	15.7	40.9
Financial expense, net	**(340.9)**	**(331.8)**

Financial Income

Financial income decreased to $2.7 million for the year ended December 31, 2021, compared to $7.1 million for the year ended December 31, 2020, primarily due to a $3.8 million of non-monetary financial income resulting from the refinancing of the Cadonal project debt in 2020.

Financial Expense

The following table details our financial expense for the years ended December 31, 2021 and 2020:

	Year ended December 31,	
Financial expense	**2021**	**2020**
	$ in millions	
Interest on loans and notes	(302.5)	(316.2)
Interest rates losses derivatives: cash flow hedges	(58.7)	(62.1)
Total	**(361.2)**	**(378.4)**

Financial expense decreased by 4.5% to $361.3 million for the year ended December 31, 2021, compared to $378.4 million for the year ended December 31, 2020.

The decrease of "Interest on loans and notes" was mainly due to a decrease in interest on loans indexed to LIBOR and EURIBOR, since the reference rates were lower in the year ended December 31, 2021 compared to the previous year. The decrease was also due to the acquisition of Liberty Interactive's equity interest in Solana in August 2020, which caused a decrease of $15.0 million. In addition, the year ended December 31, 2020 included costs and expenses related to the prepayment of the Note Issuance Facility 2017. This decrease was partially offset by the contribution of recently consolidated assets and by interest accruing on the Green Senior Notes and the Green Exchangeable, which have contributed a full year in 2021, for a total amount of $18.0 million.

Interest rate losses on derivatives designated as cash flow hedges correspond primarily to transfers from equity to financial expense when the hedged item impacts profit and loss. The decrease was mainly due to lower losses from the Helios 1&2 swap, which was canceled after the Helios 1&2 project debt was refinanced in 2020 with a new fixed rate financing. This decrease was partially offset by higher losses in swaps hedging loans indexed to LIBOR, as a result of lower reference rates than in the previous year.

Other Financial Income/(Expense), Net

	Year ended December 31,	
	2021	**2020**
Other financial income/(expenses)	$ in millions	
Other financial income	32.3	162.3
Other financial losses	(16.6)	(121.4)
Total	**15.7**	**40.9**

Other financial income/(expense) net, decreased to a net income of $15.7 million for the year ended December 31, 2021 compared to a net income of $40.9 million for the year ended December 31, 2020.

In the year 2020, Other financial income includes a non-cash gain of $145 million from the acquisition of Liberty Interactive's equity interest in Solana, which is the primary reason for the decrease. Liberty Interactive was the tax equity investor in Solana and although the investment of Liberty Interactive was in shares, under IFRS it was recorded as liability. In August 2020, we acquired Liberty Interactive's equity interest in Solana and recorded a gain corresponding to the difference between book value of Liberty Interactive's equity interest in Solana and the total price expected to be paid to Liberty Interactive. For the year ended December 31, 2021, Other financial income includes $9.2 million income corresponding to the change in the fair value of the conversion option of the Green Exchangeable Notes since December 2020 and $7.6 million of income corresponding to the change in fair value of Kaxu derivatives, for which hedge accounting is not applied. Residual items are primarily interest on deposits and loans, including non-monetary changes to the amortized costs of such loans.

The decrease in other financial expenses is primarily due to a one-time non-cash loss of $73.0 million caused by the refinancing of Helios 1&2 in 2020. Other financial expense includes expenses for guarantees and letters of credit, wire transfers, other bank fees and other minor financial expenses.

Share of Profit of Associates Carried Under the Equity Method

Share of profit of associates carried under the equity method increased to $12.3 million in the year ended December 31, 2021 compared to $0.5 million in the year ended December 31, 2020. The increase was primarily due to the contribution of the recently acquired Vento II and a higher profit in Honaine.

Profit/(loss) Before Income Tax

As a result of the previously mentioned factors, we reported a profit before income tax of $25.3 million for the year ended December 31, 2021, compared to a profit before income tax of $41.8 million for the year ended December 31, 2020.

Income Tax

The reconciliation between the theoretical income tax resulting from applying an average statutory tax rate to profit before income tax and the actual income tax expense recognized in the consolidated income statements for the years ended December 31, 2021 and 2020, is as follows:

The effective tax rate differs from the nominal tax rate mainly due to permanent differences and treatment of tax credits in some jurisdictions.

	Year ended December 31,	
	2021	2020
	$ in millions	
Profit before tax	25.3	41.8
Average statutory tax rate	25%	25%
Corporate income tax at average statutory tax rate	**(6.3)**	**(10.4)**
Income tax of associates, net	3.1	0.1
Differences in statutory tax rates	(3.4)	(0.1)
Unrecognised NOLS and deferred tax assets	(11.2)	(37.1)
Purchase of Liberty Interactive’s equity interest in Solana	-	36.4
Other Permanent differences	(4.1)	(8.9)
Other non-taxable income/(expense)	(14.3)	(4.7)
Corporate Income Tax	**(36.2)**	**(24.9)**

For the year ended December 31, 2021, the overall effective tax rate was different than the statutory rate of 25% primarily due to unrecognized tax losses carryforwards, mainly in the U.K. entities and to provisions recorded for potential tax contingencies.

For the year ended December 31, 2020, the overall effective tax rate was different than the average statutory rate of 25% primarily due to unrecognized tax losses carryforwards, mainly in the U.K. entities, partially offset by the non-taxable gain recorded in the consolidated financial statements on the purchase of Liberty´s Interactive equity interest in Solana.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests was $19.2 million for the year ended December 31, 2021 compared to $4.9 million for the year ended December 31, 2020. Profit attributable to non-controlling interests corresponds to the portion attributable to our partners in the assets that we consolidate (Kaxu, Skikda, Solaben 2 & 3, Solacor 1 & 2, Seville PV, Chile PV 1, Chile PV 2 and Tenes). The increase is due to higher profits at Kaxu and Skikda, as well as to the consolidation of Tenes since the second quarter of 2020.

Profit / (Loss) Attributable to the Parent Company

As a result of the previously mentioned factors, loss attributable to the parent company was $30.1 million for the year ended December 31, 2021, compared to a profit of $12.0 million for the year ended December 31, 2020.

Our Segment Reporting

We organize our business into the following three geographies where the contracted assets and concessions are located: North America, South America and EMEA. In addition, we have identified four business sectors based on type of activity: renewable energy, efficient natural gas and heat, transmission and water. We report our results in accordance with both criteria. Our Efficient natural gas and heat segment was renamed to include Calgary District Heating which has been consolidated since its acquisition in May 2021.

In our segment discussion, we use Adjusted EBITDA, which is an Alternative Performance Measure. Our management believes Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating our operating performance, as it provides them with an additional tool to compare business performance across companies and across periods. This measure is widely used by investors to measure a company's operating performance, without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. This measure is widely used by other companies in our industry. Our management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period and we aim to use it on a consistent basis moving forward and to readily view operating trends, as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations, as well as in communications with our Board of Directors, shareholders, creditors, analysts and investors concerning our financial performance.

	Year ended December 31,			
	2021		2020	
Revenue by geography	**$ in millions**	**% of revenue**	**$ in millions**	**% of revenue**
North America	395.8	32.7%	330.9	32.6%
South America	155.0	12.9%	151.5	15.0%
EMEA	660.9	54.5%	530.9	52.4%
Total revenue	**1,211.7**	**100.0%**	**1,013.3**	**100%**

	Year ended December 31,			
	2021		2020	
Adjusted EBITDA by geography	**$ in millions**	**% of revenue**	**$ in millions**	**% of revenue**
North America	311.8	78.8%	279.4	84.4%
South America	119.6	77.2%	120.0	79.2%
EMEA	393.0	59.5%	396.7	74.7%
Adjusted EBITDA[(1)]	**824.4**	**68.0%**	**796.1**	**78.6%**

Note:

(1) Adjusted EBITDA is calculated as profit/(loss) for the year attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interest, income tax expense, financial expense (net), depreciation, amortization and impairment charges of entities included in the Annual Consolidated Financial Statements and Depreciation and amortization, financial expense and income tax expense of unconsolidated affiliates (pro-rata of our equity ownership). Adjusted EBITDA previously excluded share of profit/(loss) of associates carried under the equity method and did not include depreciation and amortization, financial expense

and income tax expense of unconsolidated affiliates (pro-rata of our equity ownership). Prior periods have been presented accordingly. Adjusted EBITDA is not a measure of performance under IFRS as issued by the IASB and you should not consider Adjusted EBITDA as an alternative to operating income or profits or as a measure of our operating performance, cash flows from operating, investing and financing activities or as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Adjusted EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Adjusted EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Adjusted EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results. See Financial Measures (see note 4 to the Consolidated Financial Statements).

	Volume produced/availability Year ended December 31,	
Volume by geography	**2021**	**2020**
North America (GWh)(1)	4,818	3,908
North America availability(1)	100.6%	102.1%
South America (GWh)(2)	722	667
South America availability	100.0%	100.0%
EMEA (GWh)	1,407	1,243
EMEA availability	97.9%	100.1%

Note:

(1) GWh produced includes 30% of the production from Monterrey and our 49% of Vento II wind portfolio production since its acquisition

(2) Includes curtailment production in wind assets for which we receive compensation

North America

Revenue increased by 19.6% to $395.8 million for the year ended December 31, 2021, compared to $330.9 million for the year ended December 31, 2020. The increase was mainly due to the contribution from the recently acquired assets, Coso and Calgary. The increase was also caused by higher revenue at ACT mainly due to the higher revenue in the portion of the tariff related to operation and maintenance services, driven by higher operation and maintenance costs for year ended December 31, 2021. This increase was partially offset by a 2.4% decrease in revenue at our solar assets in North America, mainly due to lower radiation in Arizona and lower availability of the Solana storage system, as previously described.

Adjusted EBITDA increased by 11.6% to $311.8 million for the year ended December 31, 2021, compared to $279.4 million for the year ended December 31, 2020. Adjusted EBITDA increased due to the recently acquired assets Coso, Vento II and Calgary. This effect was partially offset by lower Adjusted EBITDA at our solar assets in North America mainly due to lower revenue and to the insurance income received in the year 2020 amounting to $5.7 million. Adjusted EBITDA was also lower at ACT due to higher operation and maintenance expenses in 2021. Adjusted EBITDA margin decreased to 78.8% for the year ended December 31, 2021, compared to 84.4% for year ended December 31, 2020, mainly due to the events described above and to the lower margins of the recently acquired assets.

South America

Revenue increased by 2.3% to $155.0 million for the year ended December 31, 2021, compared to $151.5 million for the year ended December 31, 2020. Adjusted EBITDA remained stable at $119.6 million for the year ended December 31, 2021, compared to $120.0 million for the year ended

December 31, 2020. The increase in revenue was primarily due to the contribution of Chile PV 1 and Chile PV 2. This increase was offset by lower revenue and Adjusted EBITDA from our wind assets in Uruguay, resulting mainly from lower wind resource. Adjusted EBITDA margin decreased slightly to 77.2% for the year ended December 31, 2021, compared to 79.2% for the year ended December 31, 2020 mainly due to lower Adjusted EBITDA margins in the assets recently acquired.

EMEA

Revenue increased by 24.5% to $660.9 million for the year ended December 31, 2021, compared to $530.9 million for the year ended December 31, 2020. On a constant currency basis, revenue for the year ended December 31, 2021, was $636.9 million, which represents an increase of 20.0% compared to 2020. On a constant currency basis and excluding the aforementioned Rioglass non-recurrent solar project, revenue for the year ended December 31, 2021, was $551.5 million, which represents an increase of 3.9% compared to 2020. The increase was primarily due to higher revenue at Kaxu, where an unscheduled outage affected production in part of the first quarter of 2020. Property damage and business interruption were covered by our insurance; however, insurance proceeds were recorded in "Other operating income". Revenue also increased due to the contribution from Tenes, fully consolidated since the second quarter of 2020. At our solar assets in Spain, revenue decreased by 4.8% on a constant currency basis in spite of higher production in the period mainly due to a non-cash negative provision related to higher than historical electricity prices. Electricity market prices have been higher than expected and the regulation establishes a compensation mechanism under which regulated revenue is revised every three years to reflect the difference between expected and actual market prices if the difference is higher than a pre-defined threshold. Current higher market prices in Spain will therefore cause lower regulated revenue to be received progressively over the remaining regulatory life of our solar assets. As a result, we recorded a negative provision with no cash impact in the current period for $77 million that reduced our revenue in 2021. Due to methodology used in the calculation, revenue from sales of electricity at market prices, net of the provision, decreased by approximately $10 million, which is the main reason for the decrease in revenue in our solar assets in Spain.

Adjusted EBITDA decreased by 0.9% to $393.0 million for the year ended December 31, 2021, compared to $396.7 million for the year ended December 31, 2020. On a constant currency basis, Adjusted EBITDA for the year ended December 31, 2021, was $375.9 million which represents a decrease of 5.2% compared to 2020. On a constant currency basis and excluding the aforementioned Rioglass non-recurrent solar project, Adjusted EBITDA for the year ended December 31, 2021, was $374.9 million which represents a decrease of 5.5% compared to 2020. This decrease was mainly caused by lower revenue in our solar assets in Spain as previously explained and to higher supply costs, since the prices are partially linked to electricity prices, and was partially offset by the contribution of Tenes and the recently acquired assets in Italy as well as higher Adjusted EBITDA at Kaxu. Adjusted EBITDA margin decreased to 59.5% for the year ended December 31, 2021, compared to 74.7% for the year ended December 31, 2020, mainly due to lower margin at the Rioglass non-recurrent solar project and to the higher than usual Adjusted EBITDA margin in Kaxu in the year 2020 due to insurance proceeds recorded in "Other Operating Income".

Revenue by business sector	Year ended December 31, 2021 $ in millions	2021 % of revenue	2020 $ in millions	2020 % of revenue
Renewable	928.5	76.6%	753.1	74.3%
Efficient natural gas & heat	123.7	10.2%	111.0	11.0%
Transmission lines	105.6	8.7%	106.1	10.5%
Water	53.9	4.5%	43.1	4.2%
Total revenue	**1,211.7**	**100.0%**	**1,013.3**	**100.0%**

Adjusted EBITDA by business sector	Year ended December 31, 2021 $ in millions	2021 % of Revenue	2020 $ in millions	2020 % of revenue
Renewable energy	602.6	64.9%	576.3	76.5%
Efficient natural gas and heat	100.0	80.8%	101.0	91.0%
Transmission lines	83.6	79.5%	87.3	82.3%
Water	38.2	70.9%	31.5	73.1%
Adjusted EBITDA[1]	**824.4**	**68.0%**	**796.1**	**78.6%**

Note:

(1) Adjusted EBITDA is calculated as profit/(loss) for the year attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interest, income tax expense, financial expense (net), depreciation, amortization and impairment charges of entities included in the Annual Consolidated Financial Statements and Depreciation and amortization, financial expense and income tax expense of unconsolidated affiliates (pro-rata of our equity ownership). Adjusted EBITDA previously excluded share of profit/(loss) of associates carried under the equity method and did not include depreciation and amortization, financial expense and income tax expense of unconsolidated affiliates (pro-rata of our equity ownership). Prior periods have been presented accordingly. Adjusted EBITDA is not a measure of performance under IFRS as issued by the IASB and you should not consider Adjusted EBITDA as an alternative to operating income or profits or as a measure of our operating performance, cash flows from operating, investing and financing activities or as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Adjusted EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Adjusted EBITDA and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Adjusted EBITDA may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results. See Financial Measures (see note 4 to the Consolidated Financial Statements).

Volume by business sector	Volume produced/availability Year ended December 31, 2021	2020
Renewable energy (GWh)[1]	4,655	3,244
Efficient natural gas & Heat (GWh)[2]	2,292	2,574
Efficient natural gas & Heat availability	100.6%	102.1%
Transmission lines availability	100.0%	100.0%
Water availability	97.9%	100.1%

Note:

(1) Includes curtailment production in wind assets for which we receive compensation. Includes our 49% of Vento II wind portfolio production since its acquisition.

(2) GWh produced includes 30% of the production from Monterrey.

Renewable Energy

Revenue increased by 23.3% to $928.5 million for the year ended December 31, 2021, compared to $753.1 million for the year ended December 31, 2020. On a constant currency basis, revenue for the year ended December 31, 2021, was $904.4 million, which represents an increase of 20.1% compared to 2020. On a constant currency basis and excluding the aforementioned Rioglass non-recurrent solar project, revenue for the year ended December 31, 2021, was $819.1 million, which represents an increase of 8.8% compared to 2020. Adjusted EBITDA increased by 4.6% to $602.6 million for the year ended December 31, 2021, compared to $576.3 million for 2020. On a constant currency basis, Adjusted EBITDA for the year ended December 31, 2021, was $585.5 million, which represents an increase of 1.6% compared to 2020. On a constant currency basis and excluding the aforementioned Rioglass non-recurrent solar project, Adjusted EBITDA for the year ended December 31, 2021, was $584.5 million, a 1.4% increase compared to the previous year. The increase in revenue and Adjusted EBITDA was primarily due to the contribution from the recently acquired assets Coso, Vento II, Chile PV1, Chile PV2, Italy PV 1, Italy PV 2 and Italy PV 3. Revenue and Adjusted EBITDA also increased due to higher revenue at Kaxu as previously explained. The increase in revenue was partially offset by the decrease in revenue in Spain with no cash impact in the current period, as previously explained. The increase in Adjusted EBITDA was partially offset by higher supply costs in Spain since the prices are partially linked to electricity prices. Adjusted EBITDA margin decreased to 64.9% for the year ended December 31, 2021, from 76.5% for the year ended December 31, 2020, mainly due to lower margin at the non-recurrent one-off project previously described, higher than usual Adjusted EBITDA margin at Kaxu in 2020 due to insurance proceeds recorded in "Other Operating Income" and lower Adjusted EBITDA margins at some of the recently acquired assets.

Efficient Natural Gas and Heat

Revenue increased by 11.4% to $123.7 million for the year ended December 31, 2021, compared to $111.0 million for the year ended December 31, 2020, while Adjusted EBITDA decreased by 1.0% to $100.0 million for the year ended December 31, 2021, compared to $101.0 million for the year ended December 31, 2020. At ACT, operation and maintenance costs are higher in the quarters preceding any major maintenance works, the next of which is scheduled at the beginning of 2022. Revenue increased due to higher operation and maintenance costs, since there is a portion of revenue related to operation and maintenance services plus a margin. Revenue also increased due to the contribution from the recently acquired Calgary district heating asset. Adjusted EBITDA margin decreased due to these higher operation and maintenance costs.

Transmission Lines

Revenue remained stable at $105.6 million for the year ended December 31, 2021, compared to $106.1 million for the year ended December 31, 2020. Adjusted EBITDA also remained stable at $83.6 million for the year ended December 31, 2021 compared to $87.3 million for the year ended December 31, 2020.

Water

Revenue increased by 25.0% to $53.9 million for the year ended December 31, 2021, compared to $43.1 million for the year ended December 31, 2020. Adjusted EBITDA increased by 21.3% to $38.2 million for the year ended December 31, 2021, compared to $31.5 million for the year ended

December 31, 2020. The increases were mainly due to the contribution from Tenes, which we started to consolidate on May 31, 2020. Adjusted EBITDA margin was stable compared to the previous year.

Liquidity and Capital Resources

Our principal liquidity and capital requirements consist of the following:

- debt service requirements on our existing and future debt;
- cash dividends to investors; and
- investments in new assets and companies and operations.

As a normal part of our business, depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plans, lower than anticipated sales, increased expenses, acquisitions or other events may cause us to seek additional debt or equity financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations and additional covenants and operating restrictions. In addition, any of the items discussed in detail under the "Principal risks and uncertainties" section of this report.

Liquidity Position

	Year ended December 31,	
	2021	2020
	$ in millions	
Corporate liquidity		
Cash and cash equivalents at Atlantica Sustainable Infrastructure, plc, excluding subsidiaries	88.3	335.2
Revolving credit facility availability	440.0	415.0
Total Corporate liquidity	**528.3**	**750.2**
Liquidity at project companies		
Restricted cash	254.3	279.8
Non-restricted cash	280.1	253.5
Total cash at project companies	**534.4**	**533.3**

Cash at the project level includes $254.3 million and $279.8 million restricted cash balances as of December 31, 2021 and 2020, respectively. Restricted cash consists primarily of funds required to meet the requirements of certain project debt arrangements. In the case of Solana, part of the restricted cash was being used and is expected to be used for equipment replacement. Restricted cash also includes Kaxu's cash balance, given that the project financing of this asset is under a theoretical event of default.

Non-restricted cash at project companies includes among others, the cash that is required for day-to-day management of the companies, as well as amounts that are earmarked to be used for debt service in the future.

As of December 31, 2021, $10 million of letters of credit were outstanding under the Revolving Credit Facility and we had no borrowings. In March 2021 we increased the notional amount of this facility from $425 million to $450 million and extended its maturity to December 2023. As a result,

as of December 30, 2021 $440 million was available under our Revolving Credit Facility. As of December 31, 2020, we had no borrowings, $10 million of letters of credit were outstanding and $415 million was available under our Revolving Credit Facility.

Management believes that the Company's liquidity position, cash flows from operations and availability under its revolving credit facility will be adequate to meet the Company's financial commitments and debt obligations; growth, operating and maintenance capital expenditures; and dividend distributions to shareholders. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activities within the guidelines of prudent balance sheet management.

Credit Ratings

Credit rating agencies rate us and part of our debt securities. These ratings are used by the debt markets to evaluate our credit risk. Ratings influence the price paid to issue new debt securities as they indicate to the market our ability to pay principal, interest and dividends.

In March and April 2021 both Fitch and S&P upgraded Atlantica's corporate rating to BB+. The following table summarizes our credit ratings as of December 31, 2021. The ratings outlook is stable for S&P and Fitch.

	S&P	Fitch
Atlantica Sustainable Infrastructure corporate rating	BB+	BB+
Senior secured debt	BBB-	BBB-
Senior unsecured debt	BB	BB+

Sources of Liquidity

We expect our ongoing sources of liquidity to include cash on hand, cash generated from our operations, project debt arrangements, corporate debt and the issuance of additional equity securities, as appropriate, and given market conditions. Our financing agreements consist mainly of the project-level financing for our various assets and our corporate debt financings, including our Green Exchangeable Notes, the Note Issuance Facility 2020, the 2020 Green Private Placement, the Green Senior Notes, the Revolving Credit Facility and our commercial paper program.

A) Corporate Debt Agreements

- Green Senior Notes

  On May 18, 2021, we issued the Green Senior Notes with an aggregate principal amount of $400 million due in 2028. The Green Senior Notes bear interest at a rate of 4.125% per year, payable on June 15 and December 15 of each year, commencing December 15, 2021, and will mature on June 15, 2028.

  The Green Senior Notes were issued pursuant to an Indenture, dated May 18, 2021, by and among Atlantica as issuer, Atlantica Peru S.A., ACT Holding, S.A. de C.V., Atlantica Infraestructura Sostenible, S.L.U., Atlantica Investments Limited, Atlantica Newco Limited, Atlantica North America LLC, as guarantors, BNY Mellon Corporate Trustee Services Limited, as trustee, The Bank of New York Mellon, London Branch, as paying agent, and The Bank of New York Mellon SA/NV, Dublin Branch, as registrar and transfer agent.

Our obligations under the Green Senior Notes rank equal in right of payment with our outstanding obligations under the Revolving Credit Facility, the 2020 Green Private Placement, the Note Issuance Facility 2020 and the Green Exchangeable Notes.

- Green Exchangeable Notes

  On July 17, 2020, we issued 4.00% Green Exchangeable Notes amounting to an aggregate principal amount of $100 million due in 2025. On July 29, 2020, we issued an additional $15 million aggregate principal amount in Green Exchangeable Notes. The Green Exchangeable Notes are the senior unsecured obligations of Atlantica Jersey, a wholly owned subsidiary of Atlantica, and fully and unconditionally guaranteed by Atlantica on a senior, unsecured basis. The notes mature on July 15, 2025, unless they are repurchased or redeemed earlier by Atlantica or exchanged, and bear interest at a rate of 4.00% per annum.

  Noteholders may exchange all or any portion of their notes at their option at any time prior to the close of business on the scheduled trading day immediately preceding April 15, 2025, only during certain periods and upon satisfaction of certain conditions. Noteholders may exchange all or any portion of their notes during any calendar quarter if the last reported sale price of Atlantica's ordinary shares for at least 20 trading days during a period of 30 consecutive trading days, ending on the last trading day of the immediately preceding calendar quarter is greater than 120% of the exchange price on each applicable trading day. On or after April 15, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date thereof, noteholders may exchange any of their notes at any time, at the option of the noteholder. Upon exchange, the notes may be settled, at our election, into Atlantica ordinary shares, cash or a combination of both. The initial exchange rate of the notes is 29.1070 ordinary shares per $1,000 of the principal amount of notes (which is equivalent to an initial exchange price of $34.36 per ordinary share). The exchange rate is subject to adjustment upon the occurrence of certain events.

  Our obligations under the Green Exchangeable Notes rank equal in right of payment with our outstanding obligations under the Revolving Credit Facility, the 2020 Green Private Placement, the Note Issuance Facility 2020 and the Green Senior Notes.

- Note Issuance Facility 2020

  On July 8, 2020, we entered into the Note Issuance Facility 2020, a senior unsecured euro-denominated financing with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of approximately $159 million (€140 million). The notes under the Note Issuance Facility 2020 were issued on August 12, 2020 and are due on August 12, 2027. Interest accrues at a rate per annum equal to the sum of the 3-month EURIBOR plus a margin of 5.25% with a floor of 0% for the EURIBOR. We have entered into a cap at 0% for the EURIBOR with 3.5 years maturity to hedge the variable interest rate risk.

  Our obligations under the Note Issuance Facility 2020 rank equal in right of payment with our outstanding obligations under the Revolving Credit Facility, the 2020 Green Private Placement, the Green Exchangeable Notes and the Green Senior Notes. The notes issued under the Note Issuance Facility 2020 are guaranteed on a senior unsecured basis by our subsidiaries Atlantica Infraestructura Sostenible, S.L.U., Atlantica Peru, S.A., ACT Holding, S.A. de C.V., Atlantica Investments Limited, Atlantica Newco Limited and Atlantica North America LLC.

- 2020 Green Private Placement

  On March 20, 2020, we entered into a senior secured note purchase agreement with a group of institutional investors as purchasers providing for the 2020 Green Private Placement. The transaction closed on April 1, 2020 and we issued notes for a total principal amount of €290 million (approximately $330 million), maturing on June 20, 2026. Interest accrues at a rate per annum equal to 1.96%. If at any time the rating of these senior secured notes is below investment grade, the interest rate thereon would increase by 100 basis points until such notes are again rated investment grade.

  Our obligations under the 2020 Green Private Placement rank equal in right of payment with our outstanding obligations under the Revolving Credit Facility, the Note Issuance Facility 2020 and the Green Senior Notes. Our payment obligations under the 2020 Green Private Placement are guaranteed on a senior secured basis by our subsidiaries Atlantica Infraestructura Sostenible, S.L.U., Atlantica Peru, S.A., ACT Holding, S.A. de C.V., Atlantica Investments Limited, Atlantica Newco Limited and Atlantica North America LLC. The 2020 Green Private Placement is also secured with a pledge over the shares of the subsidiary guarantors, the collateral of which is shared with the lenders under the Revolving Credit Facility.

- Note Issuance Facility 2019

  On April 30, 2019, we entered into the Note Issuance Facility 2019, a senior unsecured financing with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of €268 million, approximately $305 million. In June 2021 we prepaid the Note Issuance Facility 2019 in full before maturity in accordance with the terms thereof, with the proceeds of the Green Senior Notes.

- Revolving Credit Facility

  On May 10, 2018, we entered into a $215 million Revolving Credit Facility with a syndicate of banks. The Revolving Credit Facility was increased by $85 million to $300 million on January 25, 2019 and was further increased by $125 million (to a total limit of $425 million) on August 2, 2019. On March 1, 2021, this facility was further increased by $25 million (to a total limit of $450 million) and the maturity date was extended to December 31, 2023. In addition, the lenders under the Revolving Credit Facility have the option to extend the maturity date of all or any portion of their commitments and/or loans for additional consecutive 365-day periods, upon request from us subject to certain conditions. Under the Revolving Credit Facility, we are also able to request the issuance of letters of credit, which are subject to a sublimit of $100 million that are included in the aggregate commitments available under the Revolving Credit Facility.

  Loans under the Revolving Credit Facility accrue interest at a rate per annum equal to: (A) for Eurodollar rate loans, LIBOR plus a percentage determined by reference to our leverage ratio, ranging between 1.60% and 2.25% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. federal funds brokers on such day plus 1 /2 of 1.00%, (ii) the prime rate of the administrative agent under the Revolving Credit Facility and (iii) LIBOR plus 1.00%, in any case, plus a percentage determined by reference to our leverage ratio, ranging between 0.60% and 1.00%.

Our obligations under the Revolving Credit Facility rank equal in right of payment with our outstanding obligations under the 2020 Green Private Placement, the Note Issuance Facility 2020, the Green Exchangeable Notes and the Green Senior Notes. Our payment obligations under the Revolving Credit Facility are guaranteed on a senior secured basis by Atlantica Infraestructura Sostenible, S.L.U., Atlantica Peru, S.A., ACT Holding, S.A. de C.V., Atlantica Investments Limited, Atlantica Newco Limited and Atlantica North America LLC. The Revolving Credit Facility is also secured with a pledge over the shares of the subsidiary guarantors, the collateral of which is shared with the holders of the notes issued under the 2020 Green Private Placement.

- Other Credit Lines

In July 2017, we signed a line of credit with a bank for up to €10.0 million (approximately $11.4 million) which was available in euros or U.S. dollars. On June 30, 2021, the maturity was extended to July 1, 2023. Amounts drawn accrue interest at a rate per annum equal to the sum of the 3-month EURIBOR or LIBOR, plus a margin of 2%, with a floor of 0% for the EURIBOR or LIBOR. As of December 31, 2021, $8.2 million were drawn down.

In December 2020, we also entered into a loan with a bank for €5 million ($5.7 million). The maturity date is December 4, 2025. The loan accrues interest at a rate per annum equal to 2.50%.

- Commercial Paper Program

On October 8, 2019, we filed a euro commercial paper program with the Alternative Fixed Income Market (MARF) in Spain. The program had an original maturity of twelve months and has been extended twice, for annual periods. The program allows Atlantica to issue short term notes for up to €50 million, with such notes having a tenor of up to two years. As of December 31, 2021, we had €21.5 million ($24.4 million) issued and outstanding under the Commercial Paper Program at an average cost of 0.36%.

- Covenants, restrictions and events of default

The Note Issuance Facility 2020, the 2020 Green Private Placement, the Green Senior Notes and the Revolving Credit Facility contain covenants that limit certain of our and the guarantors' activities. The Note Issuance Facility 2020, the 2020 Green Private Placement and the Green Exchangeable Notes also contain customary events of default, including a cross-default, with respect to our indebtedness, indebtedness of the guarantors thereunder and indebtedness of our material non-recourse subsidiaries (project-subsidiaries) representing more than 25% of our cash available for distribution distributed in the previous four fiscal quarters, which in excess of certain thresholds could trigger a default. Additionally, under the 2020 Green Private Placement, the Revolving Credit Facility and the Note Issuance Facility 2020 we are required to comply with a leverage ratio of our corporate indebtedness excluding non-recourse project debt to our cash available for distribution of 5.00:1.00 (which may be increased under certain conditions to 5.50:1.00 for a limited period in the event we consummate certain acquisitions).

At-The-Market Program

On August 3, 2021, we established an "at-the-market program" and entered into the Distribution Agreement with J.P. Morgan Securities LLC, as sales agent, under which we may offer and sell from time to time up to $150 million of our ordinary shares, including in "at-the-market" offerings under our universal shelf registration statement on Form F-3 and a prospectus supplement that we filed on August 3, 2021. During the third and fourth quarters of 2021, we have issued 1.6 million shares under the program at an average market price of $38.43 per share pursuant to the Distribution Agreement, representing gross proceeds of $62 million and net proceeds of $61.4 million.

Use of Liquidity and Capital Requirements

A) Debt service

Principal payments on debt as of December 31, 2021, are due in the following periods according to their contracted maturities:

$ in millions	2022	2023	2024	2025	2026	Subsequent Years	Total
Project Debt	335.4	356.0	369.5	498.7(1)	411.5	3,065.1	**5,036.2**
Corporate Debt	27.9	10.1	1.9	106.2	327.1	550.0	**1,023.1**
Total Debt	**363.3**	**366.1**	**371.4**	**604.9**	**738.6**	**3,615.1**	**6,059.3**

Note:
(1) Includes the outstanding amount of the Green Project Finance from the sub-holding company of Solaben 1 & 6 and Solaben 2 & 3. This facility is 25% progressively amortized over its 5-year term and the remaining 75% is expected to be refinanced before maturity.

The project debt maturities will be repaid with cash flows generated from the projects in respect of which that financing was incurred.

B) Contractual obligations

In addition to the principal repayment debt obligations detailed above, we have other contractual obligations to make future payments.

	Total	Up to one year	Between one and three years	Between three and five years	Subsequent years
			$ in millions		
Purchase commitments	1,570.8	79.2	191.2	159.3	1,141.1
Accrued interest estimate during the useful life of loans	2,029.4	267.6	497.6	427.2	837.0

Purchase obligations include agreements for the purchase of goods or services that are enforceable and legally binding on the combined group and that specify all significant terms, including fixed or minimum quantities to be purchased, fixed, minimum or variable price provisions and the appropriate timing of the transactions. In the first quarter of 2022, we have reached an agreement to internalize some of our long-term operation and maintenance contracts and to reduce the duration of other contracts.

Accrued interest estimate during the useful life of loans represents the estimation for the total amount of interest to be paid or accumulated over the useful life of the loans, notes and bonds, taking into consideration the hedging contracts.

C) Cash dividends to investors

We intend to distribute a significant portion of our cash available for distribution to shareholders on an annual basis, less all cash expenses including corporate debt service and corporate general and administrative expenses and less reserves for the prudent conduct of our business (including, among other things, dividend shortfall as a result of fluctuations in our cash flows), on an annual basis. We intend to distribute a quarterly dividend to shareholders. Our Board of Directors may, by resolution, amend the cash dividend policy at any time. The determination of the amount of the cash dividends to be paid to shareholders will be made by our Board of Directors and will depend upon our financial condition, results of operations, cash flow, long-term prospects and any other matters that our Board of Directors deem relevant.

Our cash available for distribution is likely to fluctuate from quarter to quarter and, in some cases, significantly as a result of the seasonality of our assets, the terms of our financing arrangements, maintenance and outage schedules, among other factors. Accordingly, during quarters in which our projects generate cash available for distribution in excess of the amount necessary for us to pay our stated quarterly dividend, we may reserve a portion of the excess to fund cash distributions in future quarters. During quarters in which we do not generate sufficient cash available for distribution to fund our stated quarterly cash dividend, if our Board of Directors so determines, we may use retained cash flow from other quarters, and other sources of cash.

Declared	Record	Paid	Amount (US$)
Feb 26, 2021	March 12, 2021	March 22, 2021	0.42
May 4, 2021	May 31, 2021	June 15, 2021	0.43
July 30, 2021	Aug 31, 2021	Sep 15, 2021	0.43
Nov 9, 2021	Nov 30, 2021	Dec 15, 2021	0.435
Feb 25, 2022	March 14, 2022	March 25, 2022	0.44

D) Investments and Acquisitions

The acquisitions detailed in the section "Events during the period, Investments" of this Consolidated Annual Report have been part of our use of liquidity in 2021 and are expected to be part of our use of liquidity in 2022. In addition, we have made investments in assets which are currently under development or construction. We expect to continue making investments in assets in operation or under construction or development to grow our portfolio.

E) Capital Expenditures

In some cases, maintenance capex is included in the operation and maintenance agreement, therefore it is included in operating expenses within our Income Statement.

Principal Risks and Uncertainties

The Board is responsible for the effective oversight of the Company's risk management framework, and corporate governance processes.

Risk management day-to-day activities are led by the Head of Risk Management who reports to the Audit Committee. The Audit Committee responsibilities include reviewing the effectiveness of the Company's Internal Controls and Risk Management, evaluating Compliance, Whistleblowing and Anti-Fraud policies, as well as procedures and tools implemented by the Company.

Atlantica has developed a risk analysis methodology based on ISO 31000 standard and on common market practices. The risk analysis comprises the following steps:

- Risk Identification (ex-ante): identify causes that may turn into a risk situation, classifying those potential causes as natural, human, intentioned, accidental and technological.
- Risk Assessment: evaluate the risk considering its likelihood and potential impact.
- Risk Management Plan: focused on mitigating risk effects. To prevent unexpected events, Atlantica's corporate team in collaboration with geographic VPs, analyze unexpected risks in each of our geographies and define a Prevention and Mitigation Plan for each risk.

The Head of Risk Management coordinates the risk identification, assessment, monitoring and mitigation effort principally with the geographic VPs. The resulting Risk Heat Map is periodically reviewed and approved by the senior management team including Atlantica's VPs, the Chief Financial Officer and the Chief Executive Officer.

Atlantica's risk management process follows a multidisciplinary approach to identifying risks in different areas, assigning probability distributions and estimating potential economic impact in order to develop action plans to mitigate the main risks facing the Company. The process includes completing a questionnaire regarding risk indicators and economic impact. An output of the process includes reporting on each major risk including the risk assessment, mitigation strategies, deadlines and responsible parties. Risks are re-assessed on a quarterly basis.

The Finance Committee monitors market risks such as, interest rate and foreign exchange risk, and is also responsible for monitoring and managing liquidity risks.

In addition, the Operations Department is responsible for monitoring and preventing health and safety, operational and environmental risks.

The Company and its underlying assets are subject to a number of risks including operational, regulatory, financial and other. The processes and systems implemented have been designed to mitigate those risks to the extent possible. We include the following table as a summary of some of those risks and action plans carried out to mitigate them:

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
Risks related to our Business and our Assets **Our failure to maintain safe work environments may expose us to significant financial losses, as well as civil and criminal liabilities.** The facilities we operate often put our employees and others, including those of our subcontractors, in close proximity with large pieces of mechanized equipment, moving vehicles, manufacturing or industrial processes, electrical equipment, heat or liquids stored under pressure or at high	In 2021 all our key health and safety indicators met annual targets and remained below sector average. 2021 GFI was 6.0 and FWLI was 2.3, compared to 5.0 and 1.4 in 2020 (see "Occupational Health and Safety"). Although our ratios remain low, the FWLI and GFI increased with respect to the previous year, which is mostly due to safety accidents at one of the assets acquired in 2021. We are working on the integration of recently acquired assets in order to implement our strong safety culture. We continue to closely monitor all accidents and incidents and expect to set more	- The short-term variable compensation of our CEO, geographic VPs, Head of Operations and other members of our management include Health and Safety targets. - Atlantica has implemented a Health and Safety program; which is key to mitigate this risk and has been in place since 2017. We regularly audit our assets and implement new best practices based on lessons learned in other assets, as well as from peers, contractors and suppliers - We have a Safety App for mobile devices for employees and subcontractors'

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
temperatures and highly regulated materials. On most projects and at most facilities, we, together in some cases with the operation and maintenance supplier, are responsible for safety. Accordingly, we must implement safe practice and safety procedures, which are also applicable to on-site subcontractors. If we or the operation and maintenance supplier fail to design and implement such practices and procedures or if the practices and procedures are ineffective or if our operation and maintenance service providers or other suppliers do not follow them, our employees and others may become injured. This could result in civil and criminal liabilities against the Company. We are also subject to regulations dealing with occupational health and safety and environmental work procedures throughout our organization. The failure to comply with such regulations could subject us to reputational damage and/or liability. In addition, we may incur liability based on allegations of illness or disease resulting from exposure of employees or other persons to hazardous materials or equipment that we handle or are present in our workplaces.	ambitious targets over time.	workers to use. - To integrate recently acquired assets we have performed specific external and internal audits, issued new safety campaigns and bulletins, performed safety inspections, procedures and training, and extended health and safety bonuses to certain employees to improve supervision. - See section "Occupational Health and Safety" for a comprehensive description of our initiatives. - Senior management and the corporate operations department take ownership of this risk.
Risks related to our Business and our Assets **Counterparty credit risk** Not being able to collect our revenues. If any of our clients are unable or unwilling to fulfil their contractual obligations or if they refuse to accept delivery of power or if they otherwise terminate such agreements prior to their expiration, or if prices were re-negotiated under a bankruptcy situation or under financial difficulty of the client, or if they delay payments, our business, financial condition, results of operations and cash flow may be materially adversely affected.	The credit rating of Eskom has weakened in the last few years and is currently CCC+ from S&P Global Rating ("S&P"), Caa1 from Moody's Investor Service Inc. ("Moody's") and B from Fitch Ratings Inc. ("Fitch"). Eskom is the off-taker of our Kaxu solar plant, a state-owned, limited liability company, wholly owned by the government of the Republic of South Africa. Eskom's payment guarantees to our Kaxu solar plant are underwritten by the South African Department of Energy, under the terms of an implementation agreement. The credit ratings of the Republic of South Africa have also weakened and as of the date of this report are BB-/Ba2/BB- by S&P, Moody's and Fitch, respectively. In addition, Pemex's credit rating has also weakened and is currently BBB, Ba3 and BB- from S&P, Moody's and Fitch, respectively. We have been experiencing delays in client collections since the second half of 2019 which	In the case of Kaxu, Eskom's payment guarantees to our solar plant are underwritten by the South African Department of Energy. The credit rating of the Republic of South Africa as of the date of this report BB-/Ba2/BB- by S&P, Moody's and Fitch, respectively. In addition, in 2019 we entered into a political risk insurance agreement with the Multinational Investment Guarantee Agency for Kaxu. The insurance provides protection for breach of contract up to $78 million in the event the South African Department of Energy does not comply with its obligations as guarantor. This insurance policy does not cover credit risk. In the case of Pemex, during 2021 we have maintained a pro-active approach including fluent dialogue with our client. The diversification by geography and business sector helps to diversify credit risk

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
	have been significant in certain quarters. The reduction in the cost of renewable energy and the intense competition has contributed to a reduction in electricity prices paid by off-takers. In light of these market conditions, our off-takers may try to renegotiate or terminate our PPAs.	exposure by diluting our exposure to a single client. The local teams take ownership in managing this risk.
Risks Related to Our Business and Our Assets: **Poor performance of assets** Loss of revenues and cash flows at the project company level, which subsequently impacts cash returns to the Company. In addition, Atlantica relies on third parties for the supply of services and equipment, including technologically complex equipment and software, and operation and maintenance services. In recent years we have filed several insurance claims. Our property damage and business interruption policies have significant deductibles and exclusions with respect to some key equipment which, if damaged, could result in financial losses and business interruption. Moreover, insurance market terms and conditions have been becoming more and more onerous over the last few years and insurance companies are requiring some companies in our sector to retain a portion of the overall risks instead of transferring 100% of those risks to the insurers. As a result, we have retained a portion of our risks and may need to increase this percentage in the future. If equipment failed in one of our assets and this equipment was part of the insurance exclusion or was part of the risk that we have retained, we would need to assume the repairs and business interruption costs. Furthermore, some of our project finance agreements and PPAs include specific conditions regarding insurance coverage that we may need to modify if we are unable to obtain insurance. If we did not obtain a waiver from our project finance lenders accepting these modifications, an	During 2021, our assets have generally performed fairly in line with expectations. Production has increased in our renewable energy assets and our transmission lines, efficient natural gas and water assets have maintained high availability levels. However, in Solana, availability in the storage system was lower than expected in 2021 due to the improvements and replacements that we are carrying out after leaks were identified in the first quarter of 2020. These works have impacted production in 2021 and are expected to impact production in 2022 as we are experiencing delays due to COVID-19 restrictions and delays from subcontractors. Regarding our risk relating to insurance, in 2021 the insurance program was split into two: U.S. and rest of the world.	- Dedicated supervisory and management teams in place at our assets. - Reporting and monitoring systems in place. - Asset Managers are responsible for completing checklists designed to identify operational, maintenance and engineering, risks, improve efficiency and reduce costs at asset level. - Our corporate operations team performs regular operational, maintenance and engineering audits to identify risks, implement and follow-up on mitigation plans and best practices and share lessons learned from other assets. - Risk-related training courses are regularly provided to our employees and subcontractors to improve their skills, identify new risk management practices and report them to management. - Operation and maintenance can be either carried out in-house or contracted with specialists. We have internalized operation and maintenance services in some of our assets. We have also tracked down alternative operation and maintenance opportunities in the market. - On-going analysis of insurance alternatives in the market and on-going dialogue with insurance companies present in our program as well as alternative insurers. - The local teams, the operations department and the insurance department take ownership in managing this risk.

<table>
<tr><th>Risk / Impact</th><th>Assessment of Change in Risk Year-on-Year</th><th>Mitigation of Risk</th></tr>
<tr><td>event of default could be triggered by our lenders due to non-compliance with the terms of the project finance agreement. If we were to incur a serious uninsured loss or a loss that significantly exceeded the coverage limits established in our insurance policies or we were not able to modify coverage conditions, this could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, our insurance policies are subject to periodic renewals and the terms of the renewal are reviewed by our counterparties. If we were unable to renew our insurance coverage, we would not be in compliance with the requirements of our project finance agreements and our PPAs, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.</td><td></td><td></td></tr>
<tr><td>Risks Related to Our Business and Our Assets:

Climate change

Climate change is causing an increasing number of severe, chronic and extreme weather events, which are a risk to our facilities and may impact them. In addition, climate change may cause transition risks, related to existing and emerging regulation related to climate change. These risks include:

- Acute physical. Severe and extreme weather events include severe winds and rains, hail, hurricanes, cyclones, droughts, as well as the risk of fire and flooding. In particular:
  - Severe floods could damage our transmission lines, our solar generation assets or our water facilities.
  - Severe winds could cause damage the solar fields at our solar assets.
  - Storms with intense lightning activity could damage our plants, especially our wind farms.
  - Severe droughts could result in water restrictions that may affect our</td><td>No significant change.</td><td>Acute physical:

- Our geographic VPs and our corporate operations team monitor weather conditions in-real time at each of the assets to adopt the required protection measures. For example, if winds are forecasted, our solar fields are placed in a defence mode. In addition, we also have:

- Insurance policies covering: (i) physical damage and (ii) l business interruption.

- A crisis management procedure defining specific action plans for all our assets.

- An automatic alert system using information from U.S. National Agencies and from local weather forecast agencies.

- A specific procedure for extreme weather.

Furthermore, Atlantica does not have any hedge contract in place with an obligation to deliver electricity with the potential risk of having to purchase it at market price.

Chronic physical:

- Our corporate operations department closely monitors the performance of each of our assets to identify measures that improve efficiency.

- In addition, Atlantica has historically only withdrawn approximately 50% of the total</td></tr>
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operations and which may force us to stop generation at some of our facilities. - If our transmission assets caused a fire, we could be found liable if the fire damaged third parties. - Severe winter weather, like the storm in February 2021 in Texas, could cause supply from wind farms to decline due to wind turbine equipment freezing. - Rising temperatures and droughts could cause wildfires like the ones that have affected California starting in 2017. Furthermore, components of our equipment and systems, such as structures, mirrors, absorber tubes, blades, PV panels or transformers are susceptible to being damaged by severe weather, including for example by hail or lightning. - Chronic physical. An increase in temperatures can reduce efficiency and increase operating costs at our plants. The main impacts of rising temperatures include: - Lower turbine efficiency in our efficient natural gas asset. - Reduced efficiency at our solar photovoltaic generation assets. - Lower air density at our wind facilities. - Higher consumption of chemicals used for operational purposes at our water treatment plants. Furthermore, a reduction of mean precipitation may result in a reduction of availability of water from aquifers and could also modify the main water properties at our generation facilities - Current Regulation. Atlantica is directly affected by environmental regulation at all our assets. This includes climate-related risks driven by laws, regulation, taxation, disclosure of emissions and other practices - Emerging regulation. Changes in		regulatory limit of water permitted at our solar assets. Even if the water limits were to be reduced, we believe to have margin to withdraw enough water to keep our plants working properly. Our local asset management teams systematically track and monitor water availability as a key asset KPI. Regulation: - Current regulation: Asset managers are responsible for monitoring asset activities in line with local regulation and contractual requirements (environmental, permits, servitudes, etc.). Local compliance managers are responsible for managing and solving compliance issues in their geographies under their responsibility, including the supervision of compliance with current regulation. - Emerging regulation: Various internal working groups and management regularly review risks arising from new regulatory developments and potential impacts. Reputation: - We refer to the Environment, Social and Governance section in this Report. General: - Atlantica has developed a risk analysis methodology based on the ISO 31000 and on common market practices. - We use a multidisciplinary approach to identify risks in different areas and develop appropriate mitigation plans. - Management, local teams and the corporate operations department take ownership in managing this risk.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
regulation could have a negative impact on Atlantica's growth or profitability. - Reputation. If our reputation worsened, our cost of capital could increase and our access to capital may become more difficult. In addition, some potential employees, clients, and /or suppliers could perceive Atlantica as a less appealing company due to a deterioration in our reputation. Downstream. Some of our clients are large utilities or industrial corporations. These are also exposed to significant climate change related risks, including current and emerging regulation, acute and chronic physical risks. A negative climate-related risk impact on our clients, including their credit quality could lead to their inability to comply with their obligations under our existing contracts.		
Risks Related to the COVID-19 Pandemic The COVID-19 pandemic could have a material adverse impact on our business, financial condition, liquidity, results of operations, cash flows, cash available for distribution and ability to make cash distributions to our shareholders. COVID-19 can affect our operation and maintenance activities. We may experience delays in certain operation and maintenance activities, or certain activities may take longer than usual, or, in a worst-case scenario, a potential outbreak at one of our assets may prevent our employees or our operation and maintenance suppliers' from operating the plant. - We could also experience commercial disputes with our clients, suppliers and partners related to implications of COVID-19 in contractual relations. - Additionally, many governments have implemented and may continue to implement stimulus measures to reduce the negative impact of COVID-19 in the	In 2021, the rapid increase in demand after the slowdown in 2020 caused tension in the supply chain, including delays in obtaining some components and increased prices. Further disruptions in the supply chain could limit the availability of certain parts required to operate our facilities and could adversely impact our ability (or our operation and maintenance suppliers' ability) to operate our plants or to perform maintenance activities. If we were to experience a shortage of or inability to acquire critical spare parts, we could incur significant delays in returning facilities to full operation.	In 2020, we established a COVID-19 Committee which included the CEO, the geographic VPs, Health and Safety Manager and other members of Atlantica's management team. During 2021, the Committee continued adapting measures based on new information released on COVID-19 in each specific location where our assets and offices are located and took all necessary actions to manage the risks affecting our employees, operations and stakeholders. In 2021, we: - Implemented measures based on developments in COVID-19 data in countries and regions where we are present. - Defined key KPIs to monitor the pandemic situation in all the regions and decided whether to open or close our offices in each region. - Tested employees for COVID-19. - Monitored positive cases among employees and subcontractors, supervising the isolation of positive cases and tracing close contacts. - Monitored new regulations issued by governments (measures include implementing such regulations, where

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economy. In many cases, these measures may increase government spending which may translate into increased tax pressure on companies in the countries where we operate. - All the risks referred to can cause delays in distributions from our assets to the holding company		appropriate). - Developed and implemented new measures to adapt our protocols to the most recent technical publications about the virus. - Reinforced safety measures at all of our assets while we continued to provide reliable service to our clients. - Reinforced our physical and cyber-security measures In addition, in those regions where vaccination rates are lower, we took measures to incentivize employees and subcontractors employees to get COVID-19 vaccine. We continue to monitor the situation closely at all of our assets and offices to take additional action if required. The COVID-19 committee takes ownership in managing this risk.
Risks Related to Our Relationship with Algonquin and Abengoa **Connection to Algonquin** Algonquin is our largest shareholder and exercises substantial influence over us. Currently, Algonquin beneficially owns 43.5% of our ordinary shares and is entitled to vote on approximately 41.5% of our ordinary shares. As a result of this ownership, Algonquin has substantial influence over our affairs and their ownership interest and voting power constitute a significant percentage of the shares eligible to vote on any matter requiring the approval of our shareholders. Furthermore, our reputation is closely related to that of Algonquin. Any damage to the public image or reputation of Algonquin could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, our ownership structure and certain service agreements may create conflicts of interest that may be resolved in a manner that is not in our best interests. Liberty GES and Algonquin are related	No significant change	- Any transaction between us and Liberty GES or Algonquin (including the acquisition of any ROFO assets or any co-investment with Liberty GES or Algonquin or any investment on an Algonquin asset) is subject to our related party transactions policy, which requires prior approval of such transactions by the related party transactions committee, which is composed of independent directors. - Algonquin has to comply with our Related Parties Transaction Committee and Terms of Reference - Algonquin has the right to appoint directors proportionally to their ownership but in any event no more than (i) such number of directors as corresponds to 41.5% of our voting securities; and (ii) 50% of our board less one. Furthermore, Algonquin's voting rights are limited to 41.5% and the additional shares (the difference between the actual shares beneficially owned by Algonquin and shares representing 41.5% of voting rights) votes replicating non-Algonquin's shareholders vote. - The Related Party Transaction Committee

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parties and may have interests that differ from our interests, including with respect to the types of acquisitions made, the timing and amount of the dividends paid by us, the reinvestment of returns generated by our operations, the use of leverage when making acquisitions and the appointment of outside advisors and service providers.		takes ownership in managing this risk.
Risks Related to Our Relationship with Algonquin and Abengoa **Connection to Abengoa** Abengoa, which is currently our largest supplier and used to be our largest shareholder, went through a restructuring process which started in November 2015 and ended in March 2017, obtained approval for a second restructuring in July 2019. On February 22, 2021, Abengoa, S.A., the holding company, filed for insolvency proceedings in Spain. Based on the public information filed in connection with these proceedings, such insolvency proceedings do not include other Abengoa companies, including Abenewco1, S.A., the controlling company of the subsidiaries performing the operation and maintenance services for us. The project financing arrangement for Kaxu contained cross-default provisions related to Abengoa such that debt defaults by Abengoa, subject to certain threshold amounts and/or a restructuring process, could trigger a default under the Kaxu project financing arrangement. A deterioration in the financial position of certain of Abengoa's subsidiaries may result in a material adverse effect on certain of our operation and maintenance agreements. Abengoa and its subsidiaries provide operation and maintenance services for some of our assets. We cannot guarantee that Abengoa and/or its subcontractors will be able to continue performing with the same level of service (or at all) and under the same terms and conditions, and at the same prices. Because we have long-term operation and maintenance agreements with Abengoa for many of our assets, if	The insolvency filing by the individual company Abengoa S.A. in February 2021 represents a theoretical event of default under the Kaxu project finance agreement. In September 2021, we obtained a waiver for such theoretical event of default which was conditional upon the replacement of the operation and maintenance supplier of the plant, which is currently an Abengoa subsidiary, before October 31, 2021. On November 4, 2021, we obtained an extension of the term for such replacement until January 31, 2022. On February 1, 2022, we completed the transfer of the employees performing the operation and maintenance from the above-mentioned supplier to an Atlantica subsidiary. The waiver has been extended until April 30, 2022 and is subject to the lenders receiving certain documentation from us, including formal evidence of the approval by our off-taker and the department of energy of South Africa of the operation and maintenance internalization and we are currently working on obtaining such documentation. If we were not able to deliver such documents by the deadline, we do not expect the Kaxu project debt lenders to declare the acceleration of the debt or take any other action. However, if not cured or waived, a cross-default or default scenario may entitle lenders to demand repayment, limit distributions from the asset or enforce on their security interests, which may have a material adverse effect on our business, financial condition, results of operations and cash flows. Many of our senior executives have previously worked for Abengoa. Abengoa's current and prior restructuring processes, and the events and circumstances that led to them, are currently the subject of various legal proceedings and may in the future become the subject of additional proceedings. To the extent that allegations are made in any such	In 2021 we obtained a waiver to remediate the default situation in Kaxu. On February 2, 2022 we fulfilled the main condition, which was the internalization of operation and maintenance services, and we are currently working on the rest of documents. In any case, we are in constant communication with our lenders and we do not expect any negative action from them. Regarding the operation and maintenance activities, on February 2, 2022 we internalized the operation and maintenance services in Kaxu. For our assets in Spain, where Abengoa provides most of the operation and maintenance services. We have reached an agreement subject to conditions precedent, including waivers from financial institutions, to terminate the O&M agreements in six plants in Spain and to introduce a clause to be able to terminate the rest of the agreements every three years. If and when the conditions precedent are met, we would perform the O&M with third parties or internal resources. Senior management and local teams take ownership in managing this risk.

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Abengoa cannot continue performing current services at the same prices, we may need to renegotiate contracts and pay higher prices or change the scope of the contracts. Abengoa has a number of obligations and indemnities which have resulted or could result in additional liability obligations to us or to our assets. Certain of Abengoa's indemnities and obligations are no longer valid after the insolvency filing by Abengoa S.A. in February 2021. In addition, although Abengoa has not been our shareholder since the end of 2018, in some geographies our reputation continues to be related to that of Abengoa. Any damage to the public image or reputation of Abengoa could have a negative impact on us. All these situations may have a material adverse effect on our business, financial condition, results of operations and cash flows.	proceedings that involve us, our assets, our dealings with Abengoa or our employees, such proceedings may have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as on our reputation and employees. In addition, certain of Abengoa's indemnities and obligations are no longer valid after the insolvency filing by Abengoa S.A. in February 2021. In addition, considering the current financial situation of Abengoa, we cannot guarantee that these indemnities will be maintained in the future. A potential insolvency of Abenewco1, S.A. may also terminate the remaining obligations, indemnities and guarantees.	
Risks Related to Our Indebtedness **The financing agreements of our project subsidiaries are primarily loan agreements which provide that the repayment of the loans (and interest thereon) is secured solely by the shares, physical assets, contracts and the cash flow of that project company.** Our project finance agreements include covenants and restrictions which may limit our ability to distribute cash from project companies to the holding company level. In addition, if we fail to satisfy any of our debt service obligations or breach any related financial or operating covenants, the applicable lender could declare the full amount of the relevant project debt to be immediately due and payable and could foreclose on any assets pledged as collateral.	The Kaxu project financing arrangement contains cross-default provisions related to Abengoa (see previous risk).	- Kaxu cross-default provisions related to Abengoa (see previous risk). - Reporting and monitoring of covenants in each contract. - Management and specialized compliance and legal teams constantly tracking any change. - The local teams take ownership in managing this risk. - A quarterly report is provided to the Audit Committee from Internal Audit on covenant compliance.
Risks Related to Our Indebtedness: **Liquidity Risk and Access to capital** Not being able to meet our payment	In the United States, capital markets have been experiencing higher volatility recently. Concerns over the COVID-19 pandemic (including the new highly contagious variants	- Appropriate cash management to ensure appropriate levels of cash: Cash on hand as of December 31, 2021, was $88.3 million at the corporate level plus $440

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obligations as they fall due. Not being able to meet our covenants and obligations under our corporate financing arrangements. Failing to meet the required or desired financing for acquisitions and for the successfully refinancing of Company's project and corporate indebtedness. The global capital and credit markets have experienced in the past and may continue to experience, periods of extreme volatility and disruption. At times, our access to financing was curtailed by market conditions and other factors. Continued disruptions, uncertainty or volatility in the global capital and credit markets may limit our access to additional capital required to refinance our debt on satisfactory terms or at all, may limit our ability to replace, in a timely manner, maturing liabilities, and may limit our access to new debt and equity capital to make further acquisitions. Volatility in debt markets may also limit our ability to fund or refinance many of our projects and corporate level debt, even in cases where such capital has already been committed.	such as Omicron) and its effects on the global economy, high inflation, volatile oil and gas prices, high electricity prices particularly in Europe, expected interest rate raise, geopolitical issues, geopolitical tensions, the availability and cost of credit, increase in sovereign debt and the instability of the euro have contributed to increased volatility in capital markets and worsened expectations for the economy.	million available under our revolving credit facility. - In 2021 we issued the Green Senior Notes amounting to an aggregate principal amount of $400 million due in 2028. We also established an "at-the-market program" under which we may offer and sell from time to time up to $150 million of our ordinary shares. - A portion of cash flows generated and distributed by our project companies to the holding company are retained at the holding company level. - Proactive relationship management with banks. - Regular discussions with rating agencies to build confidence in operating performance. - Our Board of Directors may change our dividend policy at any point in time if required, or modify the dividend for specific quarters following prevailing conditions. - The finance committee take ownership in managing this risk.
Risks Related to Our Indebtedness **Interest rate and foreign currency exchange rate** Increases in interest rates would raise our finance expenses at project companies or corporate level. Revenue and expenses of our solar assets in Europe, South Africa and Colombia are denominated in euros, South African Rands and Colombian pesos respectively. Depreciation in the value of euro, the South African rand or the Colombian pesos against the U.S. dollar may have a negative impact on our operating results and our cash available for distribution.	Some of our indebtedness (including project-level indebtedness) bears interest at variable rates, generally linked to market benchmarks such as EURIBOR, and U.S. LIBOR or the alternative measures replacing these. The Federal Reserve has announced over the last months that it expects to increase interest rates in the United States several times in 2022. In 2021 we closed the acquisition of La Sierpe, a 20 MW solar asset in Colombia. We also acquired two additional solar projects in Colombia with a combined capacity of approximately 30 MW which are currently in construction, la Tolua and Tierra Linda.	With regard to our assets, revenue, debt and most of our expenses are generally denominated in the same currency, creating a natural hedge. Our solar power plants in Europe have their revenue and expenses denominated in euros. At the corporate level, we have some general and administrative expenses and debt denominated in euros. Our strategy is to hedge the exchange rate for the distributions from our European assets after deducting euro-denominated interest payments and euro-denominated general and administrative expenses. Through currency options, we hedge 100% of the net euro net exposure for the next 12 months and 75% of the net euro net exposure for the following 12 months. We intend to ensure that at least 80% of our cash available for distribution is always denominated in U.S. dollars or euros. We hedge the euros for the upcoming 24

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
		months on a rolling basis. Over 90% of our total interest risk exposure is fixed or hedged. The finance committee and local management teams take ownership in managing this risk.
Risks Related to Our Growth Strategy **Access to future investments.** Our growth strategy depends on our ability to successfully identify and evaluate investment opportunities and consummate acquisitions on favorable terms. The number of investment opportunities may be limited. We are competing with other local and international companies for acquisition opportunities from third parties, which may increase our cost of making investments or cause us to refrain from making acquisitions from third parties. If we are unable to identify and complete future investments and acquisitions, it will impede our ability to execute our growth strategy and limit our ability to increase the amount of dividends paid to our shareholders. In addition, our ability to grow through acquisitions depends, in part, on Liberty GES and Algonquin's ability to offer us investment opportunities. Liberty GES and Algonquin may not offer us assets at all or may not offer us assets that fit within our portfolio or contribute to our growth strategy. Liberty GES and Algonquin may decide to keep assets subject to our ROFO Agreements in their portfolios and not offer them to us for acquisition. We may not reach an agreement on the price of assets offered by Liberty GES or Algonquin.	In recent years competition to acquire renewable assets has increased. Some of our competitors for investments are much larger entities, with substantially greater resources. These players may be able to pay more for investments and acquisitions due to cost of capital advantages, potential synergies or other drivers, and may be able to identify and purchase a greater number of assets than our resources permit. In order to grow our business, we may acquire assets and businesses which may have a higher risk profile than the assets we currently own. We have recently announced investments with exposure to development and construction risk. In addition, we may consider acquiring businesses which are not contracted, including regulated businesses and assets which are subject to demand risk. We may also consider investing in assets which are not contracted or not fully contracted, or subject to merchant risk. We have recently invested and may consider investing in business sectors where we do not have previous experience and may not be able to achieve the expected returns. We may also consider investing with partners or on our own in new technologies which do not for the moment have a track record as proven as our current assets, such as storage, district heating or geothermal. Furthermore, we may consider acquiring assets with revenues not denominated in US dollars or euros, which would increase our exposure to local currency and which could generate higher volatility in the cash flows we generate, such as the agreement we recently announced for the acquisition of an asset and investments in projects under development in Colombia.	We have diversified our sources of growth and have a proven track record of closing acquisitions from those sources: We believe we can achieve organic growth through the optimization of the existing portfolio, escalation factors at many of our assets, as well as the repowering and hybridization with other technologies of some of the renewable energy facilities and the expansion of our existing transmission lines. Additionally, we expect to acquire assets from third parties leveraging the local presence and network we have in geographies and sectors in which we operate. We also invest in the development and construction of new assets, in some cases on our own and in other cases with partners. We have entered into and intend to enter into agreements or partnerships with developers and asset owners. The investment committee takes ownership in managing this risk.
Risks Related to the Success of Our Recent and Future Investments **Our investments may not perform as expected and development and construction activities are subject to specific risks**	In 2021, we closed the acquisition of several assets in operation. We refer to the Events During the Period section for further details on our 2021 investments. Also in 2021 we acquired two additional solar projects in Colombia with a combined capacity	- Refined due diligences process is either carried out in-house or contracted with specialists. - We take a multidisciplinary approach to identifying risks in different areas. - We have commenced development and

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Our investments are subject to substantial risks, including unknown or contingent liabilities (including violations of environmental, antitrust, anticorruption, anti-bribery and anti-money laundering laws, and tax and labor disputes), the failure to identify material problems during due diligence (for which we may not be indemnified post-closing), the risk of over-paying for assets (or not making acquisitions on an accretive basis) and the ability to retain customers. In addition, we have reached agreements with a number of partners in order to develop assets in the geographies in which we operate. Development and construction activities are subject to failure rate and different types of risks. Our ability to develop new assets is dependent on our ability to secure or renew our rights to an attractive site on reasonable terms; accurately measuring resource availability; the ability to secure new or renewed approvals, licenses and permits; the acceptance of local communities; the ability to secure transmission interconnection access or agreements; the ability to acquire suitable labor, equipment and construction services on acceptable terms; the ability to attract project financing; and the ability to secure PPAs or other sales contracts on reasonable terms. Failure to achieve any one of these elements may prevent the development and construction of a project. If any of the foregoing were to occur, we may lose all of our investment in development expenditures and may be required to write-off project development assets. In addition, the construction and development of new projects is subject to environmental, engineering and construction risks that could result in cost-overruns, delays and reduced performance. A delay in the projected completion of a project can result in a material increase in total project construction costs through higher capitalized interest charges, additional labor and other expenses, and a delay in the commencement of cash flow.	of approximately 30 MW which are currently in construction. In 2021 we increased our investments in development and construction activities with partners or on our own. Although these investments still represent a very small portion of our portfolio, we expect this source of growth to increase over time.	construction activities with small investments. We have sufficient internal expertise and we generally complement this invest with partners. We believe that by building our own pipeline of assets under development and construction we should rely less on third party opportunities, which may be difficult to achieve at certain moments. Senior management, including geographic VPs, and local teams take ownership in managing this risk.

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Risks Related to the Markets in Which We Operate: **Brexit** We are exposed to political, social and macroeconomic risks relating to the United Kingdom's exit from the European Union. The exit of the United Kingdom and the terms of the final trade agreement could have negative impacts on our business, financial condition, results of operations and cash flows.	- On December 31, 2020, the transition period ended, and on January 1, 2021, the U.K. left the EU Single Market and Customs Union, as well as all EU policies and international agreements. As a result, the free movement of persons, goods, services and capital between the U.K. and the EU ended, with the EU and the U.K. forming two separate markets and two distinct regulatory and legal frameworks. The Trade Agreement offers U.K. and EU companies preferential access to each other's markets, ensuring imported goods will be free of tariffs and quotas; however, economic relations between the U.K. and the EU will now be on more restricted terms than existed previously and Brexit could lead to additional political, legal and economic instability in the EU or labor shortages due to changes and restrictions regarding the free movement of people into the U.K. from the EU. - Since some of the proposed changes due to Brexit have only recently become effective (i.e., further tightening of border controls on January 1, 2022), the Company is still assessing and monitoring the impact that Brexit will have on its business, and we continue to evaluate our own risks and uncertainty related to Brexit to better navigate the changes in the U.K.-EU market. Notwithstanding, as of the date hereof, we have evaluated the impact of Brexit on us, our subsidiaries, our business, and our future operations, operating results, and cash flows and it has not materially changed our business to date. - Moreover, we cannot anticipate if the U.K. and EU will succeed in negotiating all material terms not otherwise addressed or covered by the Trade Agreement, or subsequent transition agreements or arrangements and/or if previously agreed upon items will be renegotiated in the future.	- Management and specialized compliance teams continuously track any potential changes. - Support of reputable external tax lawyers and consultants with proven expertise in legal and potential tax implications and mitigating actions. - The tax department (under the CFO supervision) and the compliance committee take ownership in managing this risk.
Risks Related to Regulation **International operations including in emerging markets.**	In 2021 we entered two new markets (i.e., Colombia and Italy) with attractive growth prospects for renewables and with similar characteristics to other Atlantica's markets in South America and Europe. - We closed the acquisition of three solar PV	We intend to grow our portfolio mainly in countries that we consider stable in North America, South America and Europe. We expect that investments in countries with a higher risk profile such as Algeria and South Africa always represent a small portion of

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We operate our activities in a range of international locations, including North America (Canada, the United States and Mexico), South America (Peru, Chile, Uruguay and Colombia), and EMEA (Spain, Italy, Algeria and South Africa), and we may expand our operations to certain core countries within these regions. Accordingly, we face several risks associated with operating and investing in different countries that may have a material adverse effect on our business, financial condition, results of operations and cash flows. These risks include, but are not limited to, adapting to the regulatory requirements of such countries, compliance with changes in laws and regulations applicable to foreign corporations, the uncertainty of judicial processes, and the absence, loss or non-renewal of favorable treaties, or similar agreements, with local authorities, or political, social and economic instability, all of which can place disproportionate demands on our management, as well as significant demands on our operational and financial personnel and business. As a result, we can provide no assurance that our future international operations and investments will remain profitable.	plants in Italy, with an approximate aggregate installed capacity of 6 MW. - We closed the acquisition of La Sierpe, a 20 MW solar asset in Colombia.	our portfolio. We have a political risk insurance agreement in place with the Multinational Investment Guarantee Agency for Kaxu. The insurance provides protection for breach of contract up to $78.0 million in the event the South African Department of Energy does not comply with its obligations as guarantor. We have also increased coverage in our political risk insurance for our assets in Algeria up to $38.2 million, including 2 years dividend coverage. This insurance policy does not cover credit risk. Our local presence in each region provides us with good knowledge and expertise to operate in these regions. The local teams and the compliance committee take ownership in managing this risk.
Risks Related to Regulation **Legal, environmental and general compliance of each asset** We are subject to extensive governmental regulation in a number of different jurisdictions. We are subject to extensive regulation of our business in the countries in which we operate. Such laws and regulations require licenses, permits and other approvals to be obtained in connection with the operations of our activities. This regulatory framework imposes significant actual, day-to-day compliance burdens, costs and risks on us. In addition, we need to adapt to the regulatory requirements of the different countries where we	On March 9th, 2021, Mexico´s President proposed a preferential reform to the Electric Industry Law. In broad terms, the reform aimed for CFE to increase its preponderance in the energy generation sector. Additionally, on September 30, 2021, Mexico's President submitted a Constitution amendment proposal which will be discussed and resolved by the House of Representatives, the Mexican Senate and regional local congresses. If passed as presented, most of the energy reform of December 2013 would be modified and the sector would be deeply transformed. Although we do not expect a direct and immediate impact on our existing contracts, we cannot guarantee that the new regulation will not have any impact on our business, financial condition, results of operations and cash flows. The new regulation could also limit our growth prospects in the region. In addition, in December 2021 the Mexican	- An individual responsible for local compliance has been appointed in each geography where we are present to solve day to-day issues. These employees report to the General Counsel. We have local legal teams in each geography that are usually assessed by local external lawyers. Our local internal and external lawyers are in close contact with the regulation and potential regulation changes in each geography. These, together with the asset managers, proactively track and monitor any potential regulatory change. - We have a Quality, Environmental, and Health and Safety Management System in-place certified under ISO 9001, 14001 and 45001 standards, which are audited annually by an external third party. - The corporate operations department performs annual internal audits on our

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
operate. Uncertainty or changes to any such regulation in any of the countries where we operate could adversely affect the return of our current plants and our results of operations, cash flows, cash available for distribution and ability to make cash distributions to our shareholders. In some of our assets, revenues are based on regulation: - Revenues in Spain are mainly defined by regulation. Revenues are based on a "reasonable rate of return" which was reviewed following a proposal by the Spanish regulator CNMC based on the weighted average cost of capital (WACC). Parameters were reviewed at the end of 2019 and were set for a six-year or twelve-year period starting on January 1, 2020, depending on each asset within our portfolio. - We have a transmission line in Chile with revenues based on regulation. In addition, we are subject to significant environmental regulation, which, among other things, requires us to obtain and maintain regulatory licenses, permits and other approvals and comply with the requirements of such licenses, permits and other approvals and perform environmental impact studies on changes to projects. In addition, our assets need to comply with strict environmental regulation on air emissions, water usage and contaminating spills, among others. As a company with a focus on ESG and most of the business in renewable energy, environmental incidents can also significantly harm our reputation.	Energy Regulatory Commission approved an amendment to the existing regulation on the isolated supply, which may affect our Monterrey asset. We have filed appeals for protection before specialized courts and we expect this situation to be solved without significant impact. However, we cannot guarantee that this change in regulation will not have any negative impact on our business, financial condition, results of operations and cash flows Electricity market prices in Spain have been higher than expected and the regulation establishes a compensation mechanism under which regulated revenue is revised every three years to reflect the difference between expected and actual market prices if the difference is higher than a pre-defined threshold. Current higher market prices in Spain will therefore cause a lower regulated revenue to be recorded progressively over the remaining regulatory life of our solar assets.	assets to ensure compliance with regulation and our best practices and to promote continuous improvement. The compliance committee take ownership in managing this risk.
Risks Related to Taxation **Changes to tax regulations could adversely affect the return of our current plants and our ability to refinance projects. We are subject to changes in tax regulation in all the jurisdictions where we have assets.**	- In November 2021, 137 countries agreed to implement the "Two Pillars Solution", an OECD/ G20 Inclusive Framework initiative, which aims to reform the international taxation policies and ensure that multinational companies pay taxes wherever they operate and generate profits. "Pillar Two" of this initiative generally provides for an effective global minimum corporate tax rate of 15% on profits generated by	- Management and specialized teams with broad experience monitor these developments. - Engagement with local authorities on tax matters. - Support of reputable external tax consultants with proven expertise in each jurisdiction. - The corporate tax department (under the

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
Our future tax liability may be greater than expected if we do not use sufficient NOLs to offset our taxable income. We have NOLs that we can use to offset future taxable income. Based on our current portfolio of assets, we expect these NOLs will be available as a future benefit. In the event that they are not generated as expected, or are successfully challenged by the local tax authorities, or are subject to future limitations, our ability to realize these benefits may be limited. Furthermore, we have generated significant NOLs in the U.S. and our ability to use them is subject to the rules of Sections 382 of the IRC. A corporation that experiences an "ownership change", as defined in the rule, will generally be subject to an annual limitation on the use of its pre-ownership change U.S. NOLs. We have experienced ownership changes in the past. Future sales by our largest shareholder, future equity issuances and in general the activity of our direct or indirect shareholders may further limit our ability to use net operating loss carry forwards in the United States, which could have a potential adverse effect on cash flows from U.S. assets expected in the future. In addition, changes in our shareholder base during 2019 may have triggered an ownership change under Section 382 of the IRC. In addition, because we have recorded tax credits for the U.S. tax loss carry forwards in the past, a limit to our ability to use U.S. NOLs could result in writing off tax credits, which could cause a substantial non-cash income tax expense in our financial statements. Some countries where we operate could implement changes to the tax loss and regulations, the content of which are largely uncertain currently.	multinational companies with consolidated revenues of at least €750 million, calculated on a country-by country basis. This minimum tax would be applied on profits in any jurisdiction wherever the effective tax rate, determined on a jurisdictional basis, is below 15%. Any additional tax liability resulting from the application of this minimum tax will be payable by the parent entity of the multinational group to the tax authority in such parent's country of residence. A framework for the coordinated implementation of the minimum tax is expected to be developed over 2022. Although this initiative is still subject to further developments in the countries where Atlantica operates, if implemented, it may have a negative impact on our financial condition, results of operations and cash flows. - Additionally, many governments have implemented and will continue to implement stimulus measures to reduce the negative impact of COVID-19 in the economy. In many cases, these measures will increase government spending which may translate into increased tax pressure on companies in the countries where we operate. Changes in corporate tax rates and/or other relevant tax laws may have a material adverse effect on our business, financial condition, results of operations and cash flows. - Potential tax reforms could have a negative impact on our financial condition, results of operations and cash flows.	CFO supervision) and local teams take ownership in managing this risk.
Cybersecurity risk We are dependent upon information technology systems to run our operations. Our information technology systems are subject to disruption, damage	The number of cyber-attacks to companies has been increasing in the last few years. Many of these attacks have focused on critical infrastructure. Given the unpredictability of the timing, nature and scope of information technology disruptions, we could be subject to production	- We have implemented prevention, monitoring and threat-detection measures following international standards including ISO 27000. - Internal and external audits to ensure that our cybersecurity controls are effective, including simulated and targeted

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
or failure from a variety of sources, including, without limitation, computer viruses, security breaches, cyber-attacks, ransomware attacks, malicious or destructive code, phishing attacks, natural disasters, design defects, denial-of-service-attacks or information or fraud or other security breaches.	downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems and networks or financial losses from remedial actions, any of which could have a material adverse effect on our financial condition, results of operations or cash flows.	cyberattacks to our servers and employees accounts. - Employees training to detect, monitor and prevent threats. - The corporate IT team (under the CFO supervision) and local teams take ownership in managing this risk.

Financial Risk Management

Interest Rates

We incur significant indebtedness at the corporate and asset level. The interest rate risk arises mainly from indebtedness at variable interest rates. To mitigate interest rate risk, we primarily use long-term interest rate swaps and interest rate options which, in exchange for a fee, offer protection against a rise in interest rates. As of December 31, 2021, approximately 92% of our project debt and close to 100% of our corporate debt either has fixed interest rates or has been hedged with swaps or caps. Nevertheless, our results of operations can be affected by changes in interest rates with respect to the unhedged portion of our indebtedness that bears interest at floating rates, which typically bear a spread over EURIBOR, LIBOR or over the alternative rates replacing these.

Exchange Rates

Our functional currency is the U.S. dollar, as most of our revenue and expenses are denominated or linked to U.S. dollars. All our companies located in North America, with the exception of Calgary, with revenue in Canadian dollars, and most of our companies in South America have their revenue and financing contracts signed in, or indexed totally or partially to U.S. dollars. Our solar power plants in Europe have their revenue and expenses denominated in euros, Kaxu, our solar plant in South Africa, has its revenue and expenses denominated in South African rand and La Sierpe our solar plant in Colombia has its revenue and expenses denominated in Colombian pesos. Project financing is typically denominated in the same currency as that of the contracted revenue agreement. This policy seeks to ensure that the main revenue and expenses streams in foreign companies are denominated in the same currency, limiting our risk of foreign exchange differences in our financial results.

Our strategy is to hedge cash distributions from our assets in Europe. We hedge the exchange rate for the distributions in euros after deducting euro-denominated interest payments and euro-denominated general and administrative expenses. Through currency options, we have hedged 100% of our euro-denominated net exposure for the next 12 months and 75% of our euro-denominated net exposure for the following 12 months. We expect to continue with this hedging strategy on a rolling basis.

Although we hedge cash-flows in euros, fluctuations in the value of the euro in relation to the U.S. dollar may affect our operating results. For example, revenue in euro-denominated companies could decrease when translated to U.S. dollars at the average foreign exchange rate solely due to

a decrease in the average foreign exchange rate, in spite of revenue in the original currency being stable. Fluctuations in the value of South African rand and Colombian peso with respect to the U.S. dollar may also affect our operating results. Apart from the impact of these translation differences, the exposure of our income statement to fluctuations of foreign currencies is limited, as the financing of projects is typically denominated in the same currency as that of the contracted revenue agreements.

In our discussion of operating results, we have included foreign exchange impacts in our revenue by providing constant currency revenue growth. The constant currency presentation is not a measure recognized under IFRS and excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations. We calculate constant currency amounts by converting our current period local currency revenue using the prior period foreign currency average exchange rates and comparing these adjusted amounts to our prior period reported results. This calculation may differ from similarly titled measures used by others and, accordingly, the constant currency presentation is not meant to substitute recorded amounts presented in conformity with IFRS as issued by the IASB, nor should such amounts be considered in isolation.

Electricity market prices

In addition to regulated revenue, our solar assets in Spain receive revenue from the sale of electricity at market prices. Regulated revenues are revised every three years to reflect the difference between expected and actual market prices if the difference is higher than a pre-defined threshold. Given that since mid-2021 electricity prices in Spain have been, and may continue to be, significantly higher than expected, it will cause a lower regulated revenue starting in 2023 over the remaining regulatory life of our solar assets. Also, the regulator or the administration may change or may create new mechanisms to adjust the price of electricity, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Credit Risks

The credit rating of Eskom is currently CCC+ from S&P, Caa1 from Moody’s and B from Fitch. Eskom is the off-taker of our Kaxu solar plant, a state-owned, limited liability company, wholly owned by the government of the Republic of South Africa. Eskom’s payment guarantees to our Kaxu solar plant are underwritten by the South African Department of Energy, under the terms of an implementation agreement. The credit ratings of the Republic of South Africa as of the date of this report are BB-/Ba2/BB- by S&P, Moody’s and Fitch, respectively.

In addition, Pemex’s credit rating is currently BBB from S&P, Ba3 from Moody’s and BB- from Fitch. We have been experiencing delays from our client collections since the second half of 2019 which have been significant in certain quarters.

In 2019, we also entered into a political risk insurance agreement with the Multinational Investment Guarantee Agency for Kaxu. The insurance provides protection for breach of contract up to $78.0 million in the event the South African Department of Energy does not comply with its obligations as guarantor. We also have a political risk insurance in place for our assets in Algeria up to $38.2 million, including two years dividend coverage. These insurance policies do not cover credit risk.

Liquidity Risk

The objective of our financing and liquidity policy is to ensure that we maintain sufficient funds to meet our financial obligations as they fall due.

Project finance borrowing permits us to finance projects through project debt and thereby insulate the rest of our assets from such credit exposure. We incur project finance debt on a project-by-project basis.

The repayment profile of each project is established based on the projected cash flow generation of the business. This ensures that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk.

Environment, Social and Governance (ESG)

Our purpose is to support the transition towards a more sustainable world by investing in and managing sustainable infrastructure, while creating long-term value for our shareholders, employees, suppliers, customers, business partners, local communities and debt investors.

Atlantica's strategy focuses on climate change solutions in the power and water sectors. We intend to be part of the solution to climate change. Our long-term strategy reflects this. We are committed to investing mostly in renewable energy assets as enablers of the energy transition.

In 2021, we announced an ambitious greenhouse gas emissions (GHG) reduction objective approved by the Science Based Targets initiative (SBTi). Atlantica targets to reduce Scope 1 and 2 GHG emissions per kWh of electricity produced by 70% by 2035 from a 2020 base year[1]. Targets are considered 'science-based' if they are in line with the latest levels recommended by climate science to meet the goals set out in the Paris Agreement to limit global warming to "well-below 2ºC".

This objective is particularly ambitious for a company like Atlantica, where approximately 77% of the business consists of renewable energy production, an activity which already has a very low rate of emissions per unit of energy produced.

In addition, we have a goal to maintain over 80% of our adjusted EBITDA generated from low-carbon footprint assets including renewable energy, storage, transmission infrastructure and water assets.

At Atlantica, we have set targets, issued and updated policies, delivered measurable results and hold ourselves to high ESG standards. We annually publish a comprehensive ESG Report prepared in accordance with the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) for Electric Utilities standards. We also follow the disclosure recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). We plan to disclose new detailed TCFD-related data as well as other sustainability information in our 2021 ESG Report, expected to be published during the first semester of 2022.

ESG Credentials

In February 2022, Atlantica was included in the S&P Global Sustainability Yearbook. Atlantica was recognized with the Bronze Class distinction, awarded to Companies with a score within a 5% to 10% of its industry top-performing company.

Also in February 2022, Sustainalytics updated its rating on Atlantica's ESG factors. Atlantica was rated in the top 3rd percentile in its ESG Risk Rating for the utility industry.

In January 2022, Atlantica was recognized once again as one of the World's 100 Most Sustainable Corporations, issued annually by Corporate Knights. Atlantica ranked #8 in the Global 100 index and #2 in Power Generation.

Also in January 2022, Atlantica was included for the 2nd consecutive year in the Bloomberg Gender-Equality Index (GEI). The GEI includes 418 companies across 11 sectors and 45 countries and regions. It measures disclosure and gender equality using indicators across five dimensions: female

[1] The target boundary includes steam generation

leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and pro-women brand.

In December 2021, the Carbon Disclosure Project (CDP) issued Atlantica's 2021 climate change rating. CDP included us in its "A List", achieving the highest score on environmental transparency and action.

In November 2021, Atlantica was selected amongst the inaugural recipients of the Terra Carta Seal, launched by His Royal Highness the Prince of Wales through the Sustainable Markets Initiative (SMI). The Terra Carta Seal recognizes companies which are demonstrating their commitment to, and momentum towards, the creation of genuinely sustainable markets. It is awarded to companies whose ambitions are aligned with those of the Terra Carta, a recovery plan for Nature, People and Planet, launched in January 2021.

Atlantica is a signatory to the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative with more than 12,000 signatories in over 160 countries. The UNGC is an initiative which encourages companies and organizations worldwide to adopt sustainable and socially-responsible policies. Participation in the UNGC is voluntary and pledge to uphold and disseminate the principles and report on their progress once they apply them in their management.

As part of its commitment to sustainability, Atlantica has formally adopted the UNGC ten fundamental principles in the fields of human rights, labour, environment and anticorruption. We have made the UNGC and its principles an integral part of our strategy, culture and day-to-day operations.

Atlantica is committed to aligning its actions to 7 of the 17 Sustainable Development Goals: climate action, affordable and clean energy, clean water and sanitation, decent work and economic growth, gender equality, life on land, and industry, innovation and infrastructure.

Our ESG Report includes additional disclosure related to UNGC, which is available on our website.

In December 2021, the Board updated and/or issued, as applicable, several key documents following our long-term strategy:

- Compliance documents, including the Code of Conduct and the Corporate Governance Guidelines.

- Health and Safety Policy.
- Environmental Policy.
- Diversity and Inclusion Policy
- Community Development and Involvement Policy.
- Biodiversity Policy.
- Asset Management Policy.
- Human Rights Policy (new).

These policies are available on our website (www.atlantica.com).

Environmental Awareness

In 2021 we continued to improve our environmental awareness among our stakeholders. We also improved our social media and intranet content to increase environmental awareness.

In November 2021, we participated in a side event to the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) in Glasgow, UK.

In early 2021, our CEO took part in an online conference hosted by RBC Capital Markets on leveraging sustainability as a competitive advantage. Our CEO discussed how sustainability factors are impacting business and global markets, renewable energy investment opportunities and risks, and the importance of ESG and climate change disclosure.

The European Union Taxonomy

The European Union (EU) Taxonomy defines economic activities that can be considered environmentally sustainable. It is aimed at investors, companies and financial institutions, covers a wide range of industries and is expected to create security from greenwashing, help companies to plan the transition to a decarbonized economic model, and help shift investments where they are most needed. Reporting is not mandatory for Atlantica, but we have decided to voluntary provide revenue, Adjusted Ebitda and investment information of our business activities.

	2021			2020		
	Revenue	Adjusted EBITDA	Investment	Revenue	Adjusted EBITDA	Investment
Taxonomy aligned: Renewable (solar, wind and hydro) and Transmission lines contributing to climate change mitigation	77%	83%	92%*	85%	83%	97%**
Under Analysis	8%***		3%***			
Total (in USD million)	$1,212	$824	$480	$1,013	$796	$302

* Includes 2021 investments in Coso, Vento II, Chile PV2, La Sierpe and Italy PV 1, 2 and 3.

** Includes 2020 investments in Solana and Chile PV1.

*** We are analyzing if our some of our 2021 acquisitions / investments are compliant with the EU taxonomy.

Note: On February 2, 2022, the European Commission presented a "Taxonomy Complementary Climate Delegated Act" to include certain gas power activities as part of the EU's transition towards climate neutrality. The Complementary Delegated Act is expected to enter into force on January 1, 2023. The table above does not consider our efficient natural gas assets as taxonomy aligned.

Environmental Dimension

Atlantica's Environmental, Quality and Health and Safety Management System is ISO 14001, ISO 9001 and 45001 compliant, respectively. These standards cover the management and acquisition of contracted assets. An external third party (DNV GL) audits our Environmental, Quality and Health

and Safety Management System annually. Our certifications, obtained for the first time in 2015, were renewed in May 2021 and are valid until May 2024.

The Company's management system guarantees that we comply with our own policies and with the regulations in force in each of the markets in which we operate. In particular, we measure and monitor the environmental impact of our activities and we analyse initiatives to reduce our GHG and non-GHG emissions, water consumption, and hazardous and non-hazardous waste.

We perform annual internal audits on our assets to ensure compliance with our best practices and to promote continuous improvement. The Operations department audits all our assets at least every two years. The purpose of these audits is to review operational, maintenance, engineering, health and safety and environmental indicators, as well as to comply with reporting requirements. The internal audit team reviews the internal controls and financial information of all our assets on an annual basis. Specific internal audits may be carried out on certain assets on an as-needed basis.

Number of Assets Audited and Improvement Actions in 2021 and 2020

	2021	2020
Assets audited	13	13
Identified improvement actions	91	179

Note 1: Approximately 85% of 2020 identified improvement actions were implemented during 2020 and 2021. The rest are expected to be implemented during 2022.

Note 2: Approximately 40% of 2021 identified improvement actions have been implemented. The rest of them are expected to be implemented during 2022.

Note 3: Due to COVID-19 restrictions some of 2021 and 2020 audits were performed remotely and/or partially compared with the annual audit plan.

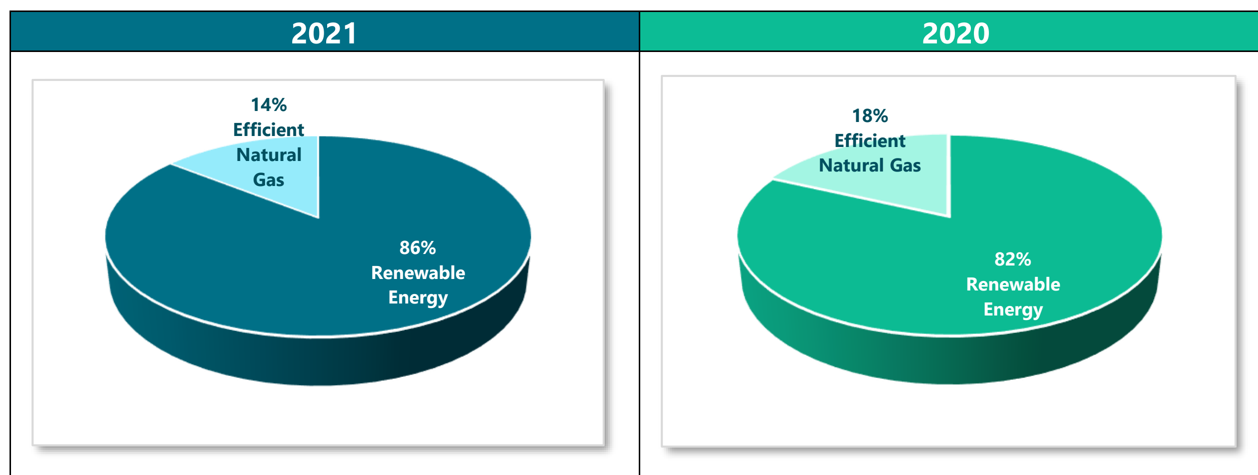
In 2021 we closed the acquisition of Rioglass, a supplier of spare parts and services in the solar industry. Considering that we are still in the integration process for this subsidiary, we do not have reliable and comparable information on this subsidiary. As a result, we have decided to exclude Rioglass data in the greenhouse gas emissions, air quality, water and waste management sections.

Greenhouse Gas Emissions

Atlantica complies with the 2008 U.K. Climate Change Act on GHG reporting, with the Commission Regulation (EU) No 601/2012, and with the GHG Protocol on GHG quantification. We followed the operational control approach to calculate our 2021 and 2020 GHG emissions data.

As of December 31, 2021, approximately 86% of our installed power generation capacity relates to renewable energy assets and 14% refers to ACT and Monterrey, our efficient natural gas plants in Mexico, compared to 82% and 18% in 2020, respectively.

Installed Capacity in Generation Assets, MW



Note: Our 55 MWt of district heating capacity is not included within the installed capacity of our generating assets.

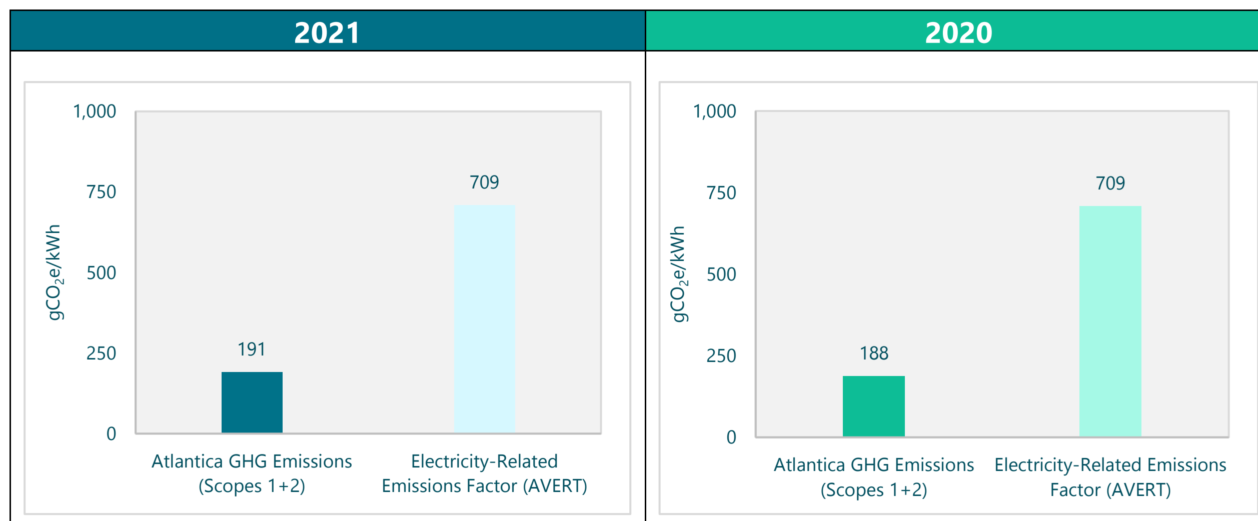
ACT achieved "efficient cogeneration facility" status according to the Mexican energy regulator. The Mexican regulator categorises facilities that deliver energy above a defined efficiency threshold as "efficient plants". This status allows ACT to benefit from certain favourable conditions regarding interconnection and transmission.

We expect to complete the 2021 GHG inventory external verification in Q1 2022. In 2020, Atlantica's complete greenhouse gas inventory was also externally verified. In Mexico, our Scope 1 and 2 greenhouse emissions were verified by ANCE, a leading certification association across industries in Mexico. In Spain, our Scope 1 greenhouse emissions were verified by AENOR, a not-for-profit entity that fosters standardization and certification across industrial and service sectors. The rest of our greenhouse gas inventory was verified by DNV GL, an independent expert in assurance and risk management. We expect no significant changes to 2021 GHG emissions presented in this report.

In 2021 we avoided emissions of approximately 5.7 million tons of equivalent CO_2, compared with a 100% fossil fuel-based generation plant. In 2020, we avoided emissions of approximately 5.4 million tons of equivalent CO_2 compared with a 100% fossil-fuel based generation plant.

We base our avoided emissions calculations on the "Greenhouse Gas Equivalencies Calculator" and the Avoided Emissions and Generation Tool (AVERT) U.S. national weighted average CO_2 marginal emission rate, to convert reductions of kilowatt-hours into avoided units of CO_2 emissions. In 2021 and 2020, Atlantica's GHG emissions ratio was well-below those of fossil fuel-based generation.

Atlantica's GHG Emission Ratio vs. Fossil Fuel-Based Generation GHG Emissions Ratio



We quantified and reported on the GHG emissions figures following the GHG Protocol:

- Scope 1: Direct emissions of GHG from sources that are owned or controlled by the Company.
- Scope 2: Indirect emissions of GHG from consumption of purchased electricity, heat or steam.
- Scope 3: Indirect emissions of GHG not included in Scope 2 that occur in the Company's value chain, including both upstream and downstream emissions, and the emissions of our non-consolidated affiliates.

Our reported emissions include emissions of methane (CH_4), and nitrous oxide (N_2O) as CO_2 equivalents. We use the GHG inventories conversion factors indicated by the organizations listed below:

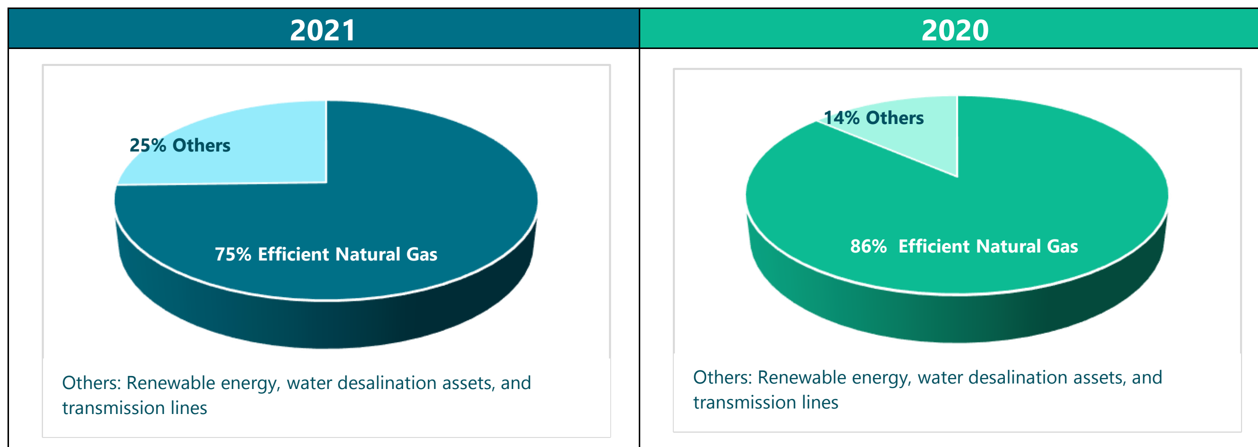
- Intergovernmental Panel on Climate Change (the "IPCC").
- United States Environmental Protection Agency (the "EPA").
- 2021 GHG National Inventory from the Ministry of Ecological Transition in Spain.

We calculated Scope 3 emissions using an economic input-output analysis and key emission factors from CEDA's[2] 5.0 database. We also used the fuel consumption activity data and emission factors disclosed at WTT DEFRA 2021[3] to calculate Scope 3 emissions.

Approximately 75% of the total GHG emissions generated in 2021 came from our efficient natural gas plants in Mexico, compared to 86% in 2020. The difference is mainly due to the consolidation of Coso, our geothermal asset, which increased GHG emissions generated by our renewable energy assets.

[2] CEDA stands for "Comprehensive Environmental Data Archive", a set of databases designed to assist on environmental system analysis throughout the supply chain.

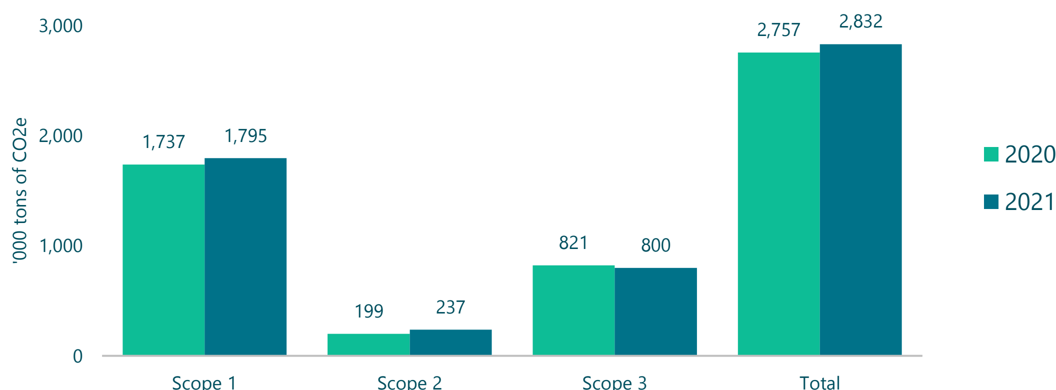
[3] WTT DEFRA 2021 stands for "Department of Environment Food and Rural Affairs", GHG conversion factors from resource extraction, production and delivery.



GHG Emissions by Technology

Following U.K. GHG regulation disclosure, GHG emissions generated in the U.K. were less than 0.001% in both 2021 and 2020.

The graph below represents our GHG emissions in 2021 and 2020:



GHG Emissions Breakdown by Scope

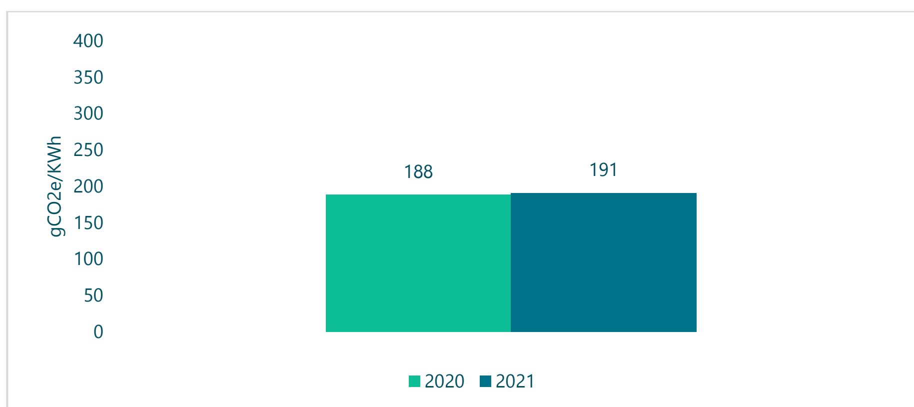
Total CO_2 equivalent emissions generated by the Company in 2021 reached 2,832 thousand tons, compared to 2,757 thousand tons in 2020.

Scope 1 emissions include CO_2 emissions from Coso, our geothermal asset in California since we acquired the asset in April 2021. The area where our asset is located releases GHG emissions to the atmosphere, mostly in the form of CO_2 that already exists and is released progressively in a natural process. With our activity, while we produce electricity, we are accelerating this process of release of already existing CO_2. Following the GHG protocol, we record these emissions as part of our Scope 1 emissions even though these emissions were not created by Atlantica. This is the main reason for the increase in Scope 1 emissions, which was partially offset by lower production in 2021 compared to 2020 at ACT, an efficient natural gas plant in Mexico. Its off-taker, requested less electricity and steam, hence decreased natural gas consumption and emissions. A tolling agreement exists for this asset, according to which we receive water and natural gas from the client and in return we provide electricity and steam.

In addition, our scope 2 emissions increased due to the consolidation of Tenes, our desalination water plant since June 2020. 2021 was the first complete year we consolidated this asset.

Finally, our scope 3 emissions decreased as most of them relate to ACT. In 2021 ACT had lower production compared to 2020, which resulted in lower emissions.

Scope 1 and 2 GHG Emissions Rate per Unit of Energy Generated[4]



Scope 1 and 2 GHG emissions rate per unit of energy generated increased from 188 gCO_2e/kWh in 2020 to 191 gCO_2e/kWh in 2021. This increase is mainly due to the consolidation of Tenes, the desalination plant since May 2020 (adding GHG emissions (gCO_2e) with no generation contribution (kWh)). 2021 was the first complete year we consolidated this asset.

If we exclude the effect of our non-generating assets, the GHG emissions rate per unit of energy generated would have decreased from 175 gCO_2e/kWh in 2020 to 173 gCO_2e/kWh in 2021. The increase caused by the consolidation of Coso, our geothermal asset, was offset by lower production, thus emissions, in ACT.

Air Quality

Regarding non-GHG emissions, Atlantica generates (i) nitrogen oxide (NOx), excluding nitrous oxide (N_2O) which is computed within the GHG emission calculation, (ii) sulfur dioxide (SO_2), and (iii) carbon monoxide (CO). Our efficient natural gas plants in Mexico generate most of these emissions.

Tons	2021	2020
NOx	526	550
SO_2	0.64	0.63
CO	342	397

Note: We have revised 2020 figures to account for non-GHG emissions at Monterrey, a non-controlling investment. We have determined that non-GHG emissions at Monterrey are material, hence we have included them based on our percentage of economic interest in the project.

NOx and CO emissions decreased mainly due to lower production at ACT, which resulted in lower emissions.

Water Management

Atlantica is committed to using water efficiently in our operations. This covers two main types of water use:

[4] The ratio has been calculated considering electric and thermal generation.

1. Power generation in the assets that use cycled water in the turbine circuit and in refrigeration processes.
2. Generation of drinking water for local communities and industries through the desalination of sea water.

We are also committed to: (i) calculating and monitoring our water usage and promoting rational and sustainable use of water in compliance with our Environmental Policy, (ii) limiting water consumption as much as possible and operating our assets using an amount of water well below legal limits, and (iii) continuing to improve our water management beyond compliance. We aim to reduce the water consumption of our plants over time.

1. Power Generation

Renewable Energy Assets

Some of our renewable assets use water in its power generation process. These plants use water for cooling condensers during power generation. We withdraw fresh water primarily from rivers and aquifers. The Company holds permits to withdraw water from these sources and adheres to regulations on water quality. The difference between water withdrawn from and returned to its source is our water consumption which occurs because of evaporation.

We measure the water we withdraw and return using the installed water meters on the plants' pumping equipment. The reported volumes represent the total readings measured by the water meters at all our assets without adjusting for our interest in the assets.

The water meters are sealed and are normally subject to audit by the inspector representing the local water authorities. We comply with the requirements and regulations of the applicable local regulatory authorities in the areas in which we operate. We regularly report the results of our water statistics to the local water agencies.

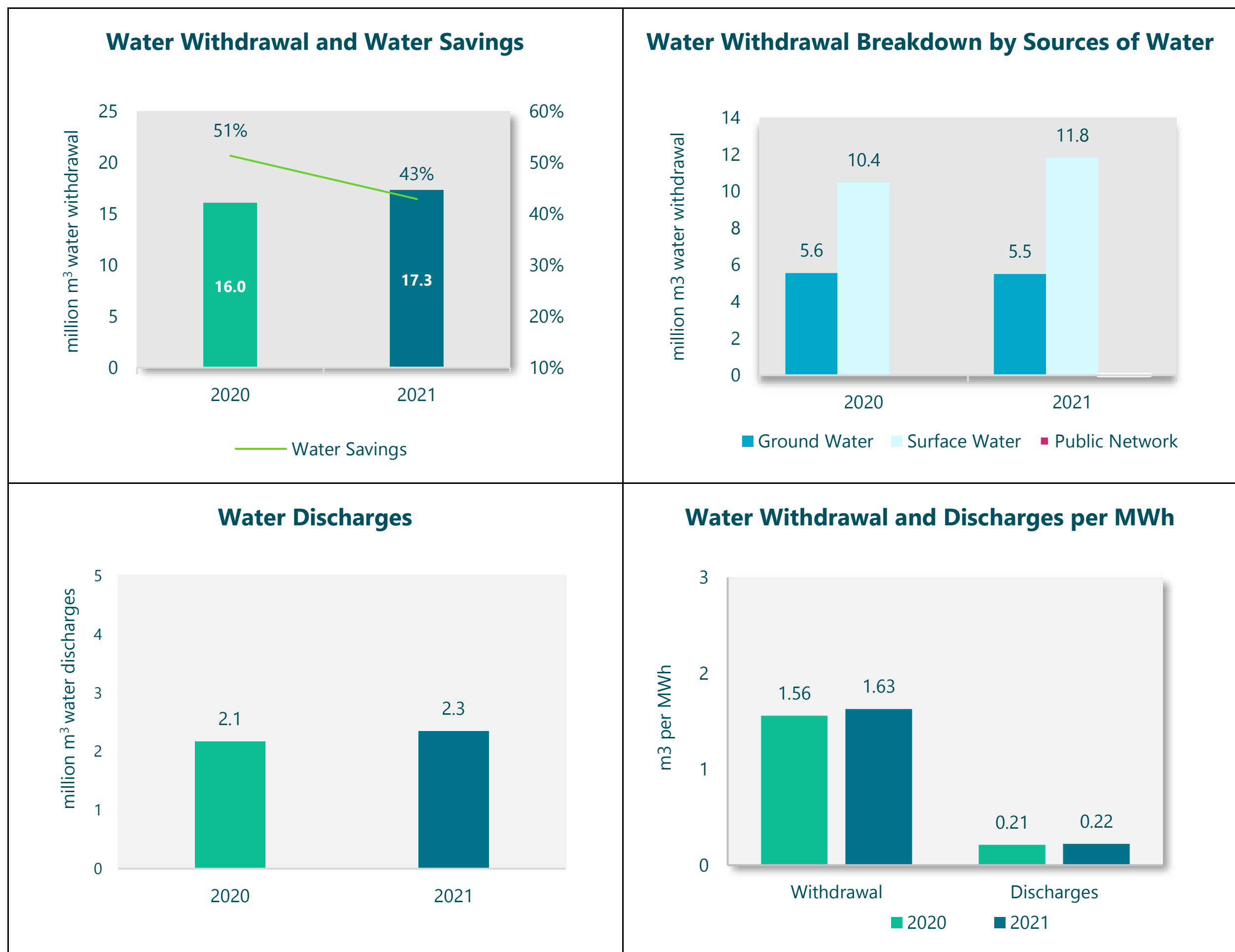
For example, we have implemented an air-dry cooling system, instead of cooling towers, to refrigerate the condensers in one of our plants. This plant is in an area of water scarcity and this system reduces the demand for water.

Efficient Natural Gas Plant

The ACT plant is an efficient natural gas cogeneration facility with a rated capacity of approximately 300 MW and between 550 and 800 metric tons per hour of steam. ACT produces electrical energy and steam.

The water necessary to operate the plant is withdrawn and supplied by our client. The water received is transformed to high pressure steam through heat recovery steam generators and delivered back to the client.

The following charts set out water management key performance indicators (KPIs) for power generation assets for 2021 and 2020:



In 2021, we withdrew 12.4 million cubic meters of water at our renewable energy assets and we returned 2.3 million cubic meters (18%) back to the source, which represents an increase of the water used in our operations compared to the previous year. In 2020, we withdrew 10.6 million cubic meters of water at our renewable energy assets and we returned 2.1 million cubic meters (20%) back to the source.

Also, in 2021, our client withdrew and supplied 4.9 million cubic meters of surface water to ACT. In 2020, the client withdrew and supplied 5.4 million cubic meters of surface water. In both years, water received was transformed to high pressure steam through heat recovery steam generators and delivered back to our client. Water withdrawn was 0.5 million cubic meters lower in 2021 because of lower production per the client request, which resulted in lower water withdrawal.

Independent external laboratories periodically test the quality of the water returned to the environment. The 12.4 million cubic meters represents 57% of the limits allowed by our water permits. The difference between the water permit limits and actual water withdrawn represents water savings.

2. Water Desalination

Some parts of the world are suffering from ongoing drought which, combined with a water supply that is unfit for human consumption, can foster disease and death. Water scarcity also affects food production. The desalination of sea water provides a climate-independent source of drinking water.

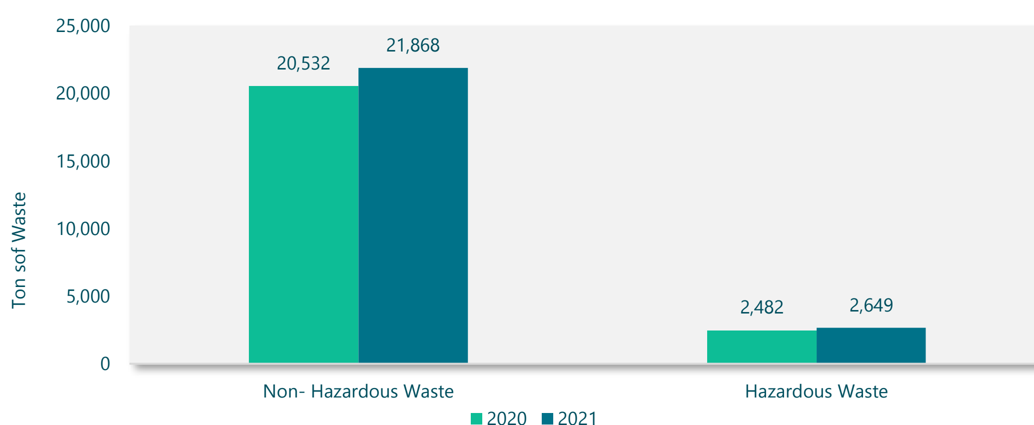
We withdraw sea water for desalination as specified in the agreements for our three desalination plants.

In 2021, we withdrew 402.4 million cubic meters of sea water, from which we removed salt and minerals during the desalination process at our water treatment facilities to prepare it for human consumption. The difference between water withdrawn from and returned to the sea is the desalinated potable water delivered to the water utility, as specified by our take-or-pay agreements for the consumption needs of approximately 3 million people. In 2021, we produced 167.6 million cubic meters of desalinated water and returned 234.8 million cubic meters (58%) back to the sea.

In 2020, we withdrew 330.3 million cubic meters and returned 185.9 million cubic meters (56%) back to the sea. 2021 was the first full year our water segment included three desalination plants, hence water withdrawal increased from 330.3 million cubic meters in 2020 to 402.4 million cubic meters in 2021.

Waste Management

The Company's assets produce two main types of waste, hazardous and non-hazardous. Our processes generate hazardous waste through the use of chemical products. Waste that does not contain substances that are potentially harmful to human health or the environment is defined as non-hazardous waste. Atlantica is committed to reduce waste and has a comprehensive waste management system with controls in place.



Note: We have revised 2020 figures to account for waste at Monterrey, a non-controlling investment, based on our percentage of economic interest in the project.

Atlantica is committed to reducing waste and has a comprehensive waste management system with controls in place. Our targets go beyond legal compliance. In 2021 we continued to implement new initiatives that improved our leak detection capabilities. We also provided enhanced employee waste-related training, updated our leaks procedure with best practices and lessons learned and identified new recycling and reusing initiatives.

Hazardous Waste

The main reason for the increase of hazardous waste in 2021 corresponds to land removal from a 2019 environmental accident at one of our assets in Spain. Absent this remediation action corresponding to prior periods, our hazardous waste would have been reduced. The increase is

also due to the acquisition of Coso our geothermal asset in April 2021. In Coso, the extracted geothermal steam contains a small portion of non-condensable gases. These gases are pumped to an emission abatement system that converts them into hazardous waste, preventing polluting gases to be emitted to the atmosphere.

In 2021 we reused or recycled 30% of the total hazardous waste generated and disposed of the remaining 70% in landfills. In 2020, we reused or recycled 55% of the total hazardous waste generated and disposed of the remaining 45% in landfills. Following legal requirements, the additional land removal at one of our assets in Spain was deposited in landfills.

Non-hazardous Waste

Non-hazardous waste concerns the wastewater treatment plants and the reuse of wastewater before discharge. In 2021, the non-hazardous waste increase was mainly driven by poorer withdrawal water quality at some assets in Spain.

In 2021, we reused or recycled 70% of the total non-hazardous waste generated and disposed of the remaining 30% in landfills, compared to 61% and 39%, respectively, in 2020.

Energy Consumption

Our renewable energy, efficient natural gas and water assets consume energy from different sources, including purchased fuel and electricity and, self-generated energy. In 2021, Atlantica consumed 8,376 GWh of energy compared to 9,287 GWh of energy in 2020.

Energy Consumption

In GWh	2021	2020
Consumption of Fuel	7,543	8,545
Consumption of Purchased Electricity for own use	537	448
Consumption of Self-Generated Renewable Energy	296	294
Total Energy Consumption	**8,376**	**9,287**

In 2021 and 2020 approximately 90% of fuel consumption came from ACT, our natural gas subsidiary in Mexico. In 2021 the asset had lower production resulting in lower fuel consumption.

Following U.K. energy consumption regulation disclosure, energy consumption generated in the U.K. was less than 0.001% in both 2021 and 2020.

Employees

At Atlantica, fostering a collaborative environment is one of our core values. Respect, teamwork and empowerment are key principles to building effective teams.

Our values and Code of Conduct set out what we expect of all our people. The honesty, integrity and sound judgement of our employees, officers and directors are essential to Atlantica's

reputation and success. We seek employees who have the right skills and who understand and embody the values and expected behaviors that guide our business activity.

Atlantica has built standardized processes for evaluating the performance of our employees and have in-place a career development program, performance assessments and skills training programs aimed at talent retention and development.

The Company offers packages that include monetary compensation and remuneration in-kind.

In 2021 and 2020, we based our compensation policy on these four pillars:

1. Pre-defined remuneration bands based on market surveys provided by external consultants for certain positions.
2. Annual performance appraisal for 100% of our employees.
3. Variable compensation based on Company, department and individual targets.
4. Long-term incentive plan for management.

Regarding our training program, we identify training categories to improve distinct sets of skills, integrate them into Atlantica's team and culture, and as a measure to retain talented employees:

- **Introduction to Atlantica**. All new employees must attend our "Introduction to Atlantica" course during their induction period. In addition, all the employees receive training about our compliance and management policies.
- **Management skills.** We offer soft management-skills courses to improve negotiation, team-working, team-building, decision-making, leadership and communication, among other skills.
- **Technical knowledge courses.** Our training plans also include technical knowledge courses specific to different technical fields.
- **Languages**. We offer several language courses to our employees to allow them to operate effectively in an international setting.
- **Health and Safety.** This is part of our core values. We offer several training courses to both our employees and operation and maintenance personnel to reinforce it.

As of December 31, 2021 and 2020, Atlantica offered over 150 different training programs to its employees. The employee agrees on the definitive training program with his or her manager and, the People and Culture department. In 2021, employees completed on average 80 hours of training compared to 33 in 2020. COVID-19 pandemic limitations postponed to 2021 scheduled training is the primary reason for higher training hours in 2021 versus 2020.

The table below shows the average number of employees for the years 2021 and 2020 on a consolidated basis:

Average Number of Employees by Geography	**2021**	**2020**
North America	296	237
South America	61	46
EMEA	61	54
Corporate	109	104
Total	**527**	**441**

Average Number of Employees by Category	**2021**	**2020**
Management	16	17
Middle Management**	100	94
Engineers and Graduates	158	132
Assistants and Professionals	25	20
Asset Operations Employees	228	178
Total	**527**	**441**

Average Number of Employees by Gender	**2021**	**2020**
Male	396	325
Female	131	116
Total	**527**	**441**

(*) Middle Management consists of employees who: (i) manage a specific area, (ii) supervise a group of employees, or (iii) are considered key personnel within the organization.

In 2021 we closed the acquisition of Rioglass, a supplier of spare parts and services in the solar industry. Since we are still in the integration process for this subsidiary, we do not have reliable and comparable information on this subsidiary and as a result we have decided to exclude Rioglass in the tables above.

The increase in the average number of employees during 2021 compared to 2020 was mostly due to the investments closed during 2021 and in particular Coso, our geothermal asset in California. This subsidiary brought 76 new employees, of which approximately 76% were operation and maintenance employees and approximately 89% were men.

In 2021, 131 out of 527 average employees were women, representing 25% of the Company's personnel. In 2020, 116 out of 441 employees were women, or 26% of the total headcount.

The table below summarizes the percentage of women at the Board of Directors, management level (without including middle management level and without including directors) and over total number of employees as of December 31, 2021 and 2020:

	2021	**2020**
Women at the Board of Directors	25%	25%
Women at Management Level	25%	24%
Women at Atlantica	25%	26%

By 2021 year-end, our workforce increased to 558 from 456 in 2020. Women represented 25% of the Company's personnel by year-end, compared to 26% of the total headcount in 2020. In addition, there were 99 full-time employees in Rioglass. Including these employees, women represented approximately 24% of 657 employees.

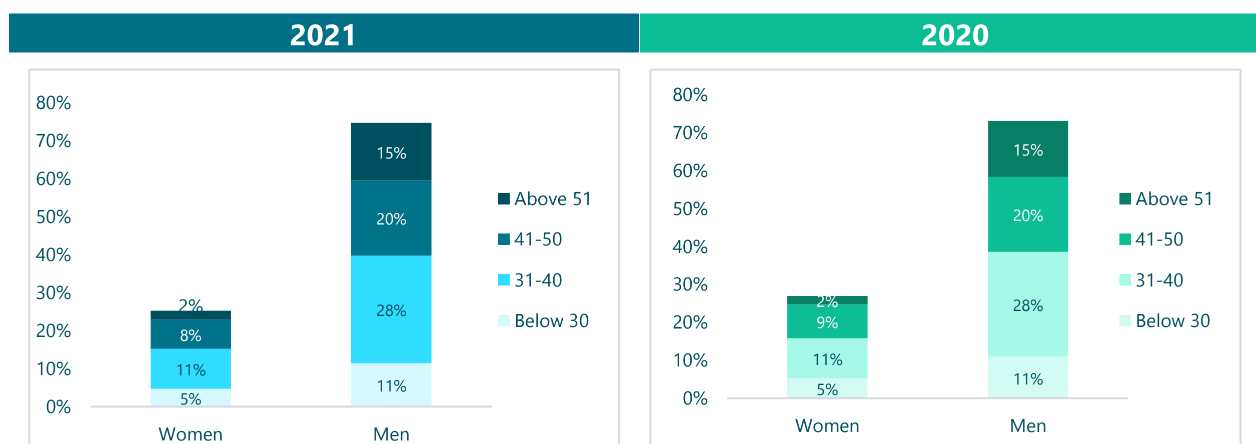
Atlantica guarantees respect for salary equality rights. Monitoring pay equality is one of the key factors to ensuring the creation of an inclusive and respectful culture without differentiation based on gender, age, race or any other personal factor.

The Company is determined to ensure that there is no gender-based inequality in its activities by offering equal pay for equal work in all the businesses and countries where it does business. We expect to disclose our 2021 gender pay gap analysis in our 2021 ESG Report.

We did not receive any communication regarding potentially discriminatory incidents in 2021 nor 2020.

In 2021 our consolidated employee benefit expense was $78.8 million, of which $70.5 million comprised wages and salaries, $4.6 million social security costs incurred by the Company, and other expenses. In 2020 our consolidated employee benefit expense was $54.5 million, of which $47.2 million comprised wages and salaries, $3.7 million to social security costs incurred by the Company and, other expenses. The increase was mostly due to the investments closed during 2021.

The graphs below summarize the age and gender diversity of our people as of December 31, 2021 and 2020:



We have a key management team with extensive experience in developing, financing, managing and operating contracted sustainable infrastructure assets. Our key management in 2021 and 2020 is made up of the following members:

Name	Position	Year of Birth
David Esteban	VP EMEA	1979
Emiliano Garcia	VP North America	1968
Irene M. Hernandez	General Counsel and Chief of Compliance	1980
Francisco Martinez-Davis	Chief Financial Officer	1963
Antonio Merino	VP South America	1967
Stevens C. Moore	VP Strategy and Corporate Development	1973
Santiago Seage	Chief Executive Officer and Director	1969

There are no potential conflicts of interest between the private interests or other duties of the key management members listed above and their duties to Atlantica. There are no familial relationships among any of our executive officers or directors.

Diversity and Inclusion

At Atlantica, we believe that the diversity of our workforce is an asset that enriches the Company with fresh ideas, perspectives, and experiences. We acknowledge the contribution of people of different genders, nationalities, cultures, races, professional backgrounds, abilities, socio-economic backgrounds, and ages. Our belief is that employees with diverse skills represent an important resource identifying innovative solutions and improving our business performance, which ultimately benefits all our stakeholders.

We provide a work environment free of discrimination, intimidation and harassment, where everyone can participate in the success of the business and where all employees are valued for the distinctive skills and experiences they bring to the Company.

Currently, 25% of the members of both the Board of Directors and Management are women.

In January 2021, Atlantica was included for the 2nd consecutive year in Bloomberg Gender-Equality Index (GEI). We believe Bloomberg's GEI helps bring transparency to gender-related practices and policies at publicly listed companies by increasing ESG data available to investors. The GEI scoring method measures gender equality a across five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and pro-women brand. In 2021, the GEI includes 418 companies across 11 sectors and 45 countries and regions.

In 2021 and 2020, Atlantica has been part of the Women's Empowerment Principles, a set of good business practices that promote equality between men and women across all areas of the organization.

In 2021 and 2020 we were not notified of any incidents relating to potential situations of discrimination.

People Management

We believe that by providing a healthy working environment for our employees, and by enhancing social and professional development we will retain and attract valuable employees. Employees are a core component of our present and future success.

Our values and Code of Conduct set out what we expect of all our people. The honesty, integrity and sound judgement of our employees, officers and directors is essential to Atlantica's reputation and success. We seek employees who have the right skills and who understand and embody the values and expected behaviours that guide our business activity.

To improve communication with our people we have implemented several measures:

- Our CEO updates Atlantica's employees on key priorities in open sessions with Q&A at least twice a year.
- Our senior management takes part in our "Atlantica's Management Model" training to discuss with all employees the Company's long-term strategy and business model, recent milestones, growth strategy, as well as values, policies and procedures. We promote an informal and open environment to foster discussions with employees in groups of less than 20 people. Employees can express their ideas and concerns without evaluation or retaliation. The feedback is analysed and shared with Atlantica's management in monthly management meetings. Where appropriate, we devise action plans and assign one or several managers responsibility for their implementation.
- We periodically publish Atlantica-related news via our internal intranet.

In 2021, we had an employee voluntary turnover of 10.4%, which increased from 7.5% in 2020. This is due to the low unemployment and high rotation in the U.S. If we exclude the effect of our employees in the U.S., our employee voluntary turnover would have remained at 5.9%. Turnover has been traditionally higher in the U.S. compared to the rest of our geographies, due to lower unemployment rates. In 2021, employee turnover has increased in general in the U.S. following the rapid economy recovery after the COVID-19 pandemic.

Also in 2021, 30 of our employees took parental leave in 2021, of which 19 were men and 11 were women, and 21 employees enjoyed parental leave in 2020 (14 men and 7 women). In both years, all employees returned to work.

At Atlantica, we offer a remuneration package that includes monetary and non-monetary compensation. In 2021 and 2020, we based our compensation policy on these four pillars:

- Pre-defined remuneration bands based on market surveys provided by several external consultants for certain positions.
- Annual performance appraisal for 100% of our employees.
- Variable compensation based on Company targets, departmental targets and individual targets.
- Long-term incentive plan for certain employees.

Our People and Culture department receives remuneration data from two separate external consultants for certain positions by location.

The package offered by Atlantica includes monetary compensation and remuneration in-kind, depending on the employee's position, and on local practices in the countries in which we operate. In addition, we offer flexible compensation in certain locations, which sometime presents tax

advantages for employees. Under current local regulations, we offer 401(k) plans in the U.S. We also finance a high percentage of the health insurance costs of our employees and their immediate family in most of the countries where we are based. Finally, in certain locations, we have implemented health initiatives including providing fresh fruit at our offices and subsidizing fitness.

In 2021, we continued implementing COVID-19 related contingency plans to guarantee the safety of our employees. Since March 2020, we have implemented the use of additional personal protection equipment (PPE), reinforced access control to our plants, reduced contact between employees, changed shifts and tested employees. We have also reinforced our physical and cyber-security measures. We have implemented protocols to decide which offices to keep open and under what limitations, depending on health indicators in each specific region.

Community Development and Involvement Initiatives

Atlantica's day-to-day activities affect nearby communities. These are the communities where some of our employees and other stakeholders live and raise their families, and where part of our future workforce is educated. It is crucial that we bring value to our communities.

We recognize that some communities where Atlantica is present are suffering and will continue to suffer the consequences of COVID-19. In 2021 and 2020 we focused most of our efforts on mitigating the impact of COVID-19. We will continue to look for ways to help our surrounding communities to minimize the impact of COVID-19.

The Company's corporate culture includes a commitment to supporting the long-term development of the communities where we operate. Our Community Development and Involvement Policy is available on our website (www.atlantica.com).

Occupational Health and Safety

The first of Atlantica's core values is "Integrity, Compliance and Safety". Atlantica, its Board and its management are committed to prioritizing and actively promoting health and safety as a tool to protect the integrity and health of our employees and those of our subcontractors at our assets or work centres. We promote a safe operating culture across Atlantica and encourage our subcontractors to adopt a preventive culture in the operation and maintenance activities as reflected in our corporate health and safety policy available on our website (www.atlantica.com).

COVID-19 Pandemic

In 2020, we established a COVID-19 Committee which included the CEO, the geographic VPs, the Health and Safety Manager and other members of Atlantica's management team. During 2021, the Committee adapted measures to the new information released on COVID-19 in each specific location where our assets and offices are located and took all necessary actions to manage the risks affecting our employees, operations and stakeholders. In 2021, we held 83 COVID-19 Committee meetings. We have continued to monitor and implement health and safety measures for each asset and office. During 2021 and 2020, we continued operating the assets and providing a reliable service to all our clients, with no disruptions to availability or production because of COVID-19.

Some key actions implemented during 2021 COVID-19 pandemic include:

- Our COVID-19 Committee:

  - Implemented measures based on developments in COVID-19 data in countries and regions where we are present.
  - Defined key KPIs to monitor the pandemic situation in all the regions and decide whether to open or close our offices in each region.
  - Monitored positive cases among employees and subcontractors, supervising the isolation of positive cases and close contacts.
  - Monitored new regulations issued by governments (measures include implementing such regulations, where appropriate). The Committee approves all necessary measures without delay.
  - Developed and implemented new measures to adapt our protocols to the last technical publications about the virus.

- In those regions where the vaccination rates are lower, we took measures to incentivize employees and subcontractors employees to get the COVID-19 vaccine. For example, in the U.S. and in South Africa our initiatives increased the number of vaccinated operation and maintenance employees by approximately 10% and 25%, respectively.
- We implemented new safety initiatives such as improvement of the ventilation and the measurement of CO_2 levels as an indirect indicator of a good/bad ventilation.

Health and Safety Management System

Atlantica conducts annual internal and external audits to test our health and safety management system. An independent third party carries out the external audit. In 2021, we certified our system to the new ISO 45001.

In addition, we perform periodic health and safety audits of our operation and maintenance suppliers to monitor compliance with legal regulations, contractual requirements, and our safety best practices.

Health and Safety Best Practices

Our health and safety rates include both our employees and subcontractors data.

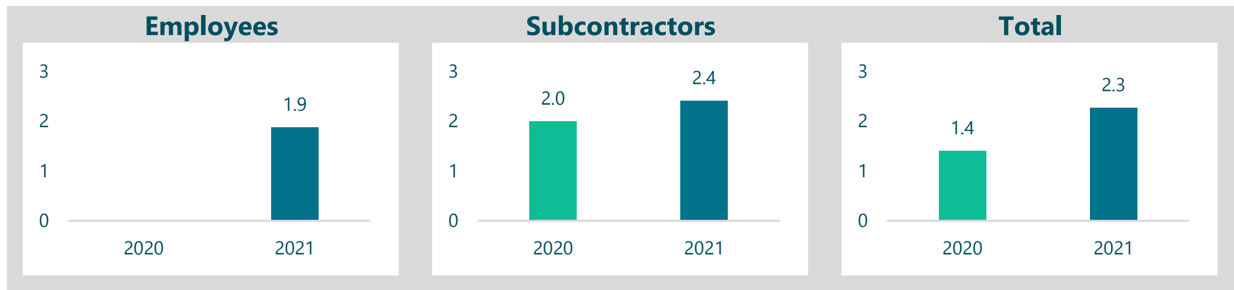
The Company's health and safety best practices program is a key management tool. It has been in place since 2017 and we regularly update it to include the lessons learned from our peers, contractors and suppliers. During 2021, we continued implementing new best practices as well as incorporated our best practices to newly acquired assets.

- "Walk and Talk" awards. We present quarterly awards to employees of Atlantica and our subcontractors for the best safety improvement proposals.
- "Golden Rules" applied to each of our technologies. We defined key safety rules for each of our technologies, which we communicated to all employees, posted on boards at all our assets and included in regular operation and maintenance training.
- Safety Day. In 2021 we held our Safety Day online and physically at some of our assets depending on COVID-19 pandemic restrictions. Over 750 Atlantica's employees and subcontractors' employees took part. We honored 30 Atlantica and subcontractors employees with awards for their commitment to safety.

Health and Safety Rates

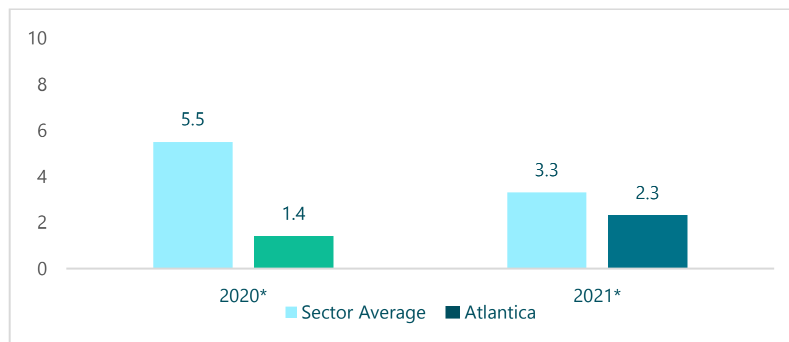
Our Frequency with Leave Index (FWLI) represents the total number of lost-time accidents recorded in the last 12 months per million hours worked. We ended 2021 at 2.3 compared to 1.4 in 2020.

Frequency with Leave Index in 2020 and 2021



Atlantica's FWLI is below the sector average.

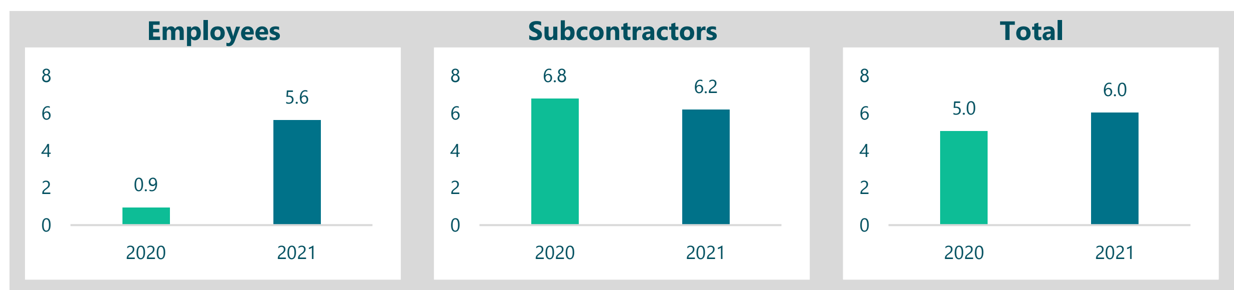
FWLI Below Sector Average in 2020 and 2021



(*) Weighted Index is calculated based on the Public National Index weighted by actual working hours in each geography. Sources: USA: Bureau of Labor Statistics (2020); Mexico: Secretaria del Trabajo y Prevision Social (2020); EMEA: Spain, South Africa and Algeria: Instituto Nacional de Estadisticas (2021); Peru and Chile: Superintendencia Seguridad Social Chile (2020); Uruguay: Banco del Seguros del Estado (2019).

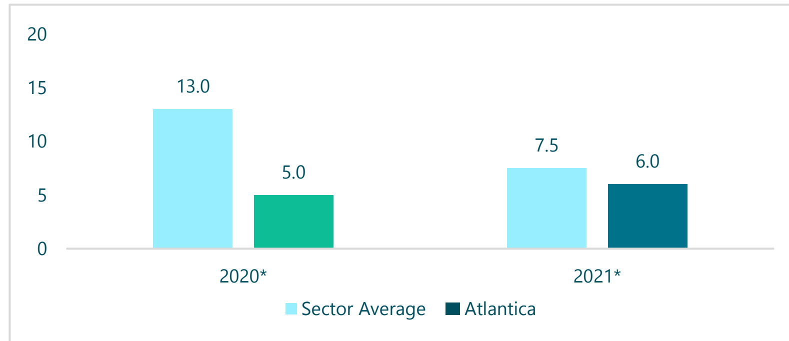
Our General Frequency Index (GFI) represents the total number of recordable accidents with and without lost time recorded in the last 12 months per million hours worked. We ended 2021 at 6.0, representing approximately a 20% increase compared to 2020.

General Frequency Index in 2020 and 2021



Atlantica's GFI is below the sector average.

GFI Below Sector Average in 2020 and 2021



(*) Weighted Index is calculated based on the Public National Index weighted by actual working hours in each geography. Sources: USA: Bureau of Labor Statistics (2020); Mexico: Secretaria del Trabajo y Prevision Social (2020); EMEA: Spain, South Africa and Algeria: Instituto Nacional de Estadisticas (2021); Peru and Chile: Superintendencia Seguridad Social Chile (2020); Uruguay: Banco del Seguros del Estado (2019).

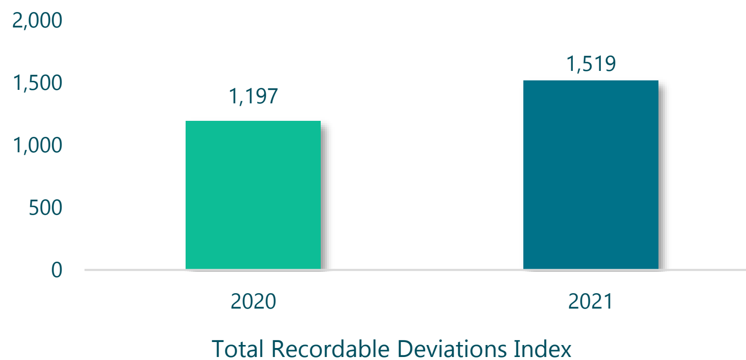
Although our ratios remain low, the FWLI and GFI increase is mostly due to safety accidents at one of the assets acquired in 2021. We are still working on the integration of recently acquired assets in order to implement our strong safety culture in all the subsidiaries. We undertook all necessary measures to minimize potential safety impacts, performed specific external and internal audits, issued new safety campaigns and bulletins, improved safety inspections, procedures and training, and extended health and safety bonus to certain employees to improve supervision.

Due to COVID-19 travel restrictions some of 2021 health and safety, operations and environmental audits were performed remotely and/or partially compared with the audit plan. We will make every effort to implement new health and safety measures during 2022 despite COVID-19 potential restrictions.

The fatality rate (including both our employees and subcontractors) has been zero, and we have recorded no major injuries since our incorporation.

We also monitor near-misses and unsafe acts and conditions through our Total Recordable Deviation Index (TRDI). This index represents the number of near-misses and unsafe acts and conditions recorded in the last 12 months per million hours worked. The goal of this Key Performance Indicator (KPI) is to encourage the identification and communication of near misses and unsafe acts and conditions by our employees and our contractors' employees. Given the fact that this helps to identify risks and to implement adequate preventive measures, the higher the rate is, the better.

In 2021 our TRDI improved thanks to the enhanced risk identification processes and communication initiatives implemented in our assets. Our preventive reporting program, mainly through Walk and Talk, has progressed alongside our measures to managing and mitigating risks. We believe in the health and safety processes and procedures we have in-place, hence we expect the Total Recordable Deviations to remain relatively stable in the future.



Total Recordable Deviations Index

By 2021 year-end, 65% of our assets had achieved more than 1,000 days without lost time accidents and 70% over 500 days without lost-time accidents.

In 2022, we will continue to devote time and effort to protect our employees and subcontractors against COVID-19 and promoting a health and safety culture. We will seek to continue to improve our health and safety performance by using our existing tools and implementing new ones based on best practices.

Business Ethics

"Integrity, Compliance and Safety" is our first value and prevails over the rest. We continuously strive for the highest standards of business conduct, safety, professionalism, honesty, and ethical conduct even if it means making difficult choices. We are committed to promoting ethical business practices and complying with all relevant laws and regulations.

The Company has policies, processes, and procedures in-place to prevent, avoid and mitigate actions improper or contrary to law and to ensure ethical principles are applied in all our activities. In addition, Atlantica has implemented a Code of Conduct to ensure consistent and effective commitment to Integrity and Compliance. We refer to the Code of Conduct section for additional disclosure on our Code. We also promote and strengthen measures to prevent and combat corruption more effectively and efficiently. Our Anti-Bribery and Corruption Policy applies to all Atlantica businesses.

The Whistleblowing Channel is an essential part of Atlantica's commitment to fighting fraud, irregularities and corruption. It is available on our website to all Company employees and stakeholders. It serves as a tool to report any complaints and concerns about management, as well as any breaches of the Code of Conduct or any conduct contrary to ethics, law or Company standards. The channel is managed by the Audit Committee. Confidentiality and no retaliation are the essential operating principles of the channel. We may suspend these principles only where the claimant did not act in good faith.

Atlantica business activities are governed by laws that prohibit bribery supporting global efforts to fight corruption. Specifically, the U.S. Foreign Corrupt Practices Act (FCPA) and the U.K. Bribery Act 2010 make it a criminal offense for companies, as well as their officers, directors, employees, and agents, (or any other person) to give, request, promise, offer or authorize the payment of anything of value (such as money, any advantage, benefits in kind, or other benefits) to a foreign official, foreign political party, officials of foreign political parties, candidates for foreign political office or officials of public international organizations to obtain or retain business. Similar laws have been

or are being adopted by other countries. Private bribery is also illegal under U.S. laws, the U.K. Bribery Act, and the laws of other jurisdictions.

Neither the Company, nor its directors, employees or representatives on its behalf, can make political contributions (donations to politicians, political parties or political organizations) or sponsor events whose exclusive purpose is political propaganda. In 2021 and 2020, neither Atlantica nor any of its subsidiaries made any financial or political contributions in-kind to political organisations, political campaigns, lobbyists or lobbying organizations, trade organizations (with political impact) nor other tax-exempt groups, whether directly or indirectly.

Finally, all our officers and employees working with sensitive information sign a formal commitment annually acknowledging our insider trading policy. We also provide compliance courses.

Human Rights

We are committed to conducting our business in a manner that respects the rights and dignity of our employees and those linked to our activities including our supply chain. We respect internationally recognized human rights, as set out in the International Bill of Human Rights and the International Labour Organization´s (ILO) Declaration on Fundamental Principles and Rights at Work. Labor practices at Atlantica and the professional activities of its employees, executives and directors are governed by the United Nations Universal Declaration of Human Rights and the ILO on social rights, and the principles of the United Nations Global Compact.

Freedom of association is a human right as defined by international declarations and conventions. The right of workers to collectively bargain the terms and conditions of work is also an internationally recognized human right. Collective bargaining refers to all negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers.

Atlantica is a signatory to the UNGC, whose principles are derived from, among others, the Universal Declaration of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. The environment, social and governance section includes additional disclosure related to UNGC.

Our Code of Conduct includes a section on Human and Labor Rights. The code requires all employees, officers and directors to report any illegal behavior or violations of laws, rules or regulations. All our employees acknowledge our Code of Conduct once per year and they all receive training on our internal Management Policies, which include our Code of Conduct and human and labor rights. We do not tolerate discrimination against anyone based on any personal characteristic, such as ethnic background, culture, religion, age, disability, gender, marital status, sexual orientation, union membership, political affiliation, health, disability, pregnancy, smoking habits, or any other characteristic protected by law. We provide equal opportunities to all employees. We promote equality and work to create an inclusive workforce. We want to foster a comfortable work environment where employees can raise issues. Any unacceptable behavior must be reported.

Atlantica strictly prohibits forced labour, employees should undertake work voluntarily. Whether as indentured labour, bonded labour or any other form of involuntary labour, forced labour is not acceptable. Mental and physical coercion, slavery and human trafficking are prohibited.

All employees receive a remuneration package that meets or exceeds the legal minimum standards or appropriate prevailing industry standards.

We have a Supplier Code of Conduct approved by the Board of Directors. Atlantica has a strong commitment to operate at the highest standards of corporate conduct. We seek to operate with third parties who operate under principles similar to those set out in our Code of Conduct, accordingly, we have included our requirements in our contractual arrangements with suppliers.

We acknowledge that our day-to-day activities affect nearby communities. Our assets occupy extensive areas of land and we generate waste, but we also facilitate communities' economic prosperity through local purchasing and the hiring of local employees. It is important that we are proactive and provide value to the communities in which we operate by collaborating with locals to promote their environmental, economic and social progress. We have implemented our human rights initiative into the processes that govern our business activities in the areas where we are present.

In December 2021, our Board of Directors issued a new Human Rights Policy. The policy is available on our website (www.atlantica.com).

Atlantica's Code of Conduct

Atlantica is committed to maintaining the highest standards of honesty, integrity and ethical conduct. We are also committed to promoting ethical business practice and complying with all relevant laws and regulations.

Our Code of Conduct requires the highest standards for honest and ethical conduct, explicitly states that we do not tolerate bribery or corruption in any of its forms and prohibits political involvement of any kind on the Company's behalf. We intend the Code of Conduct to help everyone recognize ethics and compliance issues before they arise and to deal appropriately with those issues that occur.

The Code applies to all directors, officers, and employees of Atlantica Sustainable Infrastructure plc and each of its subsidiaries, including controlled and associated non-controlled companies. We make every effort to apply this Code at associate non-controlled companies given Atlantica ´s level of participation. We also seek to work or partner with third parties that adhere to principles that are similar to those set out in this Code. Our employees acknowledge and agree to the Code of Conduct annually. In addition, we organize training on our management policies, which includes our Code of Conduct.

Our Board of Directors reviews and approves the Code of Conduct on an annual basis. It was last approved and amended in December 2021. All our employees acknowledge and agree to the Code of Conduct annually.

The Code of Conduct at a Glance

Personal and Business Integrity	- Conflicts of interest - Bribery and corruption - Travel, entertainment, and gifts - Insider trading - Privacy and personal data protection
Human and Labor Rights	- Dignity and respect. Equality and diversity - Labor standards - Occupational health and safety - Environmental sustainability
Corporate Asset and Financial Integrity	- Accurate accounting and reporting - Anti-Money laundering and related offenses - Confidentiality and information security - Protection of Assets
Ethic Mailboxes	- Channels of communication
Breach of the Code of Conduct	- Managing suspected misconduct

The Code is publicly available on our website (www.atlantica.com).

Our Code requires the highest standards for honest and ethical conduct and explicitly states that we do not tolerate bribery and corruption in any of its forms. In 2020 and 2021 we did not identify, nor did we receive, any notification of non-compliances or breaches in relation to the Code of Conduct.

Sustainable Suppliers

According to our Code, we seek to work with third parties who operate under principles that are similar to those set out in the Code of Conduct. We also have a Supplier Code of Conduct that we expect our suppliers to adhere to, which includes human rights and labor standard principles. We include our requirements in our contractual arrangements with suppliers. Understanding that some suppliers may face significant challenges in adhering to every aspect of the Code, from the outset of our business relationship, we pledge to work with those suppliers to help them comply.

In addition to complying with applicable laws and regulations, we seek to efficiently manage the environmental and social impact of our operations, implement best practices, reduce our environmental footprint over time and comply with our social targets and impacts in the local communities where we operate.

Our main suppliers are large operation and maintenance corporations with robust corporate policies regarding ethical standards and human rights.

Atlantica has implemented a risk identification process to evaluate and approve the engagement of suppliers. This process comprises: (1) an internal and external supplier due diligence process and, (2) an annual internal assessment aimed at monitoring our key suppliers' activities. The internal due diligence process determines the eligibility of a potential new supplier based on our internal policies. In addition, we have engaged the services of an external provider to evaluate our key suppliers in terms of: (i) environment, (ii) fair labour and human rights, (iii) ethics, and (iv) sustainable procurement. We conduct the annual supplier evaluation assessment internally to monitor our key suppliers' activities.

In 2021 and 2020 we certified suppliers representing over 51% of the Company's annual expenses through an external supplier.

Additional information on our sustainable supply chain management is disclosed in our annual ESG Report.

Anti-Slavery and Human Trafficking Statement

In February 2021 our Board of Directors amended and approved our "U.K. Anti-Modern Slavery and Human Trafficking Statements" under the Modern Slavery Act, 2015. The statement, available on www.atlantica.com, outlines the steps taken by the Company to address the risk of slavery and human trafficking occurring within our operations and supply chains.

Given our business, we believe the risk of modern slavery is low. Our main suppliers are large operation and maintenance corporations with robust corporate policies in place regarding ethical standards and human rights. We also engage with financial institutions, including banks, legal advisors, accountants, consultants, and insurers, who we believe operate under principles similar to those set out in our Code of Conduct. We consider the risk to be low based on the Atlantica risk identification process adopted to evaluate and approve supplier engagement. This process comprises an internal and external supplier homologation process and, an annual internal assessment aimed at monitoring our key suppliers' activities'. In addition, suppliers are requested to adhere to our Supplier Code of Conduct. Through this Code, Atlantica encourages conducting operations, while fully respecting human rights, in line with the Universal Declaration of Human Rights. We will continue to work to improve our policies and procedures to ensure slavery and human trafficking do not take place anywhere in our supply chain.

In particular, all new suppliers are subject to internal due diligence and required to confirm that their organization will comply with our Supplier Code of Conduct (available at www.atlantica.com), which includes expectations regarding sustainable development in the following areas: business integrity and ethical standards, human rights and labour standards, environmental sustainability, and reporting concerns and compliance monitoring. Through our Supplier Code of Conduct, Atlantica encourages suppliers to conduct their operations fully respecting fundamental human rights, as affirmed by the Universal Declaration of Human Rights. Atlantica joined the UNGC initiative in January 2018 and formally adopted the Ten Fundamental Principles in the fields of human rights, labour, environment and anticorruption. The UNGC and its principles are an integral part of the strategy of Atlantica and our objective is to also make it part of our suppliers' strategy. We have a responsibility to our stakeholders to be ethical and lawful in all our businesses.

We further provide our employees, shareholders and others with the whistleblower channel, a specific channel of communication with management and the governing bodies that is a means to report any misconduct, instances of non-compliance with our compliance policy framework, and unethical or unlawful behaviour, including any suspected or actual form of modern slavery taking place within the business or supply chain. The whistleblower channel is available at www.atlantica.com.

Atlantica has zero tolerance for modern slavery and we confirm that no incidents of modern slavery were reported or identified during 2021 or 2020.

We also provided training in 2021 and 2020 to members of senior management and to the rest of employees on our Code of Conduct and corporate policies, which included specific content related to human and labour rights, to promote the policy throughout our organization.

Finally, all our employees must annually read, understand, and commit to following our corporate governance policies.

Section 172 Statement

The Board is ultimately responsible for the long-term success of the Company. Our Directors are aware of their responsibility to promote the success of the Company in accordance with Section 172 of the Companies Act 2006 and have acted in accordance with these responsibilities during the year.

The Board's Approach to Section 172 and Decision-Making

The Board acknowledges that Atlantica's purpose is to support the transition towards a more sustainable world by investing in and managing sustainable infrastructure, while creating long-term value for its shareholders, employees, suppliers, customers, business partners, local communities and debt investors. As such, the Board has considered the interests of and the impact of its decisions on these stakeholders as part of its decision-making process. When making such decisions, each Director has acted in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its stakeholders.

The board believes governance of the Company is best achieved by delegation of its authority for the executive management to the CEO, subject to a set of defined limits and monitoring by the board. The board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

Stakeholder Identification and Engagement

At Atlantica, we acknowledge that our stakeholders have a broad range of interests and viewpoints. We believe that collaboration with them is key to our success. As such, we listen and do our best to gain stakeholders' trust, thus leading to a more stable and long-term relationship. Across the company, we engage with our stakeholders to obtain input that can be helpful as we execute our strategy.

We have made a two-way engagement channel available for our stakeholders to build trusting long-term relationships:

Key stakeholders	Face-to-face meetings, video or phone calls[1]	ESG Report[2]	Social Media[1]	Materiality Assessment Survey[2]	Press Releases[1]	Website Content[1]	Whistleblower Channel[3]	Annual General Meeting (AGM)[2]	Earnings Presentations[4]	Roadshows[4]	Intranet[1]	Employee Climate Survey[5]	Training[1]
Shareholders	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Employees	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓
Suppliers	✓	✓	✓	✓	✓	✓	✓						✓
Customers	✓	✓	✓	✓	✓	✓	✓						
Business Partners	✓	✓	✓	✓	✓	✓	✓						
Local Communities	✓	✓	✓		✓	✓	✓						
Debt Investors	✓	✓	✓	✓	✓	✓	✓		✓	✓			

(1) Regular or on an as-needed basis; (2) On an annual basis; (3) Always available; (4) On a quarterly basis; (5) At least every three years and intend to increase its frequency moving forward.

The Board ensures that stakeholder considerations are considered in strategic decision-making by requiring that strategic proposals include an analysis of key stakeholder impacts, which form part of the decision-making process.

Our Employees

Our people are fundamental for the long-term success of the Company. Atlantica, its Board and its management are committed to prioritizing and actively promoting health and safety. In addition, we provide a work environment free of discrimination, intimidation and harassment where everyone can participate in the success of the business. We refer to sections Health and Safety, Business Ethics, Human Rights, and People Management.

We perform an employee climate survey every three years to assess employees' satisfaction and intend to increase the frequency of this survey. The goal is to receive feedback as well as to engage with our employees. The survey is confidential, it is managed by a third-party and results are aggregated, shared and discussed with supervisors. The last climate survey was performed in October 2020, participation reached approximately 80% and the general engagement with the Company was 77%, which is above the average for similar organizations. Atlantica received high scores in several sections, including our response to COVID-19, overall experience in the Company and degree of satisfaction with immediate manager/supervisor. This survey also helped us to identify certain areas with improvement potential. Management prepared action plans for those areas. The Board receives reports on the survey results together with action plans that management intend to implement going forward.

We refer to the Employees, Diversity and Inclusion, Business Ethics, Our People and Health and Safety sections for further employee-related details and initiatives.

Key employee-related metrics followed by the Board include:

		2021	2020
Health and Safety	General Frequency Index[5]	6.0	5.0
	Frequency with Leave Index[6]	2.3	1.4
	Near Misses Unsafe Acts and Unsafe Conditions Frequency Rate	1,519	1,197
Employee	Voluntary Turnover by year-end	10.4%	7.5%
	Average Annual Training (in hours)	80	33
Percentage of Women	At Management Level	25%	24%
	Over Total Number of Employees	25%	26%

Note: Health and safety industry benchmarks provided in the Health and Safety section.

Our Shareholders and Debt Investors

The support and engagement of our shareholders, potential shareholders, debt investors and capital markets is key for the future success of our business. Continued access to capital is of vital importance to the long-term success of our business, especially considering that our strategy includes distributing a high portion of the cash we generate as dividend and growing that dividend through acquisitions and investments.

[5] General Frequency Index (GFI) represents the total number of recordable accidents with and without leave (lost time injury) recorded in the last twelve months per 1,000,000 worked hours.

[6] Frequency with Leave Index (FWLI) represents the total number of recordable accidents with leave (lost time injury) recorded in the last twelve months per 1,000,000 worked hours.

We strive to effectively communicate our strategic objectives and operating and financial performance through our engagement activities, including:

- Dialogue with shareholders, prospective shareholders and analysts, led by the Chief Executive Officer, Chief Financial Officer and Head of Investor Relations. Our Chair and Independent Directors are also available to meet institutional shareholders.
- Quarterly earnings presentations with Q&A.

Major investor relations engagement activities carried out in 2021 include:

- 139 meetings with existing and potential investors.
- Attendance at 24 investor conferences and roadshows.

Investors can contact our Head of Investor Relations or access all public information on our website (www.atlantica.com).

The Board periodically receives feedback on the views of our shareholders, including their main issues and concerns. The Board also reviews reports from sector analysts on the Company.

The Annual General Meeting ("AGM") is also an important part of effective engagement and communication with shareholders. All shareholders have the opportunity to ask questions at our AGM meetings. The Chairs of the Audit, Nominating and Corporate Governance and, Compensation Committees will be available to answer questions at that meeting.

We also maintain a dialogue with the two proxy advisory agencies covering Atlantica to explain the main resolutions included in the notice to our AGM and answer any questions they may have.

The Environment and Local Communities

Our Board of Directors believes climate change can lead to significant risks and opportunities for the Company and its stakeholders. Our strategy is focused on climate change solutions in the power and water sectors and we therefore see sustainability and climate change as a growth opportunity for us.

In 2021, Atlantica announced an ambitious greenhouse gas (GHG) objective approved by the Science Based Targets initiative (SBTi). Atlantica targets to reduce Scope 1 and 2 GHG emissions per kWh of power generated by 70% by 2035 from a 2020 base year[7]. Targets are considered 'science-based' if they are in line with the latest levels recommended by climate science to meet the goals set out in the Paris Agreement to limit global warming to "well-below 2ºC".

In addition, we have a goal to maintain over 80% of our adjusted EBITDA generated from low-carbon footprint assets such as renewable energy, storage, transmission infrastructure and water assets.

Our Board takes into consideration these targets while making decisions, including capital allocation. Our Board also monitors the main impacts that our assets may have in the environment through water use and waste.

Furthermore, we acknowledge that our day-to-day activities have impacts on nearby communities. We recognize that the communities where we operate are where some of our employees and other stakeholders live and raise their families, and where part of our future workforce is educated and

[7] The target boundary includes steam generation

trained. We foster communities' economic prosperity through local purchasing and hiring of local employees. As such, it is key for us to be both proactive and a valued member of our communities. In 2021 we updated our Community Investment and Development Policy to better reflect our commitment with local communities.

We also recognize that some communities where we are present continue to suffer the consequences of COVID-19. As such, in 2021 and 2020 we focused our efforts on mitigating COVID-19 impacts. We will continue analysing initiatives to help our surrounding communities to minimize the impact of COVID-19.

The key metrics followed by the Board are:

		2021	2020
At least 80% of adjusted EBITDA coming from low carbon footprint assets		88%	87%
GHG Emissions	Scope 1	1,795 thousand tons of CO_2	1,737 thousand tons of CO_2
	Scope 2	237 thousand tons of CO_2	199 thousand tons of CO_2
	Scope 3	800 thousand tons of CO_2	821 thousand tons of CO_2
	Total	2,832 thousand tons of CO_2	2,757 thousand tons of CO_2
	Scope 1 and 2 GHG Emission Rate per Unit of Energy Generated	191 tons of gCO_2/kWh	188 tons of gCO_2/kWh
Water Management in Power Generation	Withdrawal	1.63 m^3 per MWh	1.56 m^3 per MWh
	Discharges	0.22 m^3 per MWh	0.21 m^3 per MWh
Waste Management	Hazardous waste	2,649 tons of waste	2,482 tons of waste
	Non-hazardous waste	21,868 tons of waste	20,532 tons of waste
Community Investment and Development		Investments focused on mitigating COVID-19 pandemic consequences	Investments focused on mitigating COVID-19 pandemic consequences

For further information we refer you to the "Greenhouse Gas Emissions", "Water Management", "Waste Management" and "Community Development and Involvement Initiatives" sections in this Strategic Report.

Our Suppliers and Business Partners

We have a Supplier Code of Conduct and we expect our suppliers to adhere to it. We include our requirements in our contractual arrangements with suppliers. The Board reviews our Code of Conduct and Supplier Code of Conduct on an ongoing basis, at least once per year. In addition, we have a Modern Slavery and Human Trafficking Statement which sets out the steps taken to prevent modern slavery in our business and supply chains.

In 2021 we continued the environmental certification of our suppliers through the two-step process described in the section "Sustainable Suppliers".

In addition, we have partners in some of our assets. In some cases, such as at Solacor 1 & 2, Solaben 2 & 3, Seville PV, Kaxu, Skikda, Tenes and Chile PV 1 and 2, we have control over the asset. In other cases, such as Honaine, Monterrey or Vento II, we do not manage the projects' day-to-day operations. As an example, our partner in Vento II is EDP Renewables (EDPR), a company with ethical standards similar to those set out in our Code. In any case, our geographic VPs maintain regular engagement and dialogue with our partners. To the extent possible, considering Atlantica's

ownership interest, we try to introduce our Code of Conduct and business ethics practices in affiliates where we do not have control.

Among others, the key metrics followed by the Board are:

	2021	2020
Percentage of suppliers verified in terms of total costs	>51%	>51%
Adherence to Atlantica's Supplier Code of Conduct	~100%	~100%

Our Customers

Our assets have long-term contracts in place or regulated revenues. We have 13 clients including utilities, corporations, electric systems and government owned electricity and transmission companies.

Engagement with clients is achieved through dialogue led by geographic VPs, Country Managers and/or Asset Managers. This generally enables us to identify and react in advance to our customers' needs. We listen and do our best to gain our customers' trust, thus leading to a more stable and long-term relationship.

Strategic Decisions

In 2021, the main decisions relate to our strategy going forward and the investment in new assets.

Investments and Acquisitions

Our Board analyses and approves, if deemed appropriate, investment and acquisition opportunities proposed by our Investment Committee.

In 2021, Atlantica closed the following investments approved by the Board:

- In January 2021, we closed our second investment through our local platform with the acquisition of Chile PV 2, a 40 MW PV plant. This asset started commercial operation in 2017 and its revenue is partially contracted. Total equity investment in this new asset was approximately $5 million. The platform intends to make further investments in renewable energy in Chile and sign PPAs with creditworthy off-takers.
- In January 2021, we closed the acquisition of a 42.5% equity interest in Rioglass, a supplier of spare parts and services in the solar industry, increasing our equity interest to 57.5%. In addition, on July 22, 2021 we exercised the option to acquire the remaining 42.5% equity interest in Rioglass. The total investment made in 2021 to acquire the additional 85% equity interest, resulting in a 100% ownership, was approximately $17 million. We have fully consolidated Rioglass in our EMEA and Renewables segments.
- In April 2021, we closed the acquisition of Coso, a 135 MW renewable asset in California. Coso is the third largest geothermal plant in the United States and provides base load renewable energy to the California Independent System Operator (California ISO). It has PPAs signed with a 18-year average contract life. The total equity investment was approximately $130 million, which was paid in April 2021. In addition, on July 15, 2021, we paid an additional amount of $40 million to reduce project debt.
- In May 2021, we closed the acquisition of Calgary District Heating, a district heating asset in Canada, for a total equity investment of approximately $23 million. The asset has availability-based revenue with inflation indexation and 20 years of weighted average contract life. Contracted capacity and volume payments represent approximately 80% of the total revenue.

- In June 2021, we closed the acquisition of a 49% interest in Vento II, a 596 MW wind portfolio in the U.S. for a total equity investment of $198 million. EDP Renewables owns the remaining 51%.
- In August 2021, we closed the acquisition of Italy PV 1 and Italy PV 2, two solar PV plants in Italy with a combined capacity of 3.7 MW for a total equity investment of $9 million. Italy PV 1 and Italy PV 2 have regulated revenues under a feed in tariff until 2030 and 2031, respectively.
- In November 2021, we closed the acquisition of La Sierpe, a 20 MW solar asset in Colombia for a total equity investment of approximately $24 million. The asset was acquired under our ROFO agreement with Algonquin.
- In December 2021, we closed the acquisition of Italy PV 3, a 2.5 MW solar portfolio in Italy for a total equity investment of approximately $4 million. The four assets in the portfolio have regulated revenues under a feed in tariff until 2032.

When approving these investments, the Board continued to promote a low-carbon energy industry and a business model based on sustainable development. The Board considered our long-term growth plan, expected returns for each acquisition, impact on GHG emissions and environmental targets, synergies with existing assets, risks involved in each asset acquisition (operational, country and off-taker credit risk, etc.), potential impacts to communities and the environment. The Board also considered resources available to finance these acquisitions in the context of our broader growth plan. While deciding on acquisitions and investments, the Board took into consideration the interest of all our stakeholders.

Corporate Financing

In 2021 the Board approved the Green Senior Notes for $400 million, maturing in 2028. The proceeds were used to fully prepay the Note Issuance Facility 2019 and finance investments and acquisitions.

In addition, in August 2021 we established an "at-the-market program" (ATM) under which we may offer and sell up to $150 million of our ordinary shares. During 2021 we issued and sold 1.6 million shares, representing net proceeds of $61.4 million.

When approving these financings, the Board took into consideration our strategic growth plan, the Company's corporate leverage and how the financing decisions affect all our stakeholders. The Board also considered the impact of their decisions on shareholders and debt investors and concluded that the financing transactions would promote the long-term success of the Company.

Dividends

In 2021, the Board decided to pay total dividends of $1.715 per share to our shareholders in quarterly dividends, a 3.3% increase with respect to the previous year. Details of the dividend policy are included in Directors' Report, where we explain our long-term approach to dividends. The Board decides the dividend on a quarterly basis. The Directors considered the performance of our assets, cash available for distribution generated in the period, available liquidity under our financing arrangements and investment plans of the Company. The Directors also considered the net corporate debt position of the Company.

When analyzing these acquisitions, the Board considered our long-term growth plan, the current financial structure of the Company, including compliance with obligations under financing agreements and potential access to different financing sources, among other factors. The Board

took into consideration the interest of shareholders and debt investors. The Board deliberated on and concluded that the level of dividends approved would promote the long-term success of the Company.

Going Concern Basis

The Group has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding in their going concern assessment covering the period to March 31, 2023. The Directors have a reasonable expectation that the Group and Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Company's standalone financial statements. For further information, please refer (Note 2.1) of the consolidated financial statements for the going concern basis.

Approval

This Strategic Report was approved by the Board of Directors on February 25, 2022 and signed on its behalf by Santiago Seage, Director and Chief Executive Officer.

Director and Chief Executive Officer

Santiago Seage

February 25, 2022

Directors' Report

The directors are pleased to present their Consolidated Annual Report on the affairs of the Company and its subsidiaries, together with the Consolidated Financial Statements and Auditor's Report, for the year ending December 31, 2021.

Strategic Report

The Strategic Report was prepared in accordance with the Companies Act, 2006 which requires the Company to set out a fair review of our business during the financial year, including a financial analysis at year-end and the trends and factors likely to affect the future development, performance and position of the business.

Review of Business and Future Developments

The Strategic Report includes an indication of likely future developments in our business.

Dividends

We intend to distribute a significant portion of our cash available for distribution as dividends, after considering the cash available for distribution that we expect our assets will be able to generate, less reserves for the prudent conduct of our business (including reserves for, among other things, dividend shortfalls as a result of fluctuations in our cash flows), on an annual basis. We intend to distribute a quarterly dividend to shareholders. Our Board of Directors may, by resolution, amend the cash dividend policy at any time. We intend to grow our business via organic growth through the optimization of the existing portfolio and expansion of our current assets and through investments in and acquisitions of new assets. We believe this will facilitate the growth of our cash available for distribution and enable us to increase our dividend per share over time. However, the determination of the amount of cash dividends to be paid to holders of our shares will be made by our Board of Directors and will depend upon our financial condition, results of operations, cash flow, long-term prospects and any other matters that our Board of Directors deem relevant.

Our cash available for distribution is likely to fluctuate from quarter to quarter, in some cases significantly, as a result of the seasonality of our assets, the terms of our financing arrangements and maintenance and outage schedules, among other factors. Accordingly, during quarters in which our assets generate cash available for distribution in excess of the amount necessary for us to pay our stated quarterly dividend, we may reserve a portion of the excess to fund cash distributions in future quarters. During quarters in which we do not generate sufficient cash available for distribution to fund our stated quarterly cash dividend, if our Board of Directors so determines, we may use retained cash flow from other quarters, and other sources of cash, to pay dividends to our shareholders.

Dividends paid in 2021 were:

Declared	Record	Paid	Amount (US$)
Nov 9, 2021	Nov 30, 2021	Dec 15, 2021	0.435
July 30, 2021	Aug 31, 2021	Sep 15, 2021	0.43
May 4, 2021	May 31, 2021	June 15, 2021	0.43
Feb 26, 2021	March 12, 2021	March 22, 2021	0.42
		Total	**1.715**

On February 25, 2022, our Board of Directors approved a dividend of $0.44 per share which is expected to be paid on March 25, 2022 to shareholders on the record as of March 14, 2022.

Risks Regarding Our Cash Dividend Policy

There is no guarantee that we will pay quarterly cash dividends to our shareholders. We do not have a legal obligation to pay any dividend. While we currently intend to grow our business and increase our dividend per share over time, our cash dividend policy is subject to all the risks inherent in our business and may be changed at any time as a result of certain restrictions and uncertainties, including the following:

- The amount of our quarterly cash available for distribution could be impacted by restrictions on cash distributions contained in our project-level financing arrangements, which require that our project-level subsidiaries comply with certain financial tests and covenants in order to make such cash distributions. Generally, these restrictions limit the frequency of permitted cash distributions to semi-annual or annual payments, and prohibit distributions unless specified debt service coverage ratios, historical and/or projected, are met. When forecasting cash available for distribution and dividend payments we have aimed to take these restrictions into consideration, but we cannot guarantee future dividends. In addition, restrictions or delays on cash distributions could also happen if our project finance arrangements are under an event of default.
- Additionally, indebtedness we have incurred under the Green Senior Notes, the Note Issuance Facility 2020, the 2020 Green Private Placement and the Revolving Credit Facility contain, among other covenants, certain financial incurrence and maintenance covenants, as applicable.
- We and our Board of Directors have the authority to establish cash reserves for the prudent conduct of our business and for future cash dividends to our shareholders, and the establishment of or increase in those reserves could result in a reduction in cash dividends from levels we currently anticipate pursuant to our stated cash dividend policy. These reserves may account for the fact that our project-level cash flows may vary from year to year based on, among other things, changes in the operating performance of our assets, operational costs, capital expenditures required in the assets, collections from our off-takers, compliance with the terms of project debt including debt repayment schedules and cash reserve accounts requirements, compliance with the terms of corporate debt, compliance with all the applicable laws and regulations and working capital requirements. Our Board of Directors may increase the reserves to account for the seasonality that has historically existed in our assets' cash flows and the variances in the pattern and frequency of distributions to us from our assets during the year.
- We may lack sufficient cash to pay dividends to our shareholders due to cash flow shortfalls attributable to a number of operational, commercial or other factors, including low availability,

low production, unexpected operating interruptions, legal liabilities, costs associated with governmental regulation, changes in governmental subsidies, delays in collections from our off-takers, changes in regulation, as well as increases in our operating and/or general and administrative expenses, principal and interest payments on our and our subsidiaries' outstanding debt, income tax expenses, failure of Abengoa to comply with its obligations under the agreements in place, working capital requirements or anticipated cash needs at our project-level subsidiaries.

- We may pay cash to our shareholders via capital reduction in lieu of dividends in some years.
- Our project companies' cash distributions to us (in the form of dividends or other forms of cash distributions such as shareholder loan repayments) and, as a result, our ability to pay or grow our dividends, are dependent upon the performance of our subsidiaries and their ability to distribute cash to us. The ability of our project-level subsidiaries to make cash distributions to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable corporation laws and other laws and regulations.
- Our Board of Directors may, by resolution, amend the cash dividend policy at any time. Our Board of Directors may elect to change the amount of dividends, suspend any dividend or decide to pay no dividends even if there is ample cash available for distribution.

Our Ability to Grow our Business and Dividend

We intend to grow our business via organic growth through the optimization of the existing portfolio, repowering, hybridization with other technologies, and expansion of our current assets and through investments in and acquisitions of new assets, which, we believe will facilitate the growth of our cash available for distribution and enable us to increase our dividend per share over time. Our policy is to distribute a significant portion of our cash available for distribution as a dividend. However, the final determination of the amount of cash dividends to be paid to our shareholders will be made by our Board of Directors and will depend upon our financial condition, results of operations, cash flow, long-term prospects and any other matters that our Board of Directors deems relevant.

We expect we will rely primarily upon external financing sources, including commercial bank borrowings and issuances of debt and equity securities, to fund any future growth capital expenditures. To the extent we are unable to finance growth externally, our cash dividend policy could significantly impair our ability to grow because we do not currently intend to reserve a substantial amount of cash generated from operations to fund growth opportunities. If external financing is not available to us on acceptable terms, our Board of Directors may decide to finance investments with cash from operations, which would reduce or impair our ability to pay dividends to our shareholders. To the extent we issue additional shares to fund our business, our growth or for any other reason, the payment of dividends on those additional shares may increase the risk that we will be unable to maintain or increase our per share dividend level. Additionally, the incurrence of additional commercial bank borrowings or other debt to finance our growth would result in increased interest expense, which in turn may impact our cash available for distribution and, in turn, our ability to pay dividends to our shareholders.

Capital Structure

Details of the share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 13 to the Consolidated Financial Statements. The

Company has one class of ordinary shares which are listed on the NASDAQ Global Select Market under the symbol "AY." Our shares carry no right to fixed income and each share provides the owner the right to one vote at general meetings of the Company.

When Algonquin acquired a 25% stake in our equity, Atlantica signed a Shareholders Agreement with Algonquin, which set forth that, if and to the extent provided in our articles of association, Algonquin had the right to appoint to our board the maximum number of directors that corresponds to Algonquin's holding of voting rights as per articles of association but in no event more than (i) such number of directors as corresponds to 41.5% of our voting securities; and (ii) 50% of our board less one, and if the resulting number is not a whole number, it shall be rounded up to the next whole number. In 2019, Algonquin completed the purchase of 3,384,402 ordinary shares and increased its equity interest in Atlantica to 44.2%.

On December 11, 2020 Atlantica closed an underwritten public offering of 5,069,200 ordinary shares (including those sold pursuant to the underwriters' over-allotment option) at a price of $33 per new share. Algonquin Power & Utilities Corp. purchased 4,020,860 ordinary shares of the Company in a private placement, which closed on January 7, 2021, which represents the pro-rata number of shares required to maintain their previous equity ownership in the Company. As a result, as of January 7, 2021 Algonquin was the beneficial owner of 48,962,925 ordinary shares, representing 44.2% of the issued and outstanding ordinary shares.

On August 3, 2021, we established an "at-the-market program" and entered into the Distribution Agreement with J.P. Morgan Securities LLC, as sales agent, under which we may offer and sell from time to time up to $150 million of our ordinary shares, including in "at-the-market" offerings under our universal shelf registration statement on Form F-3 and a prospectus supplement that we filed on August 3, 2021. On the same date we entered into the ATM Plan Letter Agreement with Algonquin, pursuant to which we will offer Algonquin the right but not the obligation, on a quarterly basis, to purchase a number of ordinary shares to maintain its percentage interest in Atlantica. During the third and fourth quarters, we have issued 1.6 million shares under the program at an average market price of $38.43 per share pursuant to our Distribution Agreement, representing gross proceeds of $62 million and net proceeds of $61.4 million. Pursuant to the ATM Plan Letter Agreement, we deliver a notice to Algonquin quarterly in order for them to exercise their rights thereunder.

As of December 31, 2021, Algonquin owned 48,962,925 ordinary shares, representing a 43.6% of the issued and outstanding ordinary shares.

In addition, as of December 31, 2021, there was no treasury stock and there have been no transactions with treasury stock during the period then ended.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the SEC listing rules, the U.K. Companies Act 2006 and related legislation. The Articles of Association may be amended by special resolution of the shareholders.

Substantial Shareholdings

Name	Ordinary Shares Beneficially Owned	Percentage
5% Beneficial Owners		
Algonquin (AY Holdco) B.V.” [(1)]	48,962,925	43.6%
Morgan Stanley [(2)]	5,677,200	5.1%

Notes:

(1) This information is based solely on the Schedule 13D filed on August 4, 2021 by Algonquin Power & Utilities Corp., a corporation incorporated under the laws of Canada. The direct beneficial owner of the shares is Algonquin (AY Holdco) B.V.

(2) This information is based solely on the Schedule 13G filed on February 10, 2022 by Morgan Stanley, corporation incorporated under the laws of Delaware. The registered address of Morgan Stanley is 1585 Broadway New York, NY 10036.

To the best of our knowledge and based on public information, the rest of our shareholders are mainly United States-based institutional investors.

Change of Control

If any investor acquires over 50.0% of our shares or if our ordinary shares cease to be listed on the NASDAQ or similar stock exchange, we may be required to refinance all or part of our corporate debt or obtain waivers from the related noteholders or lenders, as applicable, due to the fact that all of our corporate financing agreements contain customary change of control provisions and delisting restrictions. If we fail to obtain such waivers and the related noteholders or lenders, as applicable, elect to accelerate the relevant corporate debt, we may not be able to repay or refinance such debt (on favourable terms or at all), which may have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, in the event of a change of control we could see an increase in the yearly state property tax payment in Mojave, which would be reassessed by the tax authority at the time the change of control potentially occurred. Our best estimate with current information available and subject to further analysis is that we could have an incremental annual payment of property tax of approximately $10 million to $12 million, which could potentially decrease progressively over time as the asset depreciates. Additionally, an ownership change under section 382 could be triggered and could have a significant negative impact on our tax positions in the U.S.

Furthermore, in order to protect the Company's know-how and to ensure continuity in terms of attainment of business objectives, the policy approved by our shareholders at the 2017 Annual General Meeting, introduced certain termination payments to key executives, including the Chief Executive Officer in the case of a change of control. This is addressed in the Policy on Payments for Loss of Office section of this report.

A change of control means that a third party or coordinated parties: (i) acquire directly or indirectly by any means a number of shares in the Company which (together with the shares that such party may already hold in the Company) amount to more than 50% of the share capital of the Company or, (ii) appoint or have the right to appoint at least half of the members of the Board of Directors of the Company.

In addition, if there is a change in control, all awards under long-term incentives shall vest in full on the date of the change in control.

Directors

Our board is comprised of eight directors.

All the directors meet the U.S. securities or NASDAQ's qualifications from independence except our CEO. Atlantica's Board has determined that Mr. Banskota and Mr. Trisic are not independent based on their employment relationship with Algonquin, which is currently Atlantica's largest shareholder with a 43.6% ownership. The Board has also determined that the rest of the non-executive directors, Mr. Aziz, Ms. Del Favero, Ms. Eprile, Mr. Forsayeth and Mr. Woollcombe are independent.

			Committee Memberships(*)			
Name, Primary Occupation	**Independent**	**Other Public Company Boards**	**A**	**N&CG**	**C**	**RPT**
William Aziz *President and Chief Executive Officer of BlueTree Advisors Inc.*	Yes	1	✓		★	✓
Arun Banskota *President and Chief Executive Officer of Algonquin*	No	1				
Debora Del Favero *Co-Founder of CMC Capital Limited*	Yes	-		★	✓	
Brenda Eprile *Director and Chair of the Audit Committee of Westport Fuel Systems Inc.*	Yes	1	★			✓
Michael Forsayeth *Former Chief Executive Officer and Director of Granite Real Estate Investment Trust*	Yes	-	✓	✓		★
Santiago Seage *Chief Executive Officer of the Company*	No	-				
George Trisic *Chief Governance Officer and Corporate Secretary of Algonquin*	No	-				
Michael Woollcombe *Partner of Voorheis & Co. LLP and Executive Vice-President of VC & Co. Inc.*	Yes	-				

(*) A = Audit Committee; N&CG = Nominating and Corporate Governance Committee C = Compensation Committee; RPT = Related Parties Transactions Committee

★ Chair ✓ Member

The Board is committed to promoting the success of the Company. The Board is responsible to shareholders for its performance and for the strategy and management of the Company, its values, its governance, and its business.

Directors are obliged, among other duties, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. All directors are expected to spend the time and effort necessary to properly discharge their responsibilities.

The main objectives of the Board may be summarized as follows:

- Providing entrepreneurial leadership;
- Setting strategy;
- Ensuring the human and financial resources are available to achieve objectives;

- Reviewing management performance;
- Setting the company's values and standards; and
- Ensuring that obligations to shareholders and other stakeholders are understood and met.

Under English law, the Board of Directors is responsible for management, administration and representation of all matters concerning the relevant business, subject to the provisions of relevant constitutional documents, applicable laws and regulations, and resolutions duly adopted at general shareholders' meetings.

In addition, the Board of Directors is entitled to delegate its powers to an executive committee or other delegated committee or to one or more persons, unless the shareholders, through a meeting, have specifically delegated certain powers to the Board and have not approved the Board of Director's delegation to others.

The Board has established four Board Committees:

- **Audit Committee**, with responsibilities including monitoring the integrity of the company's financial statements, reviewing internal control and risk management system, as well as the Company's relationship with external auditors;
- **Compensation Committee**, mainly responsible for setting the remuneration for directors and recommending and monitoring remuneration for senior management;
- **Nominating and Corporate Governance Committee**, responsible for leading the process for board appointments; and
- **Related Party Transactions Committee**, responsible for identifying and evaluating existing relationships between counterparties and transactions with related parties.

The Board has delegated certain responsibilities to these committees. Membership, roles, duties and authority of these committees are described in their Terms of Reference, available in the website of the Company (www.atlantica.com). Terms of Reference are reviewed and updated by the Board on a yearly basis.

The directors, who served throughout 2021, and to the date of this report, were as follows:

Name	Role	Term
William Aziz	Director, Independent	Appointed on May 5, 2020.
Arun Banskota	Director	Appointed on April 28, 2020.
Debora Del Favero	Director, Independent	Appointed on May 5, 2020.
Brenda Eprile	Director, Independent	Appointed on May 5, 2020.
Michael Forsayeth	Director, Independent	Appointed on May 5, 2020.
Santiago Seage	Director and Chief Executive Officer	Appointed on December 17, 2013, resigned March 9, 2018, re-appointed on December 19, 2018 and elected on June 20, 2019.
George Trisic	Director	Appointed on October 9, 2020.
Michael Woollcombe	Director, Independent and Chair of the Board	Appointed on May 5, 2020.

There are no family relationships among any of our executive officers or directors. There are no potential conflicts of interest between the private interests or other duties of the members of the Board of Directors listed above and their duties to Atlantica, except in the case of Mr. Arun Banskota and Mr. George Trisic who serve as President and Chief Executive Officer, and Chief Governance Officer respectively, at Algonquin.

Detailed biographical information on Atlantica's Board of Directors is available on our website. In 2020, Directors' appointments resulted in a balanced Board structure in terms of diverse professional and industry backgrounds (i.e., financial, legal and regulatory, governance, diversity and social responsibility, energy sector, etc.), gender and geographical experience (i.e., experience in international business environments). The Directors' appointment enhanced making good use of complementary views, insights and opinions to assess problems from a broader point of view, and making it more likely that the Board will take into account the best interests of all stakeholders.

Board member profiles:

Michael Woollcombe

Chair of the Board

Director Since: 2020
Year of Birth: 1968
Independent

Michael Woollcombe has been a Partner of Voorheis & Co. LLP and Executive Vice-President of VC & Co. Inc. for more than 20 years. Mr. Woollcombe is one of the leading special situations advisors in Canada and has been centrally involved in directing numerous high-profile shareholder disputes, proxy contests, M&A transactions, special committee mandates, internal and independent corporate investigations and complex restructurings. Mr. Woollcombe holds a Bachelor of Commerce (Honours) from Queen's University and an LLB from the University of Western Ontario.

KEY SKILLS AND EXPERIENCE

- Governance / Other Directorships
- Stakeholder
- Mergers & Acquisitions /Growth Strategy
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management
- Governance, Diversity & Social Responsibility

BOARD AND COMMITTE ATTENDANCE FOR 2021: 11/11 MEETINGS – 100%

- Board: 11 of 11

VOTING RESULTS FOR 2021 ELECTION

For: 82,487,205 (99.85%) / Withheld: 68,965 (0.08%) / Against: 58,894 (0.07%)

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: 5,000
- Deferred Share Units: 4,117
- Total Value Shares & DSUs ($'000) (1): 326

SHAREHOLDING REQUIREMENTS

- 3x fixed compensation: to be met in a 5-year period

(1) Assuming a share price of $35.76 as of December 31, 2021.
(2) Includes non-vested Share Units as of December 31, 2021.

Santiago Seage

CEO of Atlantica

Director Since: 2015
Year of Birth: 1969
Executive
Non-Independent

Santiago Seage has served as a director since our formation in 2014 until March 2018 and from December 2018. Mr. Seage has served as our Chief Executive Officer since our formation, except for the six-month period between May and November 2015, while he was Chairman of our Board and Chief Executive Officer of Abengoa. Prior to the foregoing, he served as Abengoa Solar's CEO beginning in 2006. Before joining Abengoa, he was a partner with McKinsey & Company.

Mr. Seage holds a degree in Business Management from ICADE University in Madrid.

KEY SKILLS AND EXPERIENCE

- CEO / Senior Executive
- Governance / Other Directorships
- Stakeholder
- Energy Sector
- Mergers & Acquisitions / Growth Strategy
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management
- Health & Safety, Climate Change, Environment
- Governance, Diversity & Social Responsibility

BOARD AND COMMITTE ATTENDANCE FOR 2021: 11/11 MEETINGS – 100%

- Board: 11 of 11

VOTING RESULTS FOR 2021 ELECTION

For: 82,194,768 (99.49%) / Withheld: 71,761 (0.09%) / Against: 348,535 (0.42%)

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: 55,666
- Share Units(2): 120,880
- Total Value Shares & DSUs ($'000)(1): 6,313

SHAREHOLDING REQUIREMENTS

- 6x fixed compensation

Arun Banskota

Director Since: 2020
Year of Birth: 1961
Non-Independent

Arun Banskota is the President and Chief Executive Officer of Algonquin. Mr. Banskota joined Algonquin in February 2020 and has 30 years of experience in senior roles from a combination of industries such as renewable energy development, construction, financing, and operations. He has also served as manager of multiple large business units and three start-ups in the clean-tech space.

Mr. Banskota holds a Masters of Arts from the University of Denver, and a Master of Business Administration from the University of Chicago.

KEY SKILLS AND EXPERIENCE

- CEO / Senior Executive
- Governance / Other Directorships
- Stakeholder
- Energy Sector
- Mergers & Acquisitions / Growth Strategy
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management
- Health & Safety, Climate Change, Environment
- Governance, Diversity & Social Responsibility

BOARD AND COMMITTE ATTENDANCE FOR 2021: 11/11 MEETINGS – 100%

- Board: 11 of 11

VOTING RESULTS FOR 2021 ELECTION

For: 82,125,778 (99.41%) / Withheld: 70,677 (0.09%) / Against: 418,609 (0.51%)

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: -
- Deferred Share Units: -
- Total Value Shares & DSUs ($'000) : -

SHAREHOLDING REQUIREMENTS

- Non-applicable

George Trisic

Director Since: 2020
Year of Birth: 1960
Non-Independent

George Trisic is the Chief Governance Officer of Algonquin. Mr. Trisic is responsible for leading the sustainability and government affairs. He has broad experience managing high growth, start up and expanding businesses across multiple sites and regions. His skill set includes leading multi-functional groups in finance, human resources, legal and IT in a senior executive role.

Mr. Trisic holds a Bachelor of Law Degree from the University of Western Ontario. Additionally, he holds a Chartered Director certification from the Directors College (McMaster University).

KEY SKILLS AND EXPERIENCE

- CEO / Senior Executive
- Governance
- Stakeholder
- Energy Sector
- Mergers & Acquisitions / Growth Strategy
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management
- Health & Safety, Climate Change, Environment
- Governance, Diversity & Social Responsibility

BOARD AND COMMITTE ATTENDANCE FOR 2021: 11/11 MEETINGS – 100%

- Board: 11 of 11

VOTING RESULTS FOR 2021 ELECTION

For: 82,181,398 (99.48%) / Withheld: 73,699 (0.09%) / Against: 359,967 (0.44%)

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: 1,000
- Deferred Share Units: -
- Total Value Shares & DSUs ($'000)[1] : 36

SHAREHOLDING REQUIREMENTS

- Non-applicable

(1) Assuming a share price of $35.75 as of December 31, 2021.

William Aziz

Director Since: 2020
Year of Birth: 1956
Independent

William Aziz is the President and Chief Executive Officer of BlueTree Advisors Inc. Mr. Aziz is a director and Chair of the Audit Committee of TSX-listed Maple Leaf Foods Inc. and a member of the Advisory Board for Fengate Real Assets. He has served as a director of a number of publicly-traded companies.

Mr. Aziz is a graduate of the Ivey School of Business at Western University in Honors Business Administration. He is also a Chartered Professional Accountant and holds the ICD.D. designation. Mr. Aziz also completed the Institute of Corporate Directors Governance College at the Rotman School of Business, University of Toronto.

KEY SKILLS AND EXPERIENCE

- Governance / Other Directorships
- Stakeholder
- Energy Sector
- Mergers & Acquisitions / Growth Strategy
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management

BOARD AND COMMITTE ATTENDANCE FOR 2021: 21/21 MEETINGS – 100%

- Board: 11 of 11
- Audit Committee: 4 of 4
- Compensation Committee: 2 of 2
- Related Parties Transactions Committee: 4 of 4

VOTING RESULTS FOR 2021 ELECTION

For: 82,427,385 (99.77%) / Withheld: 73,941 (0.09%) / Against: 113,738 (0.14%)

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: 2,500
- Deferred Share Units: -
- Total Value Shares & DSUs ($'000)(1): 89

SHAREHOLDING REQUIREMENTS

- 3x fixed compensation: to be met in a 5-year period

Debora Del Favero

Director Since: 2020
Year of Birth: 1964
Independent

Debora Del Favero is the Co-Founder of CMC Capital Limited, a U.K.-based corporate finance advisory boutique specialized in M&A. Ms. Del Favero is a senior executive with deep international mergers & acquisitions and corporate finance experience including the renewables sector. Previously, for over 17 years, she held senior roles in the London and New York offices of the Investment Banking Division of Credit Suisse.

Ms. Del Favero holds a Masters of Arts in Economics and Business Administration from Bocconi University in Milan, Italy, with a focus on corporate finance and commercial law.

KEY SKILLS AND EXPERIENCE

- Mergers & Acquisitions / Growth Strategy
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management

BOARD AND COMMITTE ATTENDANCE FOR 2021: 15/15 MEETINGS – 100%

- Board: 11 of 11
- Compensation Commitee: 2 of 2
- Nominating & Corporate Governance Committee: 2 of 2

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: -
- Deferred Share Units: 878
- Total Value Shares & DSUs ($'000) (1): 31

VOTING RESULTS FOR 2021 ELECTION

For: 82,405,990 (99.75%) / Withheld: 62,506 (0.08%) / Against: 146,568 (0.18%)

SHAREHOLDING REQUIREMENTS

- 3x fixed compensation: to be met in a 5-year period

(1) Assuming a share price of $35.75 as of December 31, 2021.

Brenda Eprile

Director Since: 2020

Year of Birth: 1954

Independent

Brenda Eprile sits on a variety of public and private company boards. She currently chairs the board of Global Container Terminals Inc. and is also is a director and Chair of the Audit Committee of Westport Fuel Systems Inc. Ms. Eprile has been a director of Westport since 2013, and previously served as Chair of the Board and as Chair of the HRC Committee. From 2000 to 2012, Ms. Eprile was a Senior Partner at PwC and led its Canadian Risk Advisory Services practice.

Ms. Eprile is a Fellow Chartered Professional Accountant and holds the ICD.D. designation. She also holds an MBA from the Schulich School of Business at York University.

KEY SKILLS AND EXPERIENCE

- Governance / Other Directorships
- Stakeholder
- Energy Sector
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management
- Governance, Diversity & Social Responsibility

BOARD AND COMMITTE ATTENDANCE FOR 2021: 21/21 MEETINGS – 100%

- Board: 11 of 11
- Audit Committee: 4 of 4
- Related Parties Transactions Committee: 4 of 4

VOTING RESULTS FOR 2021 ELECTION

For: 82,464,087 (99.82%) / Withheld: 63,394 (0.08%) / Against: 87,583 (0.11%)

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: 5,500
- Deferred Share Units: -
- Total Value Shares & DSUs ($'000) (1): 197

SHAREHOLDING REQUIREMENTS

- 3x fixed compensation: to be met in a 5-year period

(1) Assuming a share price of $35.76 as of December 31, 2021.

Michael Forsayeth

Director Since: 2020

Year of Birth: 1954

Independent

Michael Forsayeth is an experienced business leader having held Chief Executive Officer, Chief Financial Officer and other senior executive positions in several large public and private real estate, hospitality, foodservice and other businesses over his career. Mr. Forsayeth was CEO and a director of Granite Real Estate Investment Trust. Prior to this he served as Granite's Chief Financial Officer.

Mr. Forsayeth is a CPA and CA and spent nine years with Coopers & Lybrand (now PwC) in various areas including the audit practice and a secondment in its London, England office. Mr. Forsayeth holds a Bachelor of Commerce (Honours) from Queen's University.

KEY SKILLS AND EXPERIENCE

- CEO / Senior Executive
- Other Directorships
- Stakeholder
- Mergers & Acquisitions / Growth Strategy
- Compensation & Human Resources
- Financial
- Legal & Regulatory
- International
- Enterprise Risk Management
- Health & Safety
- Governance, Diversity & Social Responsibility

BOARD AND COMMITTE ATTENDANCE FOR 2021: 21/21 MEETINGS – 100%

- Board: 11 of 11; Audit Committee: 4 of 4
- Nominating and Corporate Governance Committee : 2 of 2
- Related Parties Transactions Committee: 4 of 4

VOTING RESULTS FOR 2021 ELECTION

For: 82,433,939 (99.78%) / Withheld: 69,519 (0.08%) / Against: 111,606 (0.14%)

COMMON SHARES AND SHARE EQUIVALENTS

- Common Shares: 2,500 ; Deferred Share Units: 1,372; Total Value Shares & DSUs ($'000)(1): 138

SHAREHOLDING REQUIREMENTS

- 3x fixed compensation: to be met in a 5-year period

	Total	William Aziz	Arun Banskota	Debora Del Favero	Brenda Eprile	Michael Forsayeth	Santiago Seage	George Trisic	Michael Woollcombe
Independent (in accordance with the Board of Directors' determination[8])	**5**	✓		✓	✓	✓			✓
CEO/Senior Executive: CEO or senior executive experience with a large publicly traded organization	**4**		✓			✓	✓	✓	
Governance/ Other Directorships: Director of public company and/or significant governance role	**7**	✓	✓		✓	✓	✓	✓	✓
Stakeholder: Experience in managing stakeholders or represents stakeholder group	**7**	✓	✓		✓	✓	✓	✓	✓
Energy Sector: Senior executive experience in the energy sector	**5**	✓	✓		✓		✓	✓	
Mergers & Acquisitions /Growth Strategy: Senior executive experience with mergers, acquisitions and/or business growth strategy	**7**	✓	✓	✓		✓	✓	✓	✓
Compensation and Human Resources: Understanding and experience with human resources issues and compensation policies	**8**	✓	✓	✓	✓	✓	✓	✓	✓
Financial: Senior financial executive experience / Corporate or project finance/ Capital allocation	**8**	✓	✓	✓	✓	✓	✓	✓	✓
Legal and Regulatory: Legal and regulatory experience	**8**	✓	✓	✓	✓	✓	✓	✓	✓
International: Experience in international business environments	**8**	✓	✓	✓	✓	✓	✓	✓	✓
Enterprise Risk Management:	**8**	✓	✓	✓	✓	✓	✓	✓	✓
Health and Safety, Climate Change, Environment	**4**		✓			✓	✓	✓	
Governance, Diversity and Social Responsibility	**6**		✓		✓	✓	✓	✓	✓

Membership and Attendance

The table below outlines membership and attendance to our board during 2021.

Director	Membership		Role	Attendance / Eligible to attend [(1)]
	From	To		
William Aziz	May 2020	n/a	Director, Independent	11/11
Arun Banskota	April 2020	n/a	Director	11/11
Debora Del Favero	May 2020	n/a	Director, Independent	11/11
Brenda Eprile	May 2020	n/a	Director, Independent	11/11
Michael Forsayeth	May 2020	n/a	Director, Independent	11/11
Santiago Seage	Dec' 2018	n/a	Director and Chief Executive Officer	11/11
George Trisic	Oct' 2020	n/a	Director	11/11
Michael Woollcombe	May 2020	n/a	Director, Independent and Chair of the Board	11/11

[(1)] Does not include matters approved by Director's Written Resolution.

Senior management attend meetings by invitation of the Board.

2021 Key Activities

In 2021, the Board of Directors held 11 meetings and adopted four written resolutions.

Major areas of focus of the Board during 2021 have been as follows:

- Review of health and safety issues;
- Review the action plan to continue improving in ESG (Environmental, Social and Governance);
- Review and approval of the strategy of the Company: growth plan, key priorities and risks;
- Review of assets' performance and main technical issues;
- Approval and review of the budget of the Company;
- Review and approval of quarterly and annual accounts;
- Approval of significant transactions (acquisitions, partnerships, etc.);
- Review of capital markets updates; and
- Approval of dividends.

Directors' Indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and are in force at the date of this report.

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[8] Atlantica's Board has determined that Mr. Banskota and Mr. Trisic are not independent based on their employment relationship with Algonquin, which is currently Atlantica's largest shareholder with a 43.5% ownership. The Board has also determined that the rest of the non-executive directors, Mr. Aziz, Ms. Del Favero, Ms. Eprile, Mr. Forsayeth and Mr. Woollcombe are independent.

Financial Instruments

Information about the use of financial instruments by the Company is given in note 8 to the Consolidated Financial Statements. In addition, a detailed analysis of risk, including liquidity, interest rate, foreign exchange and credit risks is provided in sections "Principal risks and uncertainties" and "Financial Risk Management" of our Strategic report.

Environmental Reporting

Environmental information such as our (i) GHG emissions and, (ii) quantity of energy consumed from activities for which the company is responsible for and from the purchase of electricity, heat, steam or cooling by the company for its own use is disclosed in the Strategic Report.

Employees

Information on Atlantica's employees and its policies can be found in the Strategic Report.

Anti-Slavery and Human Trafficking Statement

Atlantica has published its anti-slavery and human trafficking statement in accordance with the Modern Slavery Act, 2015, which can be found on www.atlantica.com. Additional information is provided in the Strategic Report.

Political Contributions

It is the Company's policy that neither the Company nor any of its subsidiaries may, under any circumstances, make donations or contributions to political organisations, political campaigns, lobbyists or lobbying organizations nor other tax-exempt groups. Thus, no political donations or contributions were made during 2021 nor 2020.

Research and Development

Our business model relies on using proven third-party technologies at our assets and we therefore do not plan to invest significant amounts on R&D. Nevertheless, considering that delivering solid operational performance is key for us, we do work on certain innovative technologies that can help us to better manage our assets and maximize their value. As a result, we have reinforced our internal teams responsible for big data and artificial intelligence capabilities in order to improve our real-time predictive maintenance.

Corporate Governance Statement

Atlantica, as a non-premium listed company, is not required to implement the provisions of the UK Corporate Governance Code (the "Code") and has chosen to follow the requirements of the NASDAQ Listing Rules in terms of corporate governance.

Our Board is responsible collectively for providing leadership within a framework of appropriate and effective controls that enable us to assess the risk and then manage it promoting the success of the Company. The Board is also responsible for the effective oversight of the Company's strategy and performance, financial reporting, internal control and risk management framework, and corporate governance processes. It is also ultimately accountable to shareholders for the long-term performance of the Company and the delivery of sustainable shareholder and stakeholder value.

The Board has put in place a clear and robust corporate governance framework in order to facilitate the oversight role that it provides in these areas. This includes a schedule of matters reserved for the approval of the Board, such as the approval of acquisitions, the Company strategy and budgets, major capital expenditure, the Company's financial statements and its dividend policy. With the aim of allowing the Board appropriate time to focus on these key matters within the constraints of its annual program, a number of its other responsibilities have been delegated to four principal committees. Such responsibilities are set out within the Terms of Reference for each Committee, which can be found on our website at www.atlantica.com.

Auditors

Each person who is a director at the date of approval of this Consolidated Annual Report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the U.K. Companies Act 2006.

Ernst & Young S.L. and Ernst & Young LLP are our auditors providing the audit services to the Company during 2021. Ernst & Young S.L. and other member firms of EY were appointed as external auditor of the Group in February 2019 for the period 2019 – 2022.

The company will request at the Annual General Meeting to be held in May 2022 to approve the re-appointment of Ernst & Young LLP and Ernst & Young S.L. as the Company's auditors until December 31, 2023.

Events After the Balance Sheet Date

Details of significant events since the balance sheet date are contained in note 25 to the Consolidated Financial Statements

On February 25, 2022, our Board of Directors approved a dividend of $0.44 per share which is expected to be paid on or about March 25, 2022 to shareholders of record on March 14, 2022.

This report was approved by the Board of Directors on February 25, 2022 and signed on its behalf by Santiago Seage, Director and Chief Executive Officer.

Director and Chief Executive Officer

Santiago Seage

February 25, 2022

Audit Committee Report

Chair's Introduction

I am pleased to introduce this report on the audit committee's activities during the year. The committee has continued to assist the board in fulfilling its oversight responsibilities by monitoring the integrity of the company's financial reporting and risk management systems, and as appropriate, challenging management and the external auditors on key issues including accounting judgements and control issues.

In addition to the normal committee agenda for the year, we have focused on the extent to which the COVID-19 pandemic has had an impact on the company's financial performance, its financial control environment and resilience, and the external auditor's ability to fulfil their responsibilities to Atlantica.

Brenda Eprile

Committee Chair

Committee Overview

Role of the Committee

The committee monitors the effectiveness of Atlantica's financial reporting, systems of internal control and risk management, as well as the integrity of the Company's external and internal audit processes.

Key Responsibilities during 2021

- Monitoring and obtaining assurance that the processes to identify, manage, and mitigate significant and emerging financial risks are appropriately addressed by senior management and that the system of internal control is designed and implemented effectively in accordance with board authorized limits.
- Overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process overall, including the engagement of the external auditor to provide non-audit services to Atlantica.
- Reviewing the effectiveness of the internal audit function, Atlantica's internal financial controls and systems of internal control and risk management.
- Reviewing financial statements and other financial disclosures for clarity and monitoring compliance with relevant legal and listing requirements, and applicable financial reporting standards.
- Reviewing the systems in place to enable those who work for Atlantica to raise concerns about possible improprieties in financial reporting or other issues and for those matters to be investigated.

Meetings and attendance

There were 4 committee meetings in 2021 and one educational session on taxes with the Chief Financial Officer and Head of Taxation. All members attended each meeting. Regular attendees at the meetings from management include the Chief Financial Officer, Head of Accounting and

Consolidation Department, Head of Investor Relations, Head of Internal Audit, Corporate Secretary, and the external auditor.

Director	Membership		Role	Attendance / Eligible to Attend [(1)]
	From	To		
Brenda Eprile	May 2020	n/a	Director, Independent and Chair of the Audit Committee. Financial Expert	4/4
William Aziz	May 2020	n/a	Director, Independent. Financial Expert	4/4
Michael Forsayeth	May 2020	n/a	Director, Independent. Financial Expert	4/4

The Directors who serve on the committee have the necessary qualifications and bring a wide range and depth of financial experience across various industries. The board is satisfied that all three members meet the requirements to qualify as "audit committee financial experts" under applicable SEC rules. The collective knowledge, skills, experience and objectivity of the committee members enables the committee to work effectively and to have robust discussions with management on significant issues.

2021 Key Activities

Reviewing Financial Disclosure

During the year, the committee reviewed the quarterly and annual financial statements with management, focusing on the:

- Integrity of the Company's financial reporting process.
- Clarity of the disclosure.
- Compliance with relevant legal and listing requirements, and applicable financial reporting standards.
- Application of accounting policies and judgements.

In its review of financial reporting, the committee received regular updates from management and the external auditor in relation to accounting judgements and estimates, including those related to asset impairment/recoverability.

In considering Atlantica's 2021 UK Annual Report and Form 20-F, the committee assessed whether the reports were fair, balanced and understandable and whether they provided shareholders with the information necessary to assess Atlantica's position and performance. In making this assessment, the committee examined disclosures during the year, discussed the requirements with senior management, confirmed that representations to the external auditors had been evidenced and reviewed reports relating to internal control over financial reporting. The committee made a recommendation to the board, who in turn reviewed these reports, confirmed the assessment and approved the reports' publication.

Accounting Judgements and Estimates

The committee was briefed on a quarterly basis on the company's key accounting judgements and estimates. The primary areas of judgement and estimation considered by the committee are laid out below. These areas were discussed with management and the external auditor throughout the year and during the review of the financial statements. The committee is satisfied that the financial

statements appropriately address the key accounting judgements and estimates in the reported amounts and related disclosures.

Particular attention was paid to the following significant judgements and estimates in the 2021 financial reporting:

1. Recoverability of contracted concessional assets.
2. Credit risk assessment of certain off takers / customers and potential expected losses on receivables.
3. Significant one-off transactions, including acquisitions, partnerships and other significant agreements.
4. Recoverability of tax assets.
5. Operations and maintenance risk in specific geographies.
6. Controls for identifying and evaluating potential impairment indicators or triggering events.
7. Impact of regulatory developments in particular jurisdictions.

Policies

At our third quarter meeting we reviewed and discussed the Disclosure Policy developed by management. This policy supports Atlantica's commitment to providing timely, accurate and balanced disclosure to the public of all material information. The audit committee endorsed the policy and recommended it for approval to the Board. We also approved an amendment to the policy for approving non-audit services provided by the external auditor which further restricts accumulated fees for non-audit services to less than 50% of the audit services fees in any given year.

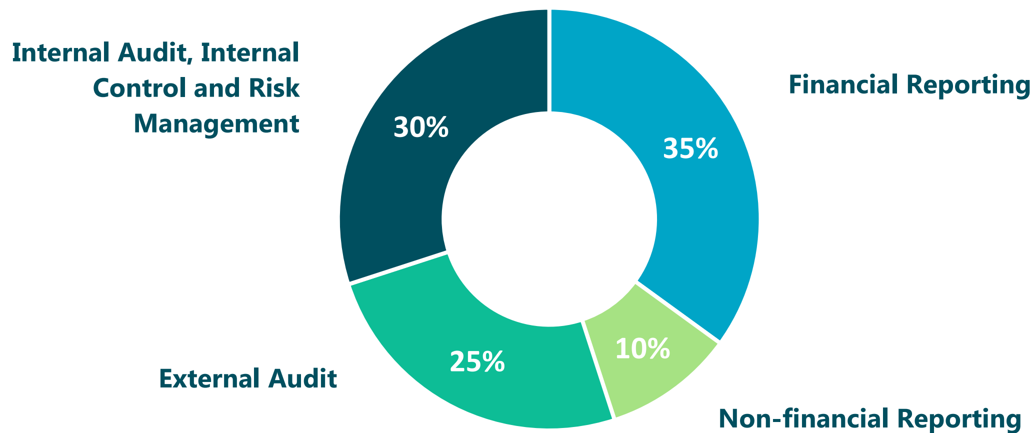
Non-Financial Reporting

The principal risks allocated to the audit committee for monitoring in 2021 included those associated with:

- Counterparty risk.
- Compliance with policies and regulation.
- Financial liquidity.
- Tax risk.

We discussed management's ongoing approach to these risk areas during our quarterly committee meetings. We held a separate education session during the year with senior finance management on the topic of taxes and tax risk.

In addition, during the year, the committee reviewed the 2020 Environmental, Social and Governance (ESG) report, focusing on the clarity and consistency of the disclosure, prior to board approval.



The committee performed an annual self-assessment in 2021. We discussed the findings and areas for improvement. Climate risk was an area identified as increasing in importance.

External Audit

➢ *Assessing Audit Risk*

The external auditor prepared an audit plan for 2021 which identified key audit risks to be addressed during the audit including:

- Management override of controls related to relevant management estimates.
- Improper revenue recognition.
- Effect of Covid-19 on the company's internal controls and financial reporting processes.
- Credit risk of certain significant power off-takers / customers.
- Recoverability assessment of contractual concessional assets.
- Risks related to material acquisitions / transactions.
- Significant unusual transactions.
- Financial covenants – risk of incorrect classification of current assets and liabilities.

The committee received updates during the year on the audit process, including how the external auditor challenged management's assumptions on key issues.

➢ *Assessing Audit Fees*

The audit committee reviews the fee structure, resourcing and terms of engagement for the external auditor annually. In addition, we review the non-audit services that the auditor provides on a quarterly basis.

Fees paid to the auditor for the year were $2.9 million (2020 $2.4 million), of which 22% was for non-audit and other services (see financial statements – Note 23). The audit committee is satisfied that this level of fee is appropriate in respect of the audit services provided and that an effective audit can be conducted for this fee. Non-audit or non-audit related assurance fees were $0.6 million

(2020 $0.5 million). Non-audit or non-audit related services consisted of tax compliance in US subsidiaries and transfer pricing services.

➢ *Assessing Audit Effectiveness*

Management undertook a survey which compromised questions in the following areas:

- Communication and availability
- Technical knowledge
- Quality of the service
- Deadline achievements
- Added value
- Objectivity

The results of the survey indicated that most geographic regions were satisfied with the performance of the external auditors. There were some areas for improvement, however none of them impacted the effectiveness of the audit. The results of the survey were discussed with EY for consideration in their 2021 audit approach. EY's proposed action plan to address these areas for improvement was reviewed with the committee. Progress on addressing these matters was discussed with management at the quarterly audit committee meetings.

The committee also held in camera meetings with the external auditors during the year and the committee chair met separately with the external auditor and Head of Internal Audit at least quarterly.

The effectiveness of the external auditor is evaluated by the committee. The committee assessed the auditor's approach to providing audit services and concluded that the audit team was providing the appropriate quality in relation to the services provided. The audit team has the requisite expertise, depth of knowledge, appreciation of complex issues, dedication, as well as the independence and objectivity necessary to fulfil their responsibilities to shareholders. They are able and willing to appropriately challenge management.

➢ *Assessing Auditor Reappointment and Independence*

The committee considers the reappointment of the external auditor each year before making a recommendation to the board. The committee assesses the independence of the external auditor on an ongoing basis. The external auditor is required to rotate the lead audit partner every five years and we have discussed succession plans with EY during the year.

➢ *Oversight of Non-Audit Services*

The audit committee is responsible for Atlantica's policy on non-audit services and the approval of non-audit services. Audit objectivity and independence is safeguarded through the prohibition of certain non-audit services and audit-related services which fall within certain defined categories. Atlantica's policy on non-audit services states that the auditor may not perform non-audit services that are prohibited by the SEC and the Public Company Oversight Board (PCAOB).

The audit committee approves the terms of all audit services as well as permitted audit-related and non-audit related services.

Approvals for individual engagements of pre-approved permitted services below certain thresholds are delegated to the Head of Internal Audit. Any proposed service not included in the permitted services categories must be approved in advance either by the audit committee chair or the audit

committee before the engagement commences. The audit committee, Chief Financial Officer and Head of Internal Audit monitor overall compliance with Atlantica's policy on audit-related and non-audit services, including whether the necessary pre-approvals have been obtained. The categories of permitted and pre-approved services are outlined in Note 23 of the Consolidated Financial Statements included in this Annual Report. The external auditor in considered for permitted non-audit services only when its expertise and experience of Atlantica is important.

The committee approved an amendment to the policy on non-audit services in Q3 2021. For non-audit services, the accumulated annual fees threshold was reduced to less than 50% of the annual audit services fees.

All services performed by EY have been approved by the committee. All fees received by EY in 2021 have been approved by the committee.

In thousand USD	EY	Others Auditors	Total
Audit Fees	1,571	289	1,860
Audit-Related Fees	651	-	651
Tax Fees	633	-	633
All Other Fees	-	-	-
Total	**2,855**	**289**	**3,144**

"Audit Fees" are the aggregate fees billed for professional services in connection with the audit of our Annual Consolidated Financial Statements, quarterly reviews of our interim financial statements and statutory audits of our subsidiaries' financial statements under the rules of England and Wales and the countries in which our subsidiaries are organized. The increase in audit fees is mainly due to new companies being under scope and exchange rates variations.

"Audit-Related Fees" include fees charged for services that can only be provided by our auditor, such as consents and comfort letters of non-recurring transactions, assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. Fees paid during 2021 and 2020 related to comfort letters and consents required for capital market transactions of our major shareholder are also included in this category ($272 thousand and $212 thousand in 2021 and 2020 respectively). These fees were re-invoiced and paid by our major shareholder.

"Tax Fees" include mainly fees charged for transfer pricing services and tax compliance services in our US subsidiaries.

"All Other Fees" comprises fees billed in relation to financial advisory and due diligence services and other services which cannot be comprised under other categories.

Internal Audit

The committee reviewed and approved the 2021 Internal Audit Plan. Throughout the year the committee received quarterly reports on the findings of internal audit and actions taken to address those findings, as well as, their reviews of cash distributions from its operating entities and the Group's various financial covenants. The committee also received a report from internal audit on their annual review of the system of internal control. The committee met privately with the Head of Internal Audit each quarter. The committee continued to monitor and review the effectiveness of internal audit during the year.

Whistleblowing

The committee is responsible for monitoring the management of the Whistleblower Channel. According to the Code of Conduct, any allegation received through the Whistleblower Channel will be sent to the Chair of the Audit Committee, the General Counsel and the Head of Internal Audit.

All main procedures performed, conclusions and proposed corrective measures are communicated to the committee.

The Company's whistle-blower policy encourages employees of the Company, its subsidiaries and all external stakeholders to raise concerns about suspected wrongdoing within the Group in complete confidence.

Atlantica's Whistleblower Channel is available at the Company's website www.atlantica.com.

Directors’ Remuneration Report

Introduction

This report (the “Directors' Remuneration Report”) relates to the remuneration of the directors of Atlantica for the year ending December 31, 2021. It sets out the remuneration policy and remuneration details for the executive and non-executive directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended.

The report is split into three main areas:

- The statement by the Chair of the Compensation Committee;
- The annual report on remuneration; and
- The policy report.

The remuneration report will be submitted to a vote by shareholders at the Annual General Meeting in May 2022.

The Companies Act 2006 requires the auditors to report to the shareholders on certain parts of the Directors’ Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The statement by the Chair of the Compensation Committee and the policy report are not subject to audit.

Atlantica has a Nominating and Corporate Governance Committee, responsible for reviewing the structure, size and composition of the Board and succession planning for directors and senior executives. It also reviews and advises the Board on the strategy and corporate governance responsibility objectives of the Company. The Compensation Committee is mainly focused on setting the remuneration policy for directors and senior management.

Statement by the Chair of the Compensation Committee

I am pleased to present the Directors’ Remuneration Report for 2021. The regular and transparent dialogue with shareholders, investors and other stakeholders is a vital element in our way of operating and, through this remuneration report, we aim to increase the awareness of our shareholders of the principles of our remuneration policy.

The Company´s remuneration policy is set in accordance with applicable law, with the aim of attracting and retaining highly skilled professional and managerial resources and aligning the interests of management with the primary objective of value creation for shareholders, for the Company, its stakeholders and the members of the Company as a whole, in the medium to long term.

A total of two Compensation Committee meetings were convened in 2021. All Committee members attended each meeting that they were eligible to attend.

The Compensation Committee focused its activities on the following objectives:

- ✓ Periodically reviewing the fixed and variable remuneration of the Chief Executive Officer;
- ✓ Periodically reviewing the remuneration policy and overall levels of remuneration for the Chief Executive Officer and senior management team, including the long-term incentive plans, in accordance with the following criteria:

- Seeking an alignment between incentives, business performance and creation of value for shareholders,
- Consistency with the principles of the UK Corporate Governance Code, and
- Retention in the medium to long term of high-quality resources for the achievement of ambitious targets and to face the challenges that the Company will have to face in the current and future market context.

✓ Periodically reviewing the remuneration levels of non-executive directors;
✓ Reviewing the Company's compensation for directors, the CEO and management in comparison with its direct peers and best practices.

In 2021, most of the objectives defined for the Chief Executive Officer's variable bonus were met or exceeded and the Compensation Committee decided to approve a bonus corresponding to 105.0% of the target variable compensation, which will be payable in 2022. In 2020, most of the objectives defined for the Chief Executive Officer's variable bonus were met or exceeded and a bonus corresponding to 102.7% of the target variable compensation was paid in 2021.

To finalise, I would like to thank our shareholders for their strong vote in favour of approving the directors' remuneration report last year, demonstrating their support of Atlantica's remuneration arrangements.

I look forward to welcoming you and receiving your support again at the Annual General Meeting this year.

Annual Report on Remuneration

1. Single Total Figure of Remuneration for Each Director (Audited)

Each independent non-executive director is entitled to receive annual compensation of $150.0 thousand. The Chair of the Board and Chairs of the committees of the board are entitled to receive additional compensation as detailed in the table below. Non-independent non-executive directors are entitled to be compensated on the same terms as independent non-executive directors. In 2021 and 2020, non-independent non-executive directors declined compensation.

The following table sets out the fee schedule for 2021 and 2020:

In thousands of U.S. Dollars	2021	2020
Annual Director Retainer		
Non-Executive Director	150.0	150.0
Annual Committee Chair Retainer		
Chair of the Board	75.0	75.0
Chair of the Audit Committee	15.0	15.0
Chair of the Nominating and Corporate Governance Committee	10.0	10.0
Chair of the Compensation Committee	10.0	10.0

The table below summarizes the directors who received remuneration during 2021, as well as the prior year for comparison. The Chief Executive Officer's total annual compensation is also detailed in this table.

In thousands of U.S. Dollars	Salary and Fees		Annual Bonuses		Long-Term Incentive Awards[2] (Vested)		Total Fixed Remuneration		Total Variable Remuneration		Total	
Name[1]	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
William Aziz[3]	160.0	106.7	-	-	-	-	160.0	106.7	-	-	160.0	106.7
Debora Del Favero[3]	160.0	106.7	-	-	-	-	160.0	106.7	-	-	160.0	106.7
Brenda Eprile[3]	165.0	110.0	-	-	-	-	165.0	110.0	-	-	165.0	110.0
Michael Forsayeth[3]	150.0	100.0	-	-	-	-	150.0	100.0	-	-	150.0	100.0
Santiago Seage[4]	816.6	756.8	1,056.3	996.4	1,879.8	770.9	816.6	756.8	2,936.1	1,767.3	3,752.7	2,524.1
Michael Woollcombe[3]	225.0	150.0	-	-	-	-	225.0	150.0	-	-	225.0	150.0
Andrea Brentan[5]	-	56.3	-	-	-	-		56.3	-	-		56.3
Robert Dove[5]	-	60.0	-	-	-	-		60.0	-	-		60.0
Francisco J. Martinez[5]	-	61.9	-	-	-	-		61.9	-	-		61.9
Jackson Robinson[5]	-	60.0	-	-	-	-		60.0	-	-		60.0
Daniel Villalba[5]	-	84.4	-	-	-	-		84.4	-	-		84.4
Total	**1,676.6**	**1,652.8**	**1,056.3**	**996.4**	**1,879.8**	**770.9**	**1,676.6**	**1,652.8**	**2,936.1**	**1,767.3**	**4,612.7**	**3,420.1**

[1] All directors served only part of 2020 (see Directors' Report), except for Santiago Seage.

[2] Long-term Incentive Awards includes Long-term Incentive Plan (LTIP) and One-Off Plan vested in the year and calculating amounts with the share price at vesting date. In 2021, from the $1,879.8 thousand vested, $1,549.1 corresponded to share appreciation. In 2020, from the $770.9 vested, $464.7 thousand corresponded to share appreciation.

[3] Mr. Aziz, Mrs. Del Favero, Mrs. Eprile, Mr. Forsayeth and Mr. Woollcombe joined the Board of Directors on May 5, 2020 as independent non-executive Directors and were appointed as Chair of the Compensation Committee, Chair of the Nominating and Corporate Governance Committee, Chair of the Audit Committee, Chair of the Related Parties Transactions Committee and Interim Chair of the Board, respectively.

[4] The CEO's compensation is approved in euros. It has been converted to U.S. dollars for reporting purposes, at the average exchange rate of each year, which is 1.18 $/€ in 2021 and 1.14 $/€ in 2020.
In 2021, the CEO's total pay amounted to €3,148.6 thousand ($3,752.7 thousand). Fixed salary amounted to €690.0 thousand ($816.6 thousand), annual bonus to €892.5 thousand ($1,056.3 thousand) and long-term incentive awards to €1,566.1 thousand ($1,879.8 thousand).
In 2020, the CEO's total pay amounted to €2,222.2 thousand ($2,524.1 thousand). Fixed salary amounted to €663.0 thousand ($756.8 thousand), annual bonus to €873.0 thousand ($996.4 thousand) and long-term incentive awards to €686.3 thousand ($770.9 thousand).

[5] Mr. Villalba, Mr. Dove, Mr. Martinez and Mr. Robinson were directors until May 5, 2020, and were Chair of the Board of Directors, Chair of the Nominating and Corporate Governance Committee, Chair of the Audit Committee, and Chair of the Compensation Committee, respectively, until such date. Mr. Brentan was a director until May 5, 2020.

The Remuneration Report is presented in U.S. dollars since remuneration of all directors except the CEO is defined in U.S. dollars and the functional currency of the Company is also the U.S. dollar. None of the directors received any pension entitlement and/or taxable benefits in 2021 or 2020. Each member of our Board of Directors will be indemnified for his or her actions associated with being a director to the extent permitted by law.

Chief Executive Officer Long Term Incentives awards vested

In June 2021, one-third of the CEO's one-off plan stock units vested, and shares were transferred to the CEO in accordance with the terms of the plan using the share price at the date of vesting (June 20, 2021).

In June 2020, one-third of the CEO's one-off plan stock units vested and were paid in cash in accordance with the terms of the plan using the share price at the date of vesting (June 20, 2020).

The value of the shares transferred and cash payments have been included in the Single Total Figure of Remuneration table above in their vesting period.

One-Off Plan	One-Off Plan Vesting	One-Third of Restricted Stock Units (RSUs)	Price on Vesting Date (USD)	Remuneration in Cash (000's USD)*	RSUs Value at Vesting Date (000's USD)*
2019	June 2021	14,535	36.50	-	578.8
	June 2020	14,535	27.97	430.3	-

* One-off plan vesting includes one third of RSUs (14,535 RSUs) plus dividend equivalent rights corresponding to the amount of dividends paid on one share RSU between the One-off plan effective date and the date on which the RSU vests.

In addition, one-third of the CEO's share options awarded in 2019 and 2020 under the LTIP vested in June and January 2021, respectively. These share options were exercised, and shares were transferred to the CEO in accordance with the terms of the plan.

In 2020, one-third of the CEO's share options awarded in 2019 under the LTIP vested. They were exercised in 2021 and the shares were transferred to the CEO in accordance with the terms of the plan.

The share options have been included in the Single Total Figure of Remuneration table above in their vesting period.

LTIP	LTIP Vesting	One-Third of Share Options	Share Price on Vesting Date (USD)	LTIP Vesting Price per Option (USD)	Share Options Value at Vesting Date (000's USD)*
2020	2021	34,494	44.17	26.39	613.3
2019	2021	40,693	36.50	19.60	687.7
	2020	40,693	27.97	19.60	340.6

* The value of the share options on vesting date is calculated using the number of share options multiplied by (the share price on vesting date minus the LTIP vesting price per option).

In 2021, the majority of the objectives set for the Chief Executive Officer's variable bonus were met or exceeded and the Compensation Committee decided to approve a bonus corresponding to 105.0% of the target variable compensation, which will be payable in 2022.

	Percentage weight	Achievement
CAFD* – Equal or higher than the CAFD budgeted in the 2021 budget	40%	99%
EBITDA – Equal or higher than the EBITDA budgeted in the 2021 budget	15%	99%
Close accretive acquisitions for the Company	20%	120%
Achieve health and safety targets – (Frequency with Leave / Lost Time Index below 3.5 and General Frequency Index below 10.0) based on reliable targets and consistent measure metrics	10%	116%
Management of relationships with key shareholders and partners	15%	100%

(*) Cash Available for Distribution refers to the cash distributions received by the Company from its subsidiaries, minus cash expenses of the Company, including debt service and general and administrative expenses.

In 2020, most of the objectives defined for the Chief Executive Officer's variable bonus were met or exceeded and the Compensation Committee decided to approve a bonus corresponding to 102.7% of the target variable compensation, which was paid in 2021.

The Chief Executive Officer's maximum potential bonus could be 120% of such bonus, approximately $1,150 thousand (approximately €1,020 thousand).

No element of the Chief Executive Officer's annual bonus is deferred.

Deferred Restricted Shares Units (DRSU) Plan

In 2021 the Board of Directors established a DRSU Plan for non-executive directors to promote a greater alignment of interests between directors and shareholders, which was approved at the Annual General Meeting held in May 2021. The plan provides a means for directors to accumulate a financial interest in the Company and to enhance Atlantica's ability to attract and retain qualified individuals with the experience and ability to serve as directors. Pursuant to the DRSU Plan, the Company shall determine, and the directors shall agree, the percentage of their fees, starting on May 31, 2021, that shall be irrevocably substituted for the grant of Restricted Stock Units.

The number of DRSUs credited to a participant's account is determined by dividing the amount of the annual compensation to be received in DRSUs by the market value of an ordinary share at the time of the grant. Upon a participant ceasing to be a member of the Board, for any reason whether voluntary or involuntary, the DRSUs will vest. The Company shall transfer to the director a number of shares equal to the number of vested DRSUs and a number of shares equal in value to any dividends which would have been paid or payable, on such number of ordinary shares equal to the vested DRSUs, from the grant date until the vesting date. The director shall not have any shareholders' rights other than the dividend equivalent rights until the DRSUs vest and are settled by the issuance of shares.

The following table sets out the total compensation received by independent, non-executive directors via a mix of cash and DRSUs in 2021:

Name	Total Remuneration (000's USD)	Total Remuneration in Cash and/or Deferred Restricted Stock Units (DRSU)		
		Remuneration in Cash (000's USD)	**Remuneration in DRSUs**	
			DRSUs (000's USD)	**Number of DRSUs** (#)[2]
William Aziz	160.0	160.0	-	-
Debora Del Favero[1]	160.0	128.5	31.5	878
Brenda Eprile	165.0	165.0	-	-
Michael Forsayeth[1]	150.0	100.8	49.2	1,372
Michael Woollcombe[1]	225.0	77.5	147.5	4,117
Total	**860.0**	**631.9**	**228.1**	**6,367**

[1] Following the Annual General Meeting held in May 2021, the Company determined, and Ms. Del Favero, Mr. Forsayeth, and Mr. Woollcombe agreed that 30%, 50% and 100% respectively of their annual fee payable to the director by the Company for the period starting on May 31, 2021 shall be irrevocably substituted for the grant of Restricted Stock Units.
[2] The number of DRSUs is determined by dividing the amount of the annual compensation to be received in DRSUs by the market value of an ordinary share at the time of grant.

2. Remuneration of the Chief Executive Officer

The information provided in this part of the report is not subject to audit.

Details for Mr. Seage, who serves in the role of the Chief Executive Officer, are set out in the "Single Total Figure of Remuneration for each director" section above.

In 2021, he accrued $1,056.3 thousand as a bonus payment in accordance with his service agreement, payable in 2022. In 2020, Mr. Seage accrued $996.4 thousand in accordance with his service agreement, which was paid in 2021. The CEO's bonus is approved in euros and converted to U.S. dollars for reporting purposes at the average exchange rate of each year. The increase is due in part to the fluctuation of the Euro-Dollar exchange rate.

Scheme interests awarded during 2021

LTIP	Number of Restricted Stock Units	Number of Share Options	Face Value* (000's USD)	Performance Criteria
2021	25,716	74,843	1,302	RSU: 5% minimum Total Shareholder Return Performance Stock Unit Share Options: Time-Based Vesting

(*) Face Value means the maximum number of shares that would vest if performance measures are met using the share price at the grant date. The face value for the Share Options is calculated using the Option price at the grant date.

In 2021, under the LTIP, 25,716 Restricted Stock Units were awarded to the CEO, which will vest on the third anniversary of the grant date. In addition, 74,843 stock options were awarded, which vest one third per year, starting on the first anniversary of the grant date.

If the total shareholder return ("TSR") performance condition has not been met during the vesting period, the participant's Restricted Stock Units will lapse on the vesting date. The stock options are not subject to performance vesting.

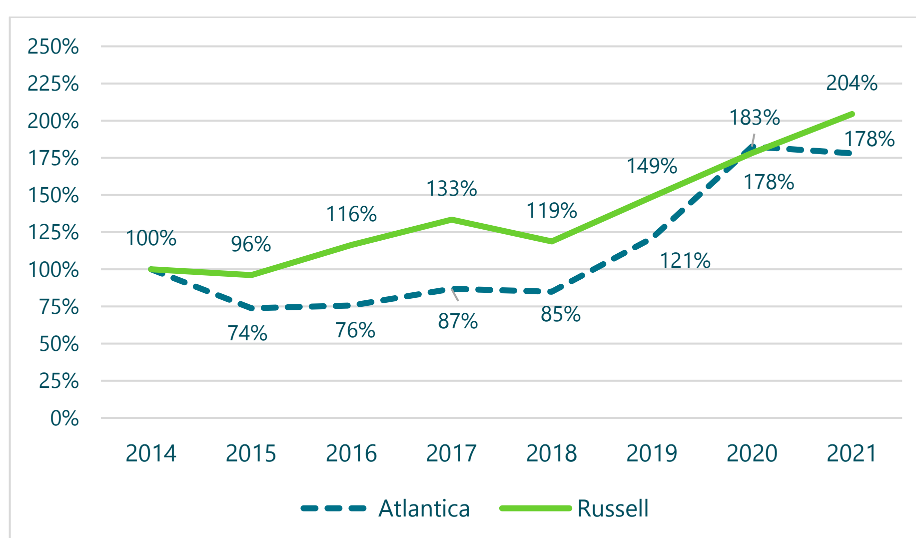
A description of each type of interest awarded and the basis on which the award is made is provided in the Remuneration Policy section below.

Total Shareholder Return and Chief Executive Officer Pay

The chart below shows the Company's total shareholder return since June 2014, the date of our Initial Public Offering ("IPO"), until the end of 2021 compared with the TSR of the companies in the Russell 2000 Index. The chart represents the progression of the return, including investment, starting from the time of the IPO at a 100%-point. In addition, dividends are assumed to have been re-invested at the closing price of each dividend payment date.

We believe the Russell 2000 Index is an adequate benchmark as it represents a broad range of companies of similar size.

TSR is calculated in U.S. dollars.



The table below shows the total remuneration of the Chief Executive Officer, his bonus and his long-term incentive awards expressed as a percentage of the maximum he is likely to be awarded.

Year	Total Pay[(1)] (000's USD)	Bonus		Long-Term Incentive Awards[(3)]	
		Percentage of Target	Amount of Bonus[(2)] (000's USD)	Percentage of Maximum	Value (000's USD)
2021	3,752.7	105.0%	1,056.3	100.0%	1,879.8
2020	2,524.1	102.7%	996.4	100%	770.9
2019	1,685.4	100.7%	957.7	-	-
2018	2,511.1	101.8%	992.2	22.0%	751.1
2017	1,602.0	96.3%	924.2	-	-
2016	1,499.4	100.0%	940.5	-	-
2015	1,597.6[(4)]	-	-	-	-
2014	174.1	-	-	-	-

(1) The CEO's compensation is approved in euros. It has been converted to U.S. dollars for reporting purposes at the average exchange rate of each year. The total pay received by the CEO in thousands of euros was €3,148.6 in 2021, €2,222.2 in 2020, €1,505.5 in 2019, €2,170.3 in 2018, €1,418.1 in 2017, €1,329.1 in 2016, €1,440.9 in 2015, and €130.9 in 2014.

(2) Amount of bonus accrued by the Company at year-end and paid the next year. For example: In 2020, the Company accrued $996.4 thousand of the bonus paid to the Chief Executive Officer in 2021.

(3) Long-Term Incentive Awards includes LTIP and One-Off Plan vested in the year

(4) Includes a €1,189.5 thousand (approximately $1,319.6 thousand) termination payment received by Mr. Garoz after leaving the Company on November 25, 2015.

The Chief Executive Officer did not receive any variable remuneration for service provided to the Company for the years ended December 31, 2015 and 2014. Santiago Seage occupied that office between January and May 2015, and again from late November 2015. Meanwhile, Mr. Garoz held that position between May and November 2015, when Santiago Seage left the Company.

Director's, Chief Executive Officer's and Employee's Pay

The table below sets out the percentage change between 2020 and 2021 in salary, bonus and long-term incentive awards for independent non-executive directors, executive director, and the average per capita change for employees of the Company's group as a whole, excluding the Chief Executive Officer.

Name	2021 (% Change from 2020 to 2021)			2020 (% Change from 2019 to 2020)		
	Salary	Bonus	Long-Term Incentive Awards[1]	Salary	Bonus	Long-Term Incentive Awards[1]
Independent, non-executive directors						
William Aziz[2]	-	-	-	-	-	-
Debora Del Favero[2]	-	-	-	-	-	-
Brenda Eprile[2]	-	-	-	-	-	-
Michael Forsayeth[2]	-	-	-	-	-	-
Michael Woollcombe[2]	-	-	-	-	-	-
Andrea Brentan[3]	-	-	-	3%	-	-
Robert Dove[3]	-	-	-	3%	-	-
Francisco J. Martinez[3]	-	-	-	3%	-	-
Jackson Robinson[3]	-	-	-	3%	-	-
Daniel Villalba[3]	-	-	-	3%	-	-
Executive director						
Santiago Seage (CEO)	4%[5]	2%[5]	144%[7]	2%[6]	2%[6]	-[8]
Employees (excluding CEO)[4]	4%	8%	163%[7]	5%	8%	-[8]

Notes:
All directors served only part of 2020 (see Directors' Report), except for Santiago Seage.
Only directors who received remuneration are included in the table above.
None of the non-executive directors received any bonus, long-term incentive awards, pension entitlement and/or taxable benefits in 2021 or 2020.

[1] Long-term Incentive Awards includes Long-term Incentive Plan (LTIP) and One-Off Plan.
[2] Mr. Aziz, Mrs. Del Favero, Mrs. Eprile, Mr. Forsayeth and Mr. Woollcombe joined the Board of Directors on May 5, 2020 as independent non-executive Directors.
[3] Mr. Villalba, Mr. Dove, Mr. Martinez and Mr. Robinson were directors until May 5, 2020, and were Chair of the Board of Directors, Chair of the Nominating and Corporate Governance Committee, Chair of the Audit Committee, and Chair of the Compensation Committee, respectively, until such date. Their percentage of salary change was calculated on a full-time equivalent basis for 2020, hence based on their total remuneration received in 2019 compared to their 2020 entitled compensation as shown in the Single Total Figure of Remuneration section. Mr. Andrea Brentan was a director until May 5, 2020.
[4] The salary and bonus percentage change for employees (excluding the CEO) has been calculated considering the same average number of employees and the same average exchange rate in both 2021 and 2020. This is the most appropriate methodology to reflect how much the salary and potential bonus changed on a year-to-year basis as it excludes the effect of employee hires and turnover.
[5] The Compensation Committee approved a (i) fixed remuneration of €690 thousand ($817 thousand) for the Chief Executive Officer for 2021 compared to €663 thousand ($757 thousand) for 2020, representing a 4% increase in euros on a year-to-year basis, and (ii) variable remuneration of €893 thousand ($1,056 thousand) for 2021 compared to €873 thousand ($996 thousand) for 2020, representing a 2% increase in euros on a year-to-year basis.
[6] The Compensation Committee approved a (i) fixed remuneration of €663 thousand ($757 thousand) for the Chief Executive Officer for 2020 compared to €650 thousand ($728 thousand) for 2019, representing a 2% increase in euros on a year-to-year basis, and (ii) variable remuneration of €873 thousand ($996 thousand) for 2020 compared to €856 thousand ($958 thousand) for 2019, representing a 2% increase in euros on a year-to-year basis.
[7] In 2021, the long-term incentive awards increase for the CEO and the rest of the employees is driven by the (i) vesting of one-third of his share options awarded in 2020 under the LTIP, and (ii) increase of Atlantica's share price that resulted in higher LTIP and One-off plan amounts at vesting date.
[8] In 2019 no amount vested under long-term incentive awards for the CEO or Management.

Relative Importance of Spend on Pay

The following table sets out the change in overall employee costs, directors' compensation and dividends.

$ in Million	Amount in 2021	Amount in 2020	Difference
Spend on Pay for All Employees	78.8	54.5	24.3
Total Remuneration of Directors	4.6	3.4	1.2
Total Remuneration of employees and directors	**83.4**	**57.9**	**25.5**
Dividends Paid	**190.4**	**168.8**	**21.6**

The Company has not made any share repurchases during 2021 or 2020.

The average number of employees in 2021 in Atlantica was 655 employees, compared to 441 employees in 2020. The $24.3 million increase in spend on pay and the increase in the average number of employees is mostly due to the investments closed during 2021.

The increase in total remuneration of directors is mainly due to the vesting of one-third of the CEO's share options awarded in 2020 and the increase of Atlantica's share price that resulted in higher LTIP and One-off plan amounts at vesting date.

3. Directors' Shareholdings (Audited)

The following table includes information with respect to beneficial ownership of our ordinary shares as of December 31, 2021 and by each of our current directors and executive officers, as well as their connected persons, in relation to any compensation paid and/or benefits granted by the Company.

Non-independent, non-executive directors are not required to comply with minimum share ownership requirements as they do not receive remuneration from the Company.

Name(1)	Shares	Deferred Restricted Share Units	Share Units(2)	Investment Value ($000's)(3)	Minimum Share Ownership Requirement	Compliance With Policy(4)
William Aziz	2,500	-	-	89	3 times annual compensation	On track
Debora Del Favero	-	878	-	31	3 times annual compensation	On track
Brenda Eprile	5,500	-	-	197	3 times annual compensation	On track
Michael Forsayeth	2,500	1,372	-	138	3 times annual compensation	On track
Santiago Seage	55,666	-	120,880	6,313	6 times fixed compensation	✓
George Trisic	1,000	-	-	36	Non-applicable	Non-applicable
Michael Woollcombe	5,000	4,117	-	326	3 times annual compensation	On track

(1) Mr. Banskota, non-independent, non-executive director, has no shares and is not required to comply with minimum share ownership requirements.
(2) Non-vested Share Units as of December 31, 2021. LTIP share units subject to 5% minimum Total Shareholder Return Performance Stock Unit. As of December 31, 2021, the CEO has no share units vested and not exercised.
(3) Assuming a share price of $35.76 as of December 31, 2021.
(4) 5-year window from May 2021 to comply with this policy.

Between the year end and the date of issuance of this report there have been no changes to directors' share ownership.

Under the LTIP and one-off plans, the CEO holds as of December 31, 2021 120,880 share units, convertible into shares in the future and 184,524 options, none of which have vested. As of December 31, 2020, he held 109,700 share units, convertible into shares in the future and 225,562 options, out of which 40,693 options had vested, but had not been exercised as of December 31, 2020.

Minimum Share Ownership

The Board of Directors adopted in 2021 minimum share ownership guidelines for directors receiving remuneration from the Company and for the executives participating in the LTIP to further align executive and shareholder interests. Directors and executives subject to these guidelines shall achieve, within a period of five years, a minimum share ownership in the Company. In calculating the value of shares owned, shares that are issuable pursuant to the LTIP and DRSU Plans, vested and non-vested, are counted. Directors receiving remuneration and executives participating in the LTIP shall achieve a minimum share ownership in the Company equal in value to:

- Non-executive directors receiving remuneration from the Company: 3 times their annual compensation,
- CEO: 6 times his fixed compensation,
- CFO: 3 times his fixed compensation,
- Other executives: 2 times their fixed compensation.

The directors receiving remuneration from the Company and executives have a 2-year window to amend non-compliances with minimum share ownership requirements derived from a stock price decrease.

The directors not receiving remuneration from the Company are not required to comply with minimum share ownership requirements.

Termination Payments (Audited)

No termination payments were made to the Chief Executive Officer or any other director in 2021 nor 2020. The policy for termination payments is detailed under the section "Policy on payments for loss of office" of this report.

4. Statement of Implementation of Policy in 2021

The targets for bonuses are detailed under the section "Remuneration Policy" of this annual report. The current policy was approved at our 2021 Annual General Meeting, held in May 2021. The approved Remuneration Policy is set out below. There have been no changes to this approved version.

For 2022, the bonus measures for the remuneration of the Chief Executive Officer, will focus on six areas: financial targets, value creating growth/investments, health and safety, management of relationships with key shareholders and partners, executive talent development and disclosure best standards.

This approach is intended to provide a balanced assessment on how the business has performed over the course of the year against stated objectives. Targets are aligned with the annual plan and strategic and operational priorities for the year.

For 2022 the bonus objectives are:

	Percentage Weight
CAFD – Equal or higher than the CAFD budgeted in the 2022 budget	35%
EBITDA – Equal or higher than the EBITDA budgeted in the 2022 budget	15%
Close sustainable value accretive investments	15%
Achieve health and safety targets – (Frequency with Leave / Lost Time Index below 3.9 and General Frequency Index below 10.1) based on reliable targets and consistent measure metrics	10%
Management of relationships with key shareholders and partners	10%
Continued executive talent development	10%
Disclosure best standards	5%

5. Compensation Committee

The Compensation Committee was created in February 2016, together with the Nominating and Corporate Governance Committee. These two committees replaced the Appointments and Remuneration Committee which was in place since the IPO.

The Compensation Committee is responsible for determining the remuneration policies of directors and the remuneration of the Chief Executive Officer and other senior members of management.

In 2021, the Compensation Committee focused its activities on the following key remuneration topics:

- Periodically reviewing Long Term Incentive Plans,
- Deciding on the Chief Executive Officer's remuneration,
- Reviewing Independent non-executive director's remuneration, and
- Analysing peers and comparable remuneration structures.

Membership and Attendance

As of December 31, 2021, all members of the Compensation Committee are independent, non-executive directors. The Compensation Committee held two meetings in 2021.

Director	Membership		Role	Attendance / Eligible to Attend
	From	To		
William Aziz	May 2020	n/a	Director, Independent and Chair of the Compensation Committee	2/2
Debora Del Favero	May 2020	n/a	Director, Independent	2/2

No director or senior manager shall be involved in any decision as to their own remuneration. The Chief Executive Officer and members of senior management, such as the Head of People and Culture, may attend the meetings by invitation.

The Compensation Committee Chair provides regular updates to the Board of Directors on the key issues discussed at the Compensation Committee's meetings.

Role of the Compensation Committee

The Board of Directors approved Terms of Reference for the Compensation Committee which are available on the website of the Company (www.atlantica.com).

These Terms of Reference provide the roles and responsibilities of the Compensation Committee, which are reviewed by the Compensation Committee itself and the Board of Directors on a yearly basis. In accordance with this document, the Compensation Committee's responsibilities include, but are not limited, to the following matters:

1. To analyse, discuss and make recommendations to the Board regarding the setting of the remuneration policy for all directors and senior management,
2. To analyse and discuss proposals made by the Board regarding the Company's remuneration policy,
3. To obtain reliable and updated information about remuneration in other companies of comparable scale and complexity,
4. To review the Chief Executive Officer's annual compensation package and performance objectives,
5. To review the design of long-term incentive plans for approval by the board and shareholders, and
6. To review and approve the compensation payable to executive directors, and the Chief Executive Officer for any loss or termination of office or appointment.

2021 Key Activities

In 2021, the Compensation Committee continued its work on revising our remuneration structure to ensure that the Company has in place an effective remuneration policy which:

- Allows the Company to attract and retain top quality talent; and
- Rewards and compensates sustainable performance to the benefit of both shareholders and stakeholders.

Remuneration Analysis

The Compensation Committee has re-assessed the remuneration policy implemented by the Board of Directors and approved in the Annual General Meeting. At least once a year, the Compensation Committee reviews compensation practices for non-executive directors in similar companies.

The Compensation Committee has been particularly focused on reviewing remuneration for directors and the Chief Executive Officer, based on the information collected from external consultants that provided independent advice on remuneration best practices and market practice on directors´ minimum ownership requirements.

The Compensation Committee is responsible for proposing the remuneration of the Chief Executive Officer and the overall remuneration of the senior management to the Board of Directors, including any kind of compensation.

The Compensation Committee has the following duties regarding performance-related bonuses or variable remuneration:

- Definition of specific targets for the Chief Executive Officer and overall structure for senior management.
- Evaluation of the accomplishment of those objectives in the case of the Chief Executive Officer.

Long-Term Incentive Awards

In April 2018, the Board of Directors approved the implementation of a remuneration policy including LTIP awards. Until May 2021, the long-term incentive plan permitted the granting of share options and Restricted Stock Units to the executive team of the Company. The shareholders meeting held in May 2021 approved a change to the remuneration policy according to which LTIP awards will be granted as Restricted Stock Units only. The LTIP applies to approximately 13 executives and the Chief Executive Officer, who is also a director. The Chief Executive Officer's participation in the LTIP was approved by shareholders at the 2019 annual general meeting in June 2019.

Voting at the 2021 Annual General Meeting

The Company takes an active interest in voting outcomes. In the event of a substantial vote against a resolution in relation to director´s remuneration, the Company would seek to understand the reasons for any such vote and would set out in the following Annual Report any actions in response to it.

At the 2021 Annual General Meeting, votes in relation to the Directors' Remuneration Report and the Directors' Remuneration Policy were as follows:

Remuneration Report

	Number of votes	%
For	79,763,404	96.7%
Against	2,758,584	3.3%
Withheld*	93,076	-

Remuneration Policy

	Number of votes	%
For	79,679,548	96.6%
Against	2,802,551	3.4%
Withheld*	132,965	-

* A vote "withheld" is not a vote in law and is not counted in the calculation of the proportion of votes for and against the resolution

Remuneration Policy

The current policy was approved at our 2021 Annual General Meeting, held on May 2021. The approved Remuneration Policy is set out below. There have been no changes to this approved version.

Non-Executive Directors:

For non-executive directors, independent and non-independent directors, the Company's policy is to compensate via cash or Deferred Restricted Share Units for the time dedicated, subject to a maximum total annual compensation for non-executive directors in aggregate of two million dollars. Once a year, the Compensation Committee reviews compensation practices for non-executive directors in similar companies and the skills and experience required and may propose an adjustment in the current compensation.

In 2021 the Board of Directors established a DRSU Plan for non-executive directors which was approved by the shareholders' meeting. See section 1. Single Total Figure of Remuneration for Each Director in this Report for a description of the plan.

None of the non-executive directors receive bonuses, long-term incentive awards, pension or other benefits in respect of their services to the Company.

Executive Directors:

The policy for executive directors, only applicable to the Chief Executive Officer as the only executive director, is as follows:

Name of component	Description of component	How does this component support the company's (or Group's) short and long-term objectives?	What is the maximum that may be paid in respect of the component?	Framework used to assess performance
Salary/fees	Fixed remuneration payable monthly.	Helps to recruit and retain executive directors and forms the basis of a competitive remuneration package.	Maximum amount €800 thousand (approximately $910 thousand), may be increased by 5% per year. Salary levels for peers are considered.	Not applicable. No retention or clawback.
Benefits	Opportunity to join existing plans for employees but without any increase in remuneration.			
Annual Bonus	Annual bonus is paid following the end of the financial year for performance over the year. There are no retention or forfeiture provisions.	Helps to offer a competitive remuneration package and align it with the company's objectives.	200% of base salary.	40%-50% of CAFD. 10%-15% of EBITDA. 40%-50% of other operational or qualitative objectives. No retention. Clawback policy.
Long Term Incentive Awards	Restricted Stock Units subject to certain vesting periods and minimum TSR.	Align executive directors and shareholders interests.	70% of target annual salary + bonus.	Granted Restricted Stock Units subject to 5% average annual TSR. If the TSR performance condition has not been met during the vesting period, the participant's Restricted Stock Units will lapse on the vesting date.
			One-off plan in 2019 for 50% of 2019 salary + bonus.	Share units. Clawback policy.

CAFD, EBITDA and TSR have been selected as key parameters to measure the company's performance due to their importance for our shareholders. These measures are considered standard indicators of financial performance in our sector.

Clawback Policy

In 2021, the Company implemented an incentive compensation recoupment, or clawback policy. The policy is aimed at allowing the Company to recover performance-based compensation for three years after short-term variable compensation and/or long-term compensation awards are granted. The clawback policy is applicable from 2021 to all executives who participate in long term incentive arrangements.

The clawback policy is applicable in the event of the occurrence of either of the following triggering events: material financial restatement, including a restatement resulting from employee misconduct, or in the case of fraud, embezzlement or other serious misconduct that is materially

detrimental to the Company. The Compensation Committee shall retain discretion regarding application of the policy. The policy is incremental to other remedies that are available to the Company.

If a triggering event occurs, unless otherwise determined by the Compensation Committee and/or if the Company is required to prepare a material restatement of its financial statements as a result of misconduct, and the Compensation Committee determines that the executive knowingly engaged in the misconduct or acted knowingly or with gross negligence in failing to prevent the misconduct, or the Compensation Committee concludes that the participant engaged in fraud, embezzlement or other similar activity (including acts of omission) that the Compensation Committee concludes was materially detrimental to the Company, the Company may require the participant (or the participant's beneficiary) to reimburse the Company for, or forfeit, all or any portion of any short or long term variable compensation awards.

Compensation Committee Discretions

The Compensation Committee has discretion, consistent with market practice, in respect of, but not limited to participants, timing of payments, size of the award subject to policy, performance measures and when dealing with special situations, such as change of control or restructuring.

The annual bonus is a variable cash bonus, based on the objectives described above. Those objectives include Cash Available for Distribution (CAFD) and EBITDA, as these are key financial metrics for our industry sector. Additionally, the annual bonus includes 2-3 objectives that reflect some of the key projects, initiatives or key objectives.

Annual bonus performance targets include annual CAFD and EBITDA performance thresholds for payment and also thresholds for the operational/qualitative targets defined by the Compensation Committee. These could vary on a year-to-year basis, hence assessment performance thresholds are analysed and updated by the Compensation Committee on an annual basis.

For the management team and key personnel, our policy is to use two external consultants to estimate market conditions for similar positions in terms of fixed and variable remuneration and, based on a performance appraisal, set a target remuneration, as a general rule, within that market practice. Variable payments are based on a number of specific measurable targets in relation to the measures described herein, which are defined by the Compensation Committee at the beginning of the year. For the rest of its employees, the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal and within two ranges without employee consultation.

In addition, the Compensation Committee shall retain discretion regarding application of the clawback policy described in the remuneration policy section.

Long-Term Incentive Awards

The purpose of the LTIP is to attract and retain the best talent for positions of substantial responsibility in the Company, to encourage ownership in the Company by the executive team whose long-term service the Company considers essential to its continued progress and, thereby, encourage recipients to act in the shareholders' interest and to promote the success of the Company.

The long-term incentive plan permits the granting of Restricted Stock Units ("Awards") to the executive team of the Company (the "Executives"). The LTIP applies to approximately 13 Executives and the Chief Executive Officer.

In addition, the management has discretion to grant additional LTIPs to a certain group of employees and decide the value up to the 50% of the participant´s total annual compensation for the year closed before the date upon which an Award is granted.

The aggregate number of shares which may be reserved for issuance under the LTIP must not exceed 2% of the number of the shares outstanding at the time of the Awards are granted but is expected to be significantly less. In addition, total equity-based awards will be limited to 10% of the Company's issued share capital over a 10-year rolling period, in order to assure shareholders that dilution will remain within a reasonable range. In any case, the Compensation Committee may decide that, instead of issuing or transferring shares, the Executives may be paid in cash.

The value of the Awards will be defined as 50% of the Executives' total annual compensation for the year closed before the date upon which an Award is granted and, in the case of the Chief Executive Officer, would be 70% of the same previous year total annual compensation at the grant date. The award will be granted in Restricted Stock Units.

Main Terms of the LTIP:

	Restricted Stock Units	
	Executives who are not Directors	**Executives who are Directors**
Nature	Conditions shall be based on: - Continuing employment (or other service relationship) for 33% of the award and - Continuing employment and achievement of a minimum 5% average annual TSR for 67% of the award.	Conditions shall be based on continuing employment (or other service relationship) and achievement of a minimum 5% average annual TSR.
Exercisability and Vesting Period	33% of the shares will vest on the third anniversary of the grant date and 67% of the shares will vest on the third anniversary of the grant date but only if the annual TSR has been at least a 5% yearly average over such 3-year period. If the TSR has not met such threshold during the period, the participant's relevant Restricted Stock Units for the 67% portion will lapse on the vesting date. The Company will decide at vesting if cash or shares are given as payment.	The shares will vest on the third anniversary of the grant date but only if the annual TSR has been at least a 5% yearly average over such 3-year period. If the TSR has not met such threshold during the period, the participant's relevant Restricted Stock Units will lapse on the vesting date. The Company will decide at vesting if cash or shares are given as payment.
Ownership and Dividends	The participant will be entitled to receive, for each Restricted Stock Unit held, a payment equivalent to the amount of any dividend or distribution paid on one share between the grant date and the date on which the Restricted Stock Unit vests.	The participant will be entitled to receive, for each Restricted Stock Unit held, a payment equivalent to the amount of any dividend or distribution paid on one share between the grant date and the date on which the Restricted Stock Unit vests.

Effect on Termination of Employment

If a participant's employment terminates by reason of involuntary termination (death, disability, redundancy, constructive dismissal or retirement dismissal rendered unfair), any portion of his/her

Award shall thereafter continue to vest and become exercisable according to the terms of the LTIP but such participant shall no longer be entitled to be granted Awards under the LTIP.

If a participant incurs a termination of employment for cause or voluntary resignation or withdrawal, share options that have vested at the termination date will be exercisable within the period of 30 days from such termination date (after which they will lapse) but any unvested Awards (options or Restricted Stock Units) shall lapse.

Change of Control

If there is a change of control, all Awards shall vest in full on the date of the change in control. The participants must exercise their share options within a period of 30 days following receipt of a change of control notice from the Company without which, the options will lapse.

Delisting

If the Company is delisted, all outstanding Awards shall vest in full on the date of delisting and will be settled in cash. The cash payment for Restricted Stock Units will be the last quoted share price of the Company and the cash payment for any outstanding share options will be the difference between the last quoted share price and the exercise price for the applicable option. Such cash payments will be made after applicable tax deductions within 30 days of the delisting.

One-Off Plan

There is a one-off plan in-place that grants Restricted Stock Units to certain members of the management and certain members of middle management[9], consisting of approximately 25 managers including the Chief Executive Officer. The value of the award was defined as 50% of 2019 target remuneration (including salary and variable bonus). The share units vest over 3 years, one third each year starting in 2020, provided that the manager is still an employee of the Company. This was approved by shareholders at the 2019 Annual General Meeting.

Pension

The executive director does not receive any pension contributions.

None of the non-executive directors receive bonuses, long-term incentive awards, pension or other benefits in respect of their services to the Company.

There are no provisions for the recovery of sums paid or the withholding of any sum, except for those potentially derived from the application of the clawback provision. The company implemented the clawback provision in 2021.

Chief Executive Officer Remuneration Policy

The Compensation Committee approved a fixed remuneration of €690 thousand ($785 thousand converted to U.S. dollars at the December 31, 2021 exchange rate, which is 1.137 $/€) for the Chief Executive Officer for 2022. In 2021, the CEO's fixed remuneration also was €690 thousand.

Total remuneration of the only executive director for a minimum, target and maximum

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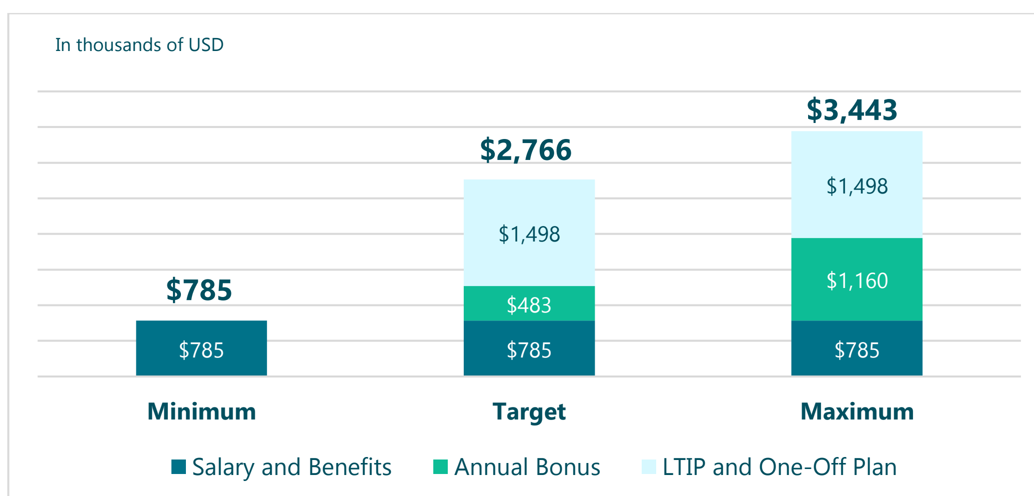
[9] Middle Management consists of employees who: (i) manage a specific area, (ii) supervise a group of employees, or (iii) are considered key personnel within the organization.

performance in 2022 is presented in the chart below.



Assumptions made for each scenario are as follows:

Minimum:	Fixed remuneration only, assuming performance targets are not met for the annual bonus nor for the RSU and assuming no value for the options vesting in the year.
Target:	Fixed remuneration, plus half of target annual bonus and the LTIP and one-off plans vesting in 2022 at face value, using share price at grant date for units and option value at grant date for options, not including dividends, and assuming that the minimum annual TSR of at least a 5% yearly average over the 3-year period is met for the units.
Maximum:	Fixed remuneration, plus maximum annual bonus and LTIP and one-off plans vesting in 2022 at face value, using share price at grant date for units and option value at grant date for options not including dividends, and assuming that the minimum annual TSR of at least a 5% yearly average over the 3-year period is met for the units.

In addition, if we assume a 50% appreciation of the share price with respect to the grant date, maximum remuneration for 2022 including vesting long-term awards would be approximately $5,058 thousand.

For 2022, the bonus measures for the remuneration of the Chief Executive Officer, will focus on six areas: financial targets, value creating growth/investments, health and safety, management of relationships with key shareholders and partners, executive talent development and disclosure best standards.

This approach is intended to provide a balanced assessment of how the business has performed over the course of the year against stated objectives. Targets are aligned with the annual plan and strategic and operational priorities for the year.

The CEO’s 2022 bonus objectives are disclosed under the section Annual Report on Remuneration.

Approach to Recruitment

The remuneration policy reflects the composition of the remuneration package for the appointment of new executive and non-executive directors. We expect to offer a competitive fixed remuneration, an annual bonus (for executive directors) not exceeding 200% of the fixed

remuneration and participation in the LTIP. Whenever needed, the Company can contract an external advisor to hire key personnel.

Nominee directors do not receive any compensation from the Company.

Policy on Payments for Loss of Office

The Company has an agreement in-place with certain executives with strategic and key responsibilities in the Company ("Key Managers"), including the Chief Executive Officer, to protect the Company's know-how and to ensure continuity in terms of attainment of business objectives, the policy approved by our shareholders at the 2019 Annual General Meeting, introduced certain termination payments to key executives, including the Chief Executive Officer.

No payments would be made to Key Managers for dismissal for breach of contract, breach of fiduciary duties or gross misconduct, determined (in the event of a dispute) by a court of competent jurisdiction to reach a final determination.

The Company agreed with Key Managers, including the CEO, the Company would make payments for loss of office or employment in addition to the severance payment under the prevailing labour and legal conditions in their contracts or countries where they are employed if they should leave (by loss of office or employment) the Company within 2 years of a change in control. The payment would represent six months of remuneration and will be adjusted to ensure that total payment including severance payment required under prevailing laws represent at least 12 months of remuneration (including salary, benefits, long term incentive plans and variable pay), but never more than 24 months of remuneration, unless required by local law.

A change of control means that a third party or coordinated parties (i) acquire directly or indirectly by any means a number of shares in the Company which (together with the shares that such party may already hold in the Company) amount to more than 50% of the share capital of the Company; or (ii) appoint or have the right to appoint at least half of the members of the Board of Directors of the Company.

Consideration of Employee Conditions Elsewhere

For the management team and key personnel, our policy is to use two external consultants to estimate market conditions for roles of a similar level of managerial responsibilities and complexity in terms of fixed and variable remuneration and, as a general rule, based on a performance appraisal, set target remuneration within that market practice.

The annual variable remuneration payment is calculated with reference to the achievement of a number of specific measurable targets defined in the previous year. Each specific target is measured on a performance scale of 0%-120%.

For the rest of its employees, the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal within two ranges without employee consultation.

The remuneration of all employees, including the members of the management team, may be adjusted periodically in the framework of the annual salary review process which is carried out for all employees.

Overall, we expect that, following the implementation of our policies, remunerations of the Company's employees will increase in line with the market with the exception of individuals that have recently been promoted or whose remuneration is above market conditions.

Statement of Consideration of Shareholder Views

There are no comments in respect of directors' remuneration expressed to the Company by shareholders. The next Annual General Meeting is expected to be held in May 2022.

Summary of Policy for Non-Executive Directors

Name of component	How does the component support the company's objective?	Operation	Maximum
Fees and/or Deferred Restricted Share Units (DRSU)	Attract and retain high-performing independent non-executive directors. Align interests of non-executive independent directors with interests of shareholders.	Reviewed annually by the Compensation Committee and Board. The chair of the Board and the chair of each committee receive additional fees. DRSUs: the Company and the Directors shall agree the percentage of their fees that shall be paid in DRSUs. The number of DRSUs credited is determined using the market value of an ordinary share at the time of the grant. Upon a participant ceasing to be a member of the Board the DRSUs will vest. The Company shall transfer to the director a number of shares equal to the number of vested DRSUs and a number of shares equal in value to any dividends which would have been paid or payable, or such number of ordinary shares equal to the vested DRSUs, from the grant date until the vesting date. Minimum share ownership: within a period of five years, directors receiving remuneration from the Company should have a minimum share ownership in the Company of 3 times their annual compensation. In the case of the CEO, this requirement is 6 times his fixed compensation.	Annual total compensation for independent non-executive directors, in any case, the fees or DRSUs will not exceed two million dollars.
Benefits	Reasonable travel expenses to the Company's registered office or venues for meetings.	Customary control procedures.	Real costs of travel with a maximum of one million dollars for all directors.

Non-independent, non-executive directors are entitled to the same compensation as independent non-executive directors.

In 2021, the Board of Directors adopted minimum share ownership guidelines for directors receiving remuneration from the Company (see the Directors' Shareholdings section). Within a period of five years, non-executive directors receiving remuneration from the Company should have a minimum share ownership in the Company of 3 times their annual compensation.

In addition, starting in 2021, the directors may elect to receive compensation via a mix of cash and DRSUs. The DRSUs shall vest upon the date on which the director ceases to be a member of the Board due to a voluntary or involuntary separation from service. The director shall not have any rights of a shareholder unless and until the DRSUs vest and are settled by the issuance of shares (see further detail in the Current remuneration policy section above).

Service Contracts

Mr. Seage has a service contract with Atlantica that includes a 6-month notice period.

Non-executive directors do not have a service contract and will be submitted for election by shareholders at the 2022 Annual General Meeting for one year. All directors will be submitted for re-election by shareholders annually.

Employee Benefit Trusts

The Company has not established employee trusts for share plans.

Statement of Voting at General Meetings

The remuneration report will be submitted to a vote of shareholders at the Annual Shareholders' Meeting in May 2022.

Approval

This report was approved by the Board of Directors on February 25, 2022 and signed on its behalf by William Aziz, Director and Chair of the Compensation Committee.

Director and Chair of the Compensation Committee

William Aziz

February 25, 2022

Directors' Responsibilities Statement

The directors are responsible for preparing the Consolidated Annual Report and the Consolidated Financial Statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs and in respect of the parent company financial statements, FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- In respect of the group financial statements, state whether International Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- In respect of the parent company financial statements, state whether the applicable FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility Statement

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report and directors' remuneration report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

We confirm that to the best of our knowledge:

The Consolidated Financial Statements, prepared in accordance with the International Accounting Standards in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole,

The Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and

The Consolidated Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on February 25, 2022 and is signed on its behalf by:

By order of the Board

Director and Chief Executive Officer

Santiago Seage

February 25, 2022

Chief Financial Officer

Francisco Martinez-Davis

February 25, 2022

Definitions

Unless otherwise specified or the context requires otherwise in this annual report:

- references to "2020 Green Private Placement" refer to the €290 million (approximately $330 million) senior secured notes maturing on June 20, 2026 which were issued under a senior secured note purchase agreement entered with a group of institutional investors as purchasers of the notes issued thereunder;
- references to "Abengoa" refer to Abengoa, S.A., together with its subsidiaries, or Abenewco1, S.A. together with its subsidiaries, unless the context otherwise requires;
- references to "ACT" refer to the gas-fired cogeneration facility located inside the Nuevo Pemex Gas Processing Facility near the city of Villahermosa in the State of Tabasco, Mexico;
- references to "Algonquin" refer to, as the context requires, either Algonquin Power & Utilities Corp., a North American diversified generation, transmission and distribution utility, or Algonquin Power & Utilities Corp. together with its subsidiaries;
- references to "Algonquin ROFO Agreement" refer to the agreement we entered into with Algonquin on March 5, 2018, under which Algonquin granted us a right of first offer to purchase any of the assets offered for sale located outside of the United States or Canada as amended from time to time;
- references to "Amherst Island Partnership" or AIP refer to the holding company of Windlectric Inc;
- references to "Annual Consolidated Financial Statements" refer to the audited annual consolidated financial statements as of December 31, 2021 and 2020, including the related notes thereto, prepared in accordance with IFRS as issued by the IASB (as such terms are defined herein), included in this annual report;
- references to "ASI Operations" refer to ASI Operations LLC;
- references to "Atlantica" refer to Atlantica Sustainable Infrastructure plc and, where the context requires, Atlantica Sustainable Infrastructure plc together with its consolidated subsidiaries;
- references to "Atlantica Jersey" refer to Atlantica Sustainable Infrastructure Jersey Limited, a wholly-owned subsidiary of Atlantica;
- references to "ATM Plan Letter Agreement" refer to the agreement by and among the Company and Algonquin dated August 3, 2021, pursuant to which the Company offers Algonquin the right but not the obligation, on a quarterly basis, to purchase a number of ordinary shares to maintain its percentage interest in Atlantica at the average price of the shares sold under the Distribution Agreement in the previous quarter, as adjusted;
- references to "ATN" refer to ATN S.A., the operational electronic transmission asset in Peru, which is part of the Guaranteed Transmission System;
- references to "ATS" refer to ABY Transmision Sur S.A.;

- references to “AYES Canada” refer to Atlantica Sustainable Infrastructure Energy Solutions Canada Inc., a vehicle formed by Atlantica and Algonquin to channel co-investment opportunities;
- references to “Befesa Agua Tenes” refer to Befesa Agua Tenes, S.L.U;
- references to “cash available for distribution” or CAFD refer to the cash distributions received by the Company from its subsidiaries minus cash expenses of the Company, including third party debt service and general and administrative expenses;
- references to “Calgary District Heating” refer to the district heating asset in Canada, which we agreed to acquire in the fourth quarter of 2020 for a total equity investment of approximately $20 million, subject to conditions precedent and regulatory approvals;
- references to “Chile PV 1” refer to the solar PV plant of 55 MW located in Chile;
- references to “Chile PV 2” refer to the solar PV plant of 40 MW located in Chile;
- references to “Chile TL 3” refer to the 50-mile transmission line located in Chile;
- references to “Chile TL 4” refer to the 63-mile transmission line located in Chile;
- references to “CNMC” refer to Comision Nacional de los Mercados y de la Competencia, the Spanish state-owned regulator;
- references to “COD” refer to the commercial operation date of the applicable facility;
- references to “Coso” refer to the 135 MW geothermal plant located in California;
- references to the “Distribution Agreement” refer to the agreement entered into with J.P. Morgan Securities LLC, as sales agent, dated August 3, 2021 under which the Company may offer and sell from time to time up to $150 million of our ordinary shares and pursuant to which J.P. Morgan Securities LLC may sell our ordinary shares by any method permitted by law deemed to be an “at the market offering” as defined by Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended;
- references to “DOE” refer to the U.S. Department of Energy;
- references to “EMEA” refer to Europe, Middle East and Africa;
- references to “EPC” refer to engineering, procurement and construction;
- references to “EURIBOR” refer to Euro Interbank Offered Rate, a daily reference rate published by the European Money Markets Institute, based on the average interest rates at which Eurozone banks offer to lend unsecured funds to other banks in the euro wholesale money market;
- references to “EU” refer to the European Union;
- references to “Exchange Act” refer to the U.S. Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the SEC thereunder;
- references to “Federal Financing Bank” refer to a U.S. government corporation by that name;
- references to “Fitch” refer to Fitch Ratings Inc.;

- references to Frequency with Leave Index (FWLI) refer to the total number of recordable accidents with leave (lost time injury) recorded in the last 12 months per million of worked hours;
- references to "FPA" refer to the U.S. Federal Power Act;
- references to "General Frequency Index" (GFI) refer to the total number of recordable accidents with leave (lost time injury) recorded in the last twelve months per million of worked hours;
- references to "Green Exchangeable Notes" refer to the $115 million green exchangeable senior notes due in 2025 issued by Atlantica Jersey on July 17, 2020, and fully and unconditionally guaranteed on a senior, unsecured basis, by Atlantica;
- references to "Green Project Finance" refer to the green project financing agreement entered into between Logrosan, the sub-holding company of Solaben 1 & 6 and Solaben 2 & 3, as borrower, and ING Bank, B.V. and Banco Santander S.A., as lenders;
- references to "Green Senior Notes" refer to the $400 million green senior notes due in 2028;
- references to "gross capacity" refer to the maximum, or rated, power generation capacity, in MW, of a facility or group of facilities, without adjusting for the facility's power parasitic consumption, or by our percentage of ownership interest in such facility as of the date of this annual report;
- references to "GWh" refer to gigawatt hour;
- references to "IFRIC 12" refer to International Financial Reporting Interpretations Committee's Interpretation 12—Service Concessions Arrangements;
- references to "IFRS as issued by the IASB" refer to International Financial Reporting Standards as issued by the International Accounting Standards Board;
- references to "IPO" refer to our initial public offering of ordinary shares in June 2014;
- references to "Italy PV" refer to the six solar PV plants located in Italy with combined capacity of 6.2 MW;
- references to "ITC" refer to investment tax credits;
- references to "La Sierpe" refer to the 20MW solar PV plant in Colombia to be acquired from Algonquin by mid-2021, subject to customary conditions;
- references to "Liberty GES" refer to Liberty Global Energy Solutions B.V., a subsidiary of Algonquin formerly known as Abengoa- Algonquin Global Energy Solutions B.V. (AAGES) which invests in the development and construction of contracted clean energy and water infrastructure contracted assets;
- references to "Liberty Interactive" refer to Liberty Interactive Corporation;
- references to "Liberty Interactive Ownership Interest in Solana" refer to Class A membership interests of ASO Holdings Company LLC (the holding company of Arizona Solar One LLC, owner of the 250 MW net (280 MW gross) solar electric generation facility located in Maricopa County, Arizona, known as the Solana plant), previously owned by Liberty Interactive and purchased by us on August 17, 2020;

- references to “Liberty GES ROFO Agreement” refer to the agreement we entered into with Liberty GES on March 5, 2018, that provides us a right of first offer to purchase any of the assets offered for sale thereunder, as amended and restated from time to time;
- references to “LIBOR” refer to London Interbank Offered Rate;
- references to “Lost time injury rate” refer to the total number of recordable accidents with leave (lost time injury) recorded in the last 12 months per two hundred thousand worked hours;
- references to “Logrosan” refer to Logrosan Solar Inversiones, S.A.;
- references to “LTIP” refer to the long-term incentive plans approved by the Board of Directors;
- references to “Mft3M ft3” refer to million standard cubic feet;
- references to “Monterrey” refer to the 142 MW gas-fired engine facility including 130 MW installed capacity and 12 MW battery capacity, located in, Monterrey, Mexico;
- references to “Multinational Investment Guarantee Agency” refer to Multinational Investment Guarantee Agency, a financial institution member of the World Bank Group which offers political insurance and credit enhancement guarantees;
- references to “MW” refer to megawatts;
- references to “MWh” refer to megawatt hour;
- references to “Moody’s” refer to Moody’s Investor Service Inc.;
- references to “NOL” refer to net operating loss;
- references to “Note Issuance Facility 2017” refer to the senior secured note facility dated February 10, 2017, of €275 million (approximately $313 million), with Elavon Financial Services DAC, UK Branch, as facility agent and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder, which was fully repaid in April 2020;
- references to “Note Issuance Facility 2019” refer to the senior unsecured note facility dated April 30, 2019, as amended on May 14, 2019, October 23, 2020 and March 30, 2021 for a total amount of €268 million, (approximately $310 million), with Lucid Agency Services Limited, as facility agent and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder which was fully repaid on June 4, 2021;
- references to “Note Issuance Facility 2020” refer to the senior unsecured note facility dated July 8, 2020, as amended on March 30, 2021 of €140 million (approximately $159 million), with Lucid Agency Services Limited, as facility agent and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder;
- references to “O&M” refer to operation and maintenance services provided at our various facilities;
- references to “operation” refer to the status of projects that have reached COD (as defined above);
- references to “Pemex” refer to Petroleos Mexicanos;
- references to “PG&E” refer to PG&E Corporation and its regulated utility subsidiary, Pacific Gas and Electric Company collectively;

- references to "PPA" refer to the power purchase agreements through which our power generating assets have contracted to sell energy to various off-takers;
- references to "PTS" refer to Pemex Transportation System;
- references to "Revolving Credit Facility" refers to the credit and guaranty agreement with a syndicate of banks entered into on May 10, 2018 as amended on January 24, 2019, August 2, 2019, December 17, 2019 and August 28, 2020 and March 1, 2021 providing for a senior secured revolving credit facility in an aggregate principal amount of $450 million;
- references to "Rioglass" refer to Rioglass Solar Holding, S.A.;
- references to "ROFO" refer to a right of first offer;
- references to "ROFO Agreements" refer to the Liberty GES ROFO Agreement and Algonquin ROFO Agreement ;
- references to the "Shareholders' Agreement" refer to the agreement by and among Algonquin Power & Utilities Corp., Abengoa-Algonquin Global Energy Solutions and Atlantica Sustainable Infrastructure plc, dated March 5, 2018, as amended;
- references to "Solnova 1, 3 & 4" refer to a 150 MW concentrating solar power facility wholly owned by Atlantica, located in the municipality of Sanlucar la Mayor, Spain;
- references to "S&P" refer to S&P Global Rating;
- references to "Tenes" refer to the water desalination plant in Algeria, which is 51% owned by Befesa Agua Tenes;
- references to "Total-Record Incident" refer to the total number of recordable accidents with and without leave (lost time injury) recorded in the last 12 months per two hundred thousand worked hours;
- references to "U.K." refer to the United Kingdom;
- reference to "U.S." or "United States" refer to the United States of America;
- references to "we," "us," "our," "Atlantica" and the "Company" refer to Atlantica Sustainable Infrastructure plc and its subsidiaries, unless the context otherwise requires.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTICA SUSTAINABLE INFRASTRUCTURE PLC

Opinion

In our opinion:

- Atlantica Sustainable Infrastructure plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Atlantica Sustainable Infrastructure plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise:

Group	**Parent company**
Consolidated Balance Sheet as at 31 December 2021	Company Balance Sheet as at 31 December 2021
Consolidated Income Statement for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Other Comprehensive Income for the year then ended	Related notes 1 to 10 to the financial statements including a summary of significant accounting policies
Consolidated Statement of Changes in Equity for the year then ended	
Consolidated Cash Flow Statement for the year then ended	
Related notes 1 to 26 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our

audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- We performed a walkthrough of the Group's financial close process to confirm our understanding of management's going concern assessment process. From this walkthrough, we obtained an understanding of management's financing structure that splits the Group into corporate level financing and project level financing. The finance secured by the projects is non-recourse to the Group. The Group going concern assessment is therefore based on corporate level cash flows which are dependent on income from operating subsidiaries to service corporate level finance arrangements and does not include these non-recourse project level finance arrangements directly but considers the ability for dividends to flow up through the Group. The corporate forecast incorporates the cash flows from the Parent and all holding and investment entities within the Group, as well as dividends forecast to be received from the operating subsidiaries.

- We performed an independent risk assessment on going concern to identify potential risks to the liquidity of the Group in order to determine whether management's process had identified all the appropriate risks.

- We obtained management's going concern assessment, including the corporate cash flow forecast, available liquidity and debt maturity profiles for the going concern period which covers the 13-month period from when these financial statements are authorised for issue to 31 March 2023.

- In obtaining an understanding of the Group's project finance structure, we instructed component teams to inspect the terms of the agreements to understand the structure of the project finance debt. We confirmed that the project debt was non-recourse to the Group.

- We agreed the opening cash position to external bank confirmations and available bank facilities to external credit facility agreements.

- We agreed the debt maturity profiles, including the upcoming repayment profiles, to the terms of the signed agreements with the debt providers and we also obtained confirmation from debtholders on the amounts due.

- We obtained management's assessment of the budgeted EBITDA for the going concern period. We confirmed the contracted revenues through our revenue testing. We assessed the reasonableness of the budgets by analysing the historical performance of the operating assets and by comparing 2021 actual data to 2021 budgeted data. Through this, we confirmed that the operating assets were generating sufficient EBITDA to fulfil their financial commitments and also to upstream dividends. We did not identify any defaults at a project level, except at Kaxu where the Group has not fulfilled the conditional waiver before the balance sheet date and classified the project debt relating to Kaxu as short-term, as described in Note 1. Considering the project debt is non-recourse to the Group, we concluded that there is no impact to the Group's ability to continue as a going concern. Furthermore, we have inspected

the terms of other project and corporate debts to understand whether the default in Kaxu would trigger any cross-default event. We confirmed that it does not trigger any other cross-default event.

- We recalculated the Group's performance against financial covenants as at 31 December 2021 to ensure that covenant testing had been performed correctly in accordance with the Group's agreements with debtholders. We also recalculated the Group's forecasted performance against the covenant ratios in the going concern period in order to assess its future ability to comply.

- We assessed the corporate cash flow forecast and considered the appropriateness of the key assumptions, inputs and methods used to calculate it.

- We performed reverse stress testing to determine what would be the corporate cash shortfall in case no dividends were received from the operating subsidiaries, which is the main source of operating cash flows at the corporate level throughout the going concern period. This exercise also included considering mitigating factors which are within the Board of Directors' control that could be implemented in a very short time to prevent or mitigate any cash shortfall during the going concern period.

- We read the Group's going concern disclosures included in the annual report to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 16 months from when the financial statements are authorised for issue

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 5 components and audit procedures on specific balances for a further 23 components. In addition, we selected 7 components where we performed specified procedures. • The components where we performed full or specific audit procedures accounted for 90% of Earnings before interest, taxes, depreciation, and amortization (EBITDA), 82% of Revenue and 87% of Total assets.
Key audit matters	Recoverability assessment of contracted concessional assets
Materiality	• Overall group materiality of $21m which represents 2.5% of Group Adjusted EBITDA

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

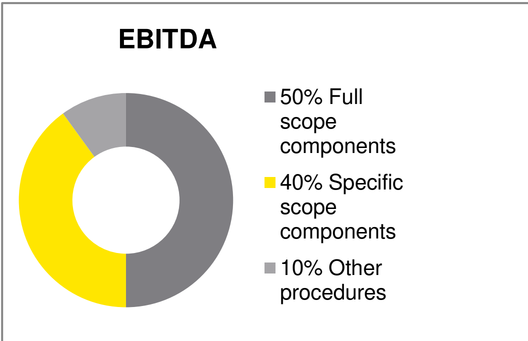
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 91 reporting components of the Group, we selected 35 components covering entities within the UK, Spain, Mexico, USA, Peru, South Africa, Uruguay and Luxembourg, which represent the principal business units within the Group.

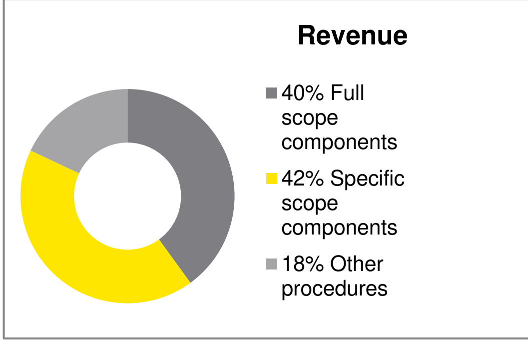
Of the 35 components selected, we performed an audit of the complete financial information of 5 components ("full scope components") which were selected based on their size or risk characteristics. For 23 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile. For the remaining 7 components ("specified procedures components"), we performed procedures at the component level that were specified by the group engagement team in response to specific risk factors.

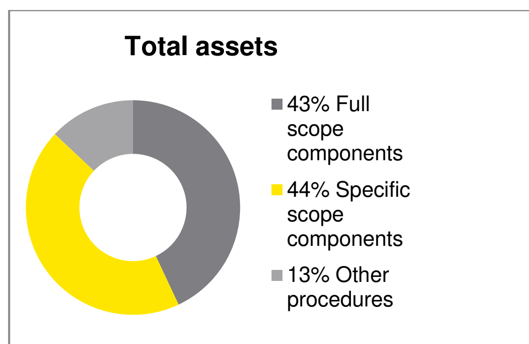
The reporting components where we performed audit procedures accounted for 90% (2020: 86% of the Group's EBIT) of the Group's EBITDA, 82% (2020: 90%) of the Group's revenue and 87% (2020: 67%) of the Group's total assets. For the current year, the full scope components contributed 50% (2020: 31% of the Group's EBIT) of the Group's EBITDA, 40% (2020: 37%) of the Group's revenue and 43% (2020: 40%) of the Group's total assets. The specific scope component contributed 40% (2020: 49% of the Group EBIT) of the Group's EBITDA, 42% (2020: 50%) of the Group's revenue and 44% (2020: 46%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. We also instructed 7 locations to perform specified procedures over the US tax restructuring, new project debt facilities and an existing corporate debt facility.

Of the remaining 56 components that together represent 10% of the Group's EBITDA, none are individually greater than 2% of the Group's EBITDA. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.







Changes from the prior year
The approach to audit scope is similar to the prior year audit with the addition of 1 full scope, 2 specific scope and 4 specified procedures components in response to specific risk factors and also certain specific scope components to introduce a level of unpredictability through rotational testing.

Integrated team structure
The overall audit strategy is determined by the UK Senior Statutory Auditor, Stephney Dallmann, and the Spanish Senior Auditor, Ambrosio Arroyo Fernandez-Rañada. Atlantica Sustainable Infrastructure plc Group is based in the UK. However, due to the structure of the Atlantica Sustainable Infrastructure plc ownership, the primary audit team includes members from both the UK and Spain. Members of the primary audit team in both jurisdictions worked together as an integrated team. During the current year's audit cycle, a visit was undertaken by the by the UK Senior Statutory Auditor to the Spanish primary audit team members in Spain. The visit involved discussing the audit approach with the Spanish primary audit team members and any issues arising from the audit work, attending closing meetings, and discussing relevant audit working papers on risk areas. The UK primary audit team members interacted regularly with the Spanish primary audit team members throughout the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Involvement with component teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. On the full scope component, audit procedures were performed directly by the primary audit team. For the 23 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The Group audit team intended to complete site visits to the component teams in the UK, Spain, Mexico, the United States, South Africa, Peru and Uruguay. Following the outbreak of COVID-19 and guidance issued by the governments, it was not possible to complete the planned visits. We therefore completed the site visits virtually through the use of video or teleconferencing facilities. These virtual visits involved discussing the audit approach with the component teams and any issues arising from their work, attending planning and closing meetings reviewing key audit working papers on risk areas and meeting with local management. There was no decrease in the extent of interactions with local management and the heads of relevant business functions. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be from acute and chronic physical risk and transition risk from emerging regulations. These are explained on pages 36 - 38 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in Note 6 to the financial statements, the Group has concluded that the recent development in the Energy and Climate Policy Framework adopted by Spain in 2020 is expected to have deep transformation of the electricity sector in Spain and would reduce the market price of electricity in the mid- to long-term period. The Group has reduced the useful life of the CSP plants in Spain from 35 years to 25 years after COD to take into account the expected effect of long-term price evolution and technology changes.

Our audit effort in considering climate change was focused on ensuring that the effects of material climate risks disclosed in Note 6 have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being contracted concessional assets, and in the timing and nature of liabilities recognised, being dismantling provision. We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Recoverability assessment of contracted concessional assets ($8,021 million value of risk, PY comparative $8,155 million) Refer to the Audit Committee Report (section 8 pages 15 and 16); Accounting policies (Note 2 of the Consolidated Financial Statements page 160); and Note 6 of the Consolidated Financial Statements (page 188). As described in Note 6 to the consolidated financial statements, the Group has recorded “contracted concessional” assets of $8,021 million at December 31, 2021, which are primarily classified as intangible assets or financial assets depending on the nature of the payment entitlements established in the respective agreements. Revenue derived from the Group's contracted concessional assets are governed by power purchase agreements (“PPAs”) with the Group's customers or by regulation. As described in Note 2 to the consolidated financial statements, the Group reviews its contracted concessional assets for impairment indicators whenever events or changes in circumstances indicate that the carrying amounts of the assets or group of assets may not be recoverable, or previous impairment losses are no longer adequate. As discussed in Note 6, management identified triggering events at the Solana asset located in the United States (the “Solana US Asset”) and	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Group’s contracted concessional assets recoverability assessment process. For example, we tested controls over management’s identification of potential impairment indicators, as well as controls over the determination of significant assumptions used in the Solana US Asset impairment calculation, including, among others, the discount rates and underlying projections used in the Group’s impairment. assessment. To test the Group’s impairment indicators assessment for contracted concessional assets, our audit procedures included, among others, comparing actual energy production versus budget and assessing the effects of any identified changes to regulation impacting significant locations. For the Solana US Asset, we evaluated the design and tested the operating effectiveness of controls over the current year impairment calculation, including management’s review of the significant assumptions used. As part of our audit procedures on the Solana US Asset, we assessed the appropriateness of the main inputs used in the cash flow projections, by comparing the future estimated performance of the asset to its historical energy production and evaluating the consistency of the actual energy production versus budget for 2021. As an additional procedure, we engaged an external specialist,	Based on the audit procedures performed, we conclude that the review of the impairment indicators assessment performed by management is appropriate. For Solana (US Asset), an impairment charge was identified by management and recorded for $43 million. Based on the evidence obtained and the audit procedures performed, we consider that the impairment charge is fairly stated. We conclude that the related disclosures as per IAS 36 are appropriately presented in the financial statements.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
recorded a $43 million impairment charge in 2021. Auditing the Group's recoverability assessment related to the contracted concessional assets involves significant judgement in determining whether impairment indicator existed and, if an indicator exists, in the assumptions used by management in the determination of whether an impairment should be recorded or reversed. The main inputs considered when evaluating for impairment indicators include the performance of the plants versus budget and changes in applicable regulations. The significant assumptions which require substantial judgement or estimation used in the impairment calculations of the Solana US Asset are discount rates and projections considering real data based on contract terms and projected changes in both selling prices and costs.	an independent engineer, to assess the reasonableness of the forecast energy production volume in Solana US Asset. For the discount rate, we involved our valuation specialists to assist us in calculating and developing a range of discount rates, which we compared to those used by the Group. We assessed the adequacy of the related disclosures in the Group's financial statements, including the sensitivity analyses on the energy production and discount rate assumptions.	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $21 million (2020: $21 million), which is 2.5% (2020: 5% of EBIT) of Adjusted EBITDA. We believe that Adjusted EBITDA provides us with best assessment of the requirements of the users of the financial statements.

We determined materiality for the Parent Company to be $30 million (2020: $29 million), which is 2% (2020: 2%) of Equity.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2020: 75%) of our planning materiality, namely $16m (2020: $17m). We have set performance materiality at this percentage having considered the nature, the number and the impact of audit differences identified in 2020 as well as the overall control environment.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was $2m to $5m (2020: $2m to $7m).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1m (2020: $1m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 135, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material

inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 129, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (IFRS, FRS 101 and the Companies Act 2006), the relevant tax compliance regulations in the jurisdictions in which the Group operates, Anti-Money Laundering Regulation and General Data Protection Regulation. In addition, the Group is subject to the laws and regulations set forth by both the Securities and Exchange Commission ("SEC") and the National Association of Securities Automated Quotations ("NASDAQ"). Also, the Group operates in a number of regulated markets; it is subject to extensive regulations from the national regulatory authorities in the jurisdictions it operates in, as well as additional regulations at a state, regional and local level in certain countries, including Spain, Mexico, Peru and the United States.

- We understood how Atlantica Sustainable Infrastructure plc is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit Committee and correspondence received from regulatory or licensing authorities. We noted that there was no contradictory evidence.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included performing substantive testing procedures over revenue recognition, testing manual journals and involving our internal specialists to review key management estimates (such as the recoverability of contracted concessional assets and fair value estimates). These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of board minutes to identify any non-compliance, a review of reporting to the Audit Committee on compliance with regulations and enquiries with management, internal audit and the legal and compliance department.

- The Group owns and manages renewable energy, efficient natural gas, transmission and transportation infrastructure and water assets which operate in a regulated environment. We have obtained an understanding of the regulations and the potential impact of these on the Group. In assessing the control environment, we have considered the compliance of the Group with these regulations as part of our audit procedures, which included a review of correspondence received from the regulators where this was received. In addition, revenues derived from the Group's contracted concessional assets are governed by power purchase

agreements ("PPAs") with the Group's customers or with regulators. We have agreed the conditions and prices applied per the contracts to the revenues.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Stephney Dallmann (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 February 2022

Consolidated Financial Statement

Consolidated Income Statement

Amounts in thousands of U.S. dollars

	Note (1)	For the year ended December 31, 2021	2020
Revenue	4	1,211,749	1,013,260
Other operating income	20	74,670	99,525
Employee benefit expenses	24	(78,758)	(54,464)
Depreciation, amortization, and impairment charges	6	(439,441)	(408,604)
Other operating expenses	20	(414,330)	(276,666)
Operating profit		**353,890**	**373,051**
Financial income	21	2,755	7,052
Financial expense	21	(361,270)	(378,386)
Net exchange differences	21	1,873	(1,351)
Other financial income, net	21	15,750	40,875
Financial expense, net		**(340,892)**	**(331,810)**
Share of profit of associates carried under the equity method	7	12,304	510
Profit before income tax		**25,302**	**41,751**
Income tax expense	18	(36,220)	(24,877)
Profit/(loss) for the year		**(10,918)**	**16,874**
Profit attributable to non-controlling interests		(19,162)	(4,906)
Profit/(loss) for the year attributable to owners of the Company		**(30,080)**	**11,968**
Weighted average number of ordinary shares outstanding (thousands) - basic	22	111,008	101,879
Weighted average number of ordinary shares outstanding (thousands) - diluted	22	114,523	103,392
Basic earnings per share (U.S. dollar per share)	22	(0.27)	0.12
Diluted earnings per share (U.S. dollar per share)	22	(0.26)	0.12

(1) Notes 1 to 26 are an integral part of the consolidated financial statements

Consolidated Statement of Other Comprehensive Income

Amounts in thousands of U.S. dollars	Note (1)	Year Ended December 31, 2021	Year Ended December 31, 2020
Profit /(loss) for the year		**(10,918)**	**16,874**
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges		33,846	(26,272)
Less: reclassification adjustments for gains transferred to profit or loss	9	58,292	58,381
Exchange differences on translation of foreign operations		(41,956)	(9,947)
Income tax relating to items that may be reclassified subsequently to profit or loss		(23,712)	(8,698)
Other comprehensive income for the year net of tax		**26,470**	**13,464**
Total comprehensive income for the year		**15,552**	**30,338**
Total comprehensive income attributable to:			
Owners of the Company		966	25,711
Non-controlling interests		14,586	4,627

(1) Notes 1 to 26 are an integral part of the consolidated financial statements

Consolidated Balance Sheet

Amounts in thousands of U.S. dollars	Note (1)	As of December 31, 2021	As of December 31, 2020
Assets			
Non-current assets			
Contracted concessional assets	6	8,021,568	8,155,418
Investments carried under the equity method	7	294,581	116,614
Financial investments	8	96,608	89,754
Deferred tax assets	18	172,268	152,290
Total non-current assets		**8,585,025**	**8,514,076**
Current assets			
Inventories		29,694	23,958
Trade and other receivables	11	307,143	331,735
Financial investments	8	207,379	200,084
Cash and cash equivalents	12	622,689	868,501
Total current assets		**1,166,905**	**1,424,278**
Total assets		**9,751,930**	**9,938,354**
Equity			
Share capital	13	11,240	10,667
Share premium	13	872,011	1,011,743
Capital reserves	13	1,020,027	881,745
Other reserves	9	171,272	96,641
Accumulated currency translation reserve	13	(133,450)	(99,925)
Accumulated deficit	13	(398,701)	(373,489)
Equity attributable to the Company	13	1,542,399	1,527,382
Non-controlling interests	13	206,206	213,499
Total equity		**1,748,605**	**1,740,881**
Non-current liabilities			
Long-term corporate debt	14	995,190	970,077
Long-term project debt	15	4,387,674	4,925,268
Grants and other liabilities	16	1,263,744	1,229,767
Derivative liabilities	9	223,453	328,184
Deferred tax liabilities	18	308,859	260,923
Total non-current liabilities		**7,178,920**	**7,714,219**
Current liabilities			
Short-term corporate debt	14	27,881	23,648
Short-term project debt	15	648,519	312,346
Trade payables and other current liabilities	17	113,907	92,557
Income and other tax payables		34,098	54,703
Total current liabilities		**824,405**	**483,254**
Total equity and liabilities		**9,751,930**	**9,938,354**

(1) Notes 1 to 26 are an integral part of the Consolidated Financial Statements

Consolidated Statement of Changes in Equity

The consolidated financial statements of Atlantica Sustainable Infrastructure plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 25 February 2022.

They were signed on its behalf by:

Director and Chief Executive Officer	Chief Financial Officer
Santiago Seage	Francisco Martinez-Davis
February 25, 2022	February 25, 2022

Consolidated Statement of Changes in Equity

Amounts in thousands of U.S. dollars	Share Capital	Share Premium	Capital Reserves	Other reserves	Accumulated currency translation differences	Accumulated deficit	Total equity attributable to the Company	Non-controlling interest	Total equity
Balance as of January 1, 2021	**10,667**	**1,011,743**	**881,745**	**96,641**	**(99,925)**	**(373,489)**	**1,527,382**	**213,499**	**1,740,881**
Profit/(Loss) for the year after taxes	-	-	-	-	-	(30,080)	(30,080)	19,162	(10,918)
Change in fair value of cash flow hedges	-	-	-	97,421	-	(10,060)	87,361	4,777	92,138
Currency translation differences	-	-	-	-	(33,525)	-	(33,525)	(8,431)	(41,956)
Tax effect	-	-	-	(22,790)	-	-	(22,790)	(922)	(23,712)
Other comprehensive income	-	-	-	74,631	(33,525)	(10,060)	31,046	(4,576)	26,470
Total comprehensive income	-	-	-	74,631	(33,525)	(40,140)	966	14,586	15,552
Capital increase (Note 13)	573	60,268	128,920	-	-	-	189,761	-	189,761
Reduction of Share Premium (Note 13)	-	(200,000)	200,000	-	-	-	-	-	-
Business Combinations (Note 5)	-	-	-	-	-	-	-	8,287	8,287
Share-based compensation (Note 13)	-	-	-	-	-	14,928	14,928	-	14,928
Distributions (Note 13)	-	-	(190,638)	-	-	-	(190,638)	(30,166)	(220,804)
Balance as of December 31,2021	**11,240**	**872,011**	**1,020,027**	**171,272**	**(133,450)**	**(398,701)**	**1,542,399**	**206,206**	**1,748,605**

Consolidated Statement of Changes in Equity

Balance as of January 1, 2020	**10,160**	**1,011,743**	**889,057**	**73,797**	**(90,824)**	**(385,457)**	**1,508,476**	**206,380**	**1,714,856**
Profit for the year after taxes	-	-	-	-	-	11,968	11,968	4,906	16,874
Change in fair value of cash flow hedges	-	-	-	31,353	-	-	31,353	756	32,109
Currency translation differences	-	-	-	-	(9,101)	-	(9,101)	(846)	(9,947)
Tax effect	-	-	-	(8,509)	-	-	(8,509)	(189)	(8,698)
Other comprehensive income	-	-	-	22,844	(9,101)	-	13,743	(279)	13,464
Total comprehensive income	-	-	-	22,844	(9,101)	11,968	25,711	4,627	30,338
Capital increase (Note 13)	507	-	161,347	-	-	-	161,854	-	161,854
Business Combinations (Note 5)	-	-	-	-	-	-	-	25,308	25,308
Distributions (Note 13)	-	-	(168,659)	-	-	-	(168,659)	(22,816)	(191,475)
Balance as of December 31, 2020	**10,667**	**1,011,743**	**881,745**	**96,641**	**(99,925)**	**(373,489)**	**1,527,382**	**213,499**	**1,740,881**

(1) Notes 1 to 26 are an integral part of the Consolidated Financial Statements

Consolidated Cash Flow Statement

Amounts in thousands of U.S. dollars	Note (1)	For the year ended 2021	2020
Profit/(loss) for the year		**(10,918)**	**16,874**
Non-monetary adjustments			
Depreciation, amortization and impairment charges	6	439,441	408,604
Financial (income)/expense	21	359,550	315,151
Fair value (gains)/losses on derivative financial instruments	21	(16,785)	15,308
Shares of (profits)/losses from associates	7	(12,304)	(510)
Income tax	18	36,220	24,877
Other non-monetary items		55,809	(21,633)
Profit/(loss) for the year adjusted by non-monetary items		**851,013**	**758,671**
Changes in working capital			
Inventories		5,215	(4,590)
Trade and other receivables	11	48,521	(790)
Trade payables and other current liabilities	17	(25,782)	(9,771)
Financial investments and other current assets/liabilities		(31,081)	(18,061)
Changes in working capital		**(3,127)**	**(33,212)**
Income tax received/(paid)		(51,684)	(16,425)
Interest received		2,519	5,148
Interest paid		(293,098)	(275,961)
Net cash provided by operating activities		**505,623**	**438,221**
Acquisitions of subsidiaries and entities under the equity method	5&7	(362,449)	2,453
Investments in contracted concessional assets *	6	(24,682)	(1,361)
Distribution from entities under the equity method	7	34,883	22,246
Other non-current assets/liabilities		1,093	(29,198)
Net cash used in investing activities		**(351,155)**	**(5,860)**
Proceeds from project debt	15	14,560	603,949
Proceeds from corporate debt	14	429,014	678,651
Repayment of project debt	15	(418,265)	(621,691)
Repayment of corporate debt	14	(376,154)	(502,042)
Dividends paid to Company´s shareholders	13	(190,638)	(168,659)
Dividends paid to non-controlling interest	13	(28,134)	(22,944)
Purchase of Liberty Interactive´s equity interest in Solana	1	-	(266,850)
Capital increase	13	189,454	162,246
Net cash used in financing activities		**(380,163)**	**(137,340)**
Net increase / (decrease) in cash and cash equivalents		**(225,695)**	**295,021**
Cash and cash equivalents at beginning of the year	12	868,501	562,795
Translation differences cash and cash equivalents		(20,117)	10,685
Cash and cash equivalents at the end of the year	12	**622,689**	**868,501**

* Includes proceeds for $20.5 million and $7.4 million in 2021 and 2020 respectively (Note 6).

(1) Notes 1 to 26 are an integral part of the consolidated financial statements

Notes to the Consolidated Financial Statements

1. General information

Atlantica Sustainable Infrastructure plc ("Atlantica" or the "Company") is a sustainable infrastructure company with a majority of its business in renewable energy assets. Atlantica currently owns, manages and invests in renewable energy, storage, efficient natural gas and heat, electric transmission lines and water assets focused on North America (the United States, Canada and Mexico), South America (Peru, Chile, Colombia and Uruguay) and EMEA (Spain, Italy, Algeria and South Africa).

Atlantica's shares trade on the NASDAQ Global Select Market under the symbol "AY".

Algonquin Power & Utilities Corp. ("Algonquin") is the largest shareholder of the Company and owns a 43.6% stake in Atlantica as of December 31, 2021. Algonquin's voting rights and rights to appoint directors are limited to 41.5% and the difference between Algonquin´s ownership and 41.5% will vote replicating non-Algonquin's shareholders' vote.

During the year 2020, the Company completed the following acquisitions:

- On April 3, 2020, the Company made an initial investment in the creation of a renewable energy platform in Chile, together with financial partners, where it owns an approximately 35% stake and has a strategic investor role. The first investment was the acquisition of a 55 MW solar PV plant ("Chile PV 1"). The Company's initial contribution was approximately $4 million. In addition, on January 6, 2021, the Company closed its second investment through the platform with the acquisition of a 40 MW solar PV plant ("Chile PV 2"). The total equity investment for this new asset was approximately $5.0 million. The platform intends to make further investments in renewable energy in Chile and sign Power Purchase Agreements ("PPAs") with credit worthy off-takers.
- In January 2019, the Company entered into an agreement with Abengoa (references to "Abengoa" refer to Abengoa, S.A., together with its subsidiaries, or Abenewco1, S.A. together with its subsidiaries, unless the context otherwise requires) for the acquisition of a 51% stake in Tenes, a water desalination plant in Algeria. Closing of the acquisition was subject to certain conditions precedent, which were not fulfilled. On May 31, 2020, the Company entered into a new agreement, which provided the Company with certain additional decision rights, including the right to appoint the majority of directors of the board of Befesa Agua Tenes, and therefore controls the asset.
- On August 17, 2020, the Company closed the acquisition of Liberty Interactive's equity interest in Solana. Liberty Interactive was the tax equity investor in the Solana project. The total equity investment is expected to be up to $285 million of which $272 million has already been paid.

In January 2021 the Company closed the acquisition of 42.5% of the equity of Rioglass Solar Holding S.A. ("Rioglass") a supplier of spare parts and services to the solar industry, increasing its stake to 57.5%. In addition, on July 22, 2021 the Company exercised the option to acquire the remaining stake of 42.5%. The investment made in 2021 to acquire the additional 85% equity, resulting in a 100% ownership, was approximately $17.1 million (Note 5).

On April 7, 2021, the Company closed the acquisition of Coso, a 135 MW renewable asset in California. Coso is the third largest geothermal plant in the United States and provides base load renewable energy to the California Independent System Operator (California ISO). It has PPAs signed with an 18-year average contract life. The total equity investment was approximately $130 million (Note 5). In addition, on July 15, 2021, the Company repaid $40 million of project debt.

On May 14, 2021, the Company closed the acquisition of Calgary District Heating, a district heating asset of approximately 55 MWt in Canada for a total equity investment of approximately $22.7 million (Note 5). Calgary District Heating has been in operation since 2010 and provides heating services to a diverse range of government, institutional and commercial customers in the city of Calgary.

On June 16, 2021, the Company acquired a 49% interest in a 596 MW portfolio of wind assets in the United States (Vento II) for a total equity investment net of cash consolidated at the transaction date of approximately $180.7 million (Note 7). EDP Renewables owns the remaining 51%. The assets have PPAs with investment grade off-takers with five-year average remaining contract life at the time of the investment.

On August 6, 2021, the Company closed the acquisition of Italy PV1 and Italy PV2, two solar PV plants in Italy with a combined capacity of 3.7 MW for a total equity investment of $9 million (Note 5). Italy PV1 and Italy PV2 have regulated revenues under a feed in tariff until 2030 and 2031, respectively.

On November 25, 2021, the Company closed the acquisition of La Sierpe, a 20 MW solar PV plant in Colombia for a total equity investment of approximately $23.5 million. The asset was acquired under a Right of First Offer ("ROFO") agreement with Liberty GES. The Company also acquired two additional solar projects in Colombia which are currently in construction with a combined capacity of approximately 30 MW, la Tolua and Tierra Linda.

On December 14, 2021, the Company closed the acquisition of Italy PV 3, a 2.5 MW solar PV portfolio in Italy for a total equity investment of approximately $4 million. Italy PV 3 has regulated revenues under a feed in tariff until 2032.

The following table provides an overview of the main concessional assets the Company owned or had an interest in as of December 31, 2021:

Assets	Type	Ownership	Location	Currency[9]	Capacity (Gross)	Counterparty Credit Ratings[10]	COD*	Contract Years Remaining[16]
Solana	Renewable (Solar)	100%	Arizona (USA)	USD	280 MW	BBB+/A3/BBB+	2013	22
Mojave	Renewable (Solar)	100%	California (USA)	USD	280 MW	BB-/ -- /BB	2014	18
Coso	Renewable (Geothermal)	100%	California (USA)	USD	135 MW	Investment Grade[11]	1987-1989	17
Elkhorn Valley	Renewable (Wind)	49%	Oregon (USA)	USD	101 MW	BBB/A3/--	2007	6
Prairie Star	Renewable (Wind)	49%	Minnesota (USA)	USD	101 MW	--/A3/A-	2007	6
Twin Groves II	Renewable (Wind)	49%	Illinois (USA)	USD	198 MW	BBB-/Baa2/--	2008	4
Lone Star II	Renewable (Wind)	49%	Texas (USA)	USD	196 MW	Not rated	2008	1
Chile PV 1	Renewable (Solar)	35%[1]	Chile	USD	55 MW	N/A	2016	N/A
Chile PV 2	Renewable (Solar)	35%[1]	Chile	USD	40 MW	Not rated	2017	9
La Sierpe	Renewable (Solar)	100%	Colombia	COP	20 MW	Not rated	2021	14
Palmatir	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-[12]	2014	12
Cadonal	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-[12]	2014	13
Melowind	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-	2015	14
Mini-Hydro	Renewable (Hydraulic)	100%	Peru	USD	4 MW	BBB+/Baa1/BBB	2012	11
Solaben 2 & 3	Renewable (Solar)	70%[2]	Spain	Euro	2x50 MW	A/Baa1/A-	2012	16/16
Solacor 1 & 2	Renewable (Solar)	87%[3]	Spain	Euro	2x50 MW	A/Baa1/A-	2012	15/15
PS10 & PS20	Renewable (Solar)	100%	Spain	Euro	31 MW	A/Baa1/A-	2007&2009	10/12
Helioenergy 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2011	15/15
Helios 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2012	15/16
Solnova 1, 3 & 4	Renewable (Solar)	100%	Spain	Euro	3x50 MW	A/Baa1/A-	2010	13/13/14

Solaben 1 & 6	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2013	17/17
Seville PV	Renewable (Solar)	80%[4]	Spain	Euro	1 MW	A/Baa1/A-	2006	14
Italy PV 1	Renewable (Solar)	100%	Italy	Euro	1.6 MW	BBB/Baa3/BBB	2010	9
Italy PV 2	Renewable (Solar)	100%	Italy	Euro	2.1 MW	BBB/Baa3/BBB	2011	9
Italy PV 3	Renewable (Solar)	100%	Italy	Euro	2.5 MW	BBB/Baa3/BBB	2012	10
Kaxu	Renewable (Solar)	51%[5]	South Africa	Rand	100 MW	BB-/Ba2/BB-[13]	2015	13
Calgary	Efficient natural gas &heat	100%	Canada	CAD	55 MWt	~41% A+ or higher[14]	2010	19
ACT	Efficient natural gas & heat	100%	Mexico	USD	300 MW	BBB/ Ba3/BB-	2013	11
Monterrey	Efficient natural gas &heat	30%	Mexico	USD	142 MW	Not rated	2018	17
ATN [15]	Transmission line	100%	Peru	USD	379 miles	BBB+/Baa1/BBB	2011	19
ATS	Transmission line	100%	Peru	USD	569 miles	BBB+/Baa1/BBB	2014	22
ATN 2	Transmission line	100%	Peru	USD	81 miles	Not rated	2015	11
Quadra 1 & 2	Transmission line	100%	Chile	USD	49 miles/32 miles	Not rated	2014	13/13
Palmucho	Transmission line	100%	Chile	USD	6 miles	BBB/ -- /A-	2007	16
Chile TL3	Transmission line	100%	Chile	USD	50 miles	A/A1/A-	1993	Regulated
Skikda	Water	34.2%[6]	Algeria	USD	3.5 M ft3/day	Not rated	2009	12
Honaine	Water	25.5%[7]	Algeria	USD	7 M ft3/day	Not rated	2012	16
Tenes	Water	51%[8]	Algeria	USD	7 M ft3/day	Not rated	2015	18

(1) 65% of the shares in Chile PV 1 and Chile PV 2 are indirectly held by financial partners through the renewable energy platform of the Company in Chile.
(2) Itochu Corporation holds 30% of the shares in each of Solaben 2 and Solaben 3.
(3) JGC holds 13% of the shares in each of Solacor 1 and Solacor 2.
(4) Instituto para la Diversificacion y Ahorro de la Energia ("Idae") holds 20% of the shares in Seville PV.
(5) Kaxu is owned by the Company (51%), Industrial Development Corporation of South Africa (29%) and Kaxu Community Trust (20%).
(6) Algerian Energy Company, SPA owns 49% of Skikda and Sacyr Agua, S.L. owns the remaining 16.8%.

(7) Algerian Energy Company, SPA owns 49% of Honaine and Sacyr Agua, S.L. owns the remaining 25.5%.
(8) Algerian Energy Company, SPA owns 49% of Tenes.
(9) Certain contracts denominated in U.S. dollars are payable in local currency.
(10) Reflects the counterparty's credit ratings issued by Standard & Poor's Ratings Services, or S&P, Moody's Investors Service Inc., or Moody's, and Fitch Ratings Ltd, or Fitch.
(11) Refers to the credit rating of two Community Choice Aggregators: Silicon Valley Clean Energy and Monterrey Bar Community Power, both with A Rating from S&P and Southern California Public Power Authority. The third off-taker is not rated.
(12) Refers to the credit rating of Uruguay, as UTE (Administracion Nacional de Usinas y Transmisoras Electricas) is unrated.
(13) Refers to the credit rating of the Republic of South Africa. The off-taker is Eskom, which is a state-owned utility company in South Africa.
(14) Refers to the credit rating of a diversified mix of 22 high credit quality clients (~41% A+ rating or higher, the rest is unrated).
(15) Including ATN Expansion 1 & 2.
(16) As of December 31, 2021.
(*) Commercial Operation Date

The Kaxu project financing arrangement contains cross-default provisions related to Abengoa such that debt defaults by Abengoa, subject to certain threshold amounts and/or a restructuring process, could trigger a default under the Kaxu project financing arrangement. The insolvency filing by the individual company Abengoa S.A. in February 2021 represents a theoretical event of default under the Kaxu project finance agreement. In September 2021, the Company obtained a waiver for such theoretical event of default which was conditional upon the replacement of the operation and maintenance supplier of the plant. On February 1, 2022, the Company transferred the employees performing the operation and maintenance services to an Atlantica subsidiary. The waiver has been extended until April 30, 2022 and is subject to the lenders receiving certain documentation from the Company, including formal evidence of the approval by the client and the department of energy of South Africa of the operation and maintenance internalization and the Company is currently working on obtaining such documentation. Although the Company does not expect the acceleration of debt to be declared by the credit entities, as of December 31, 2021 Kaxu did not have what International Accounting Standards define as an unconditional right to defer the settlement of the debt for at least twelve months, as the cross-default provisions make that right conditional. Therefore, Kaxu total debt (Note 15) has been presented as current in the Consolidated Financial Statements of the Company as of December 31, 2021 for an amount of $315 million, in accordance with International Accounting Standards 1 ("IAS 1"), "Presentation of Financial Statements".

Outbreak of COVID-19

The outbreak of the COVID-19 coronavirus disease ("COVID-19") was declared a pandemic by the World Health Organization in March 2020 and continues to spread in key markets of the Company.

Main risks and uncertainties identified by the Company, which may affect its business, financial condition, results of operations and cash flows, are:

- COVID-19 can affect the operation and maintenance activities of the Company. The Company may experience delays in certain operation and maintenance activities, or certain activities may take longer than usual.
- The rapid increase in demand in 2021 after the slowdown in 2020 caused tensions in the supply chains, including delays to obtain some components and increased prices. If

the Company was to experience a shortage of or inability to acquire critical spare parts, it could incur significant delays in returning facilities to full operation. Supply chain tensions may also affect its projects in development and construction where the Company can experience delays or an increase in prices of equipment and materials required for the construction of new assets.

- The Company could also experience commercial disputes with its clients, suppliers and partners related to implications of COVID-19 in contractual relations. All the risks referred to can cause delays in distributions from its assets to the holding company.
- Many governments have implemented and may continue to implement stimulus measures to reduce the negative impact of COVID-19 in the economy. In many cases, these measures may increase government spending which may translate into increased tax pressure on companies in the countries where the Company operates.

Measures taken by the Company so far have focused on reinforcing safety measures in all its assets while it continues to provide a reliable service to its clients. For example, the Company has implemented the use of additional protection equipment, reinforced access control to its plants, reduced contact between employees, changed shifts, tested employees, identified and isolated potential cases together with their close contacts and taken additional measures to increase safety measures for its employees and operation and maintenance suppliers' employees working at its assets. The Company has also reinforced its physical and cyber-security measures. The Company has implemented protocols to decide which offices to keep open and under what limitations, depending on health and safety indicators in each specific region.

COVID-19 did not have any material impact on the business disclosed in these Consolidated Financial Statements.

2. Significant Accounting Policies

2.1. Basis of Preparation

These Consolidated Financial Statements are presented in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and with the International Accounting Standards in conformity with the requirements of the Companies Act 2006, on a basis consistent with the prior year.

The Consolidated Financial Statements are presented in U.S. dollars, which is the Company's functional and presentation currency. Amounts included in these Consolidated Financial Statements are all expressed in thousands of U.S. dollars, unless otherwise indicated.

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset or liability is current when it is expected or due to be realized within twelve months after the reporting period.

Application of new accounting standards

a) Standards, interpretations and amendments effective from January 1, 2021 under IFRS-IASB, applied by the Company in the preparation of these Consolidated Financial

Statements:

The applications of these amendments have not had any impact on these financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

These amendments are mandatory for annual periods beginning on or after January 1, 2021 under IFRS-IASB. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative risk-free interest rate ("RFR"). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

The Company intends to use the practical expedients in future periods if they become applicable.

b) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2022:

The Company does not anticipate any significant impact on the Consolidated Financial Statements derived from the application of the new standards and amendments that will be effective for annual periods beginning on or after January 1, 2021, although it is currently still in the process of evaluating such application.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR and other IBORs has become a priority for global regulators. There remains some uncertainty around the timing and precise nature of these changes. The Company currently has several contracts which reference LIBOR and extend beyond 2021. These contracts are disclosed within the tables below.

It is currently expected that alternative RFRs will replace LIBOR. There remain key differences between LIBOR and RFRs. LIBOR is a 'term rate', which means that it is published for a borrowing period (such as three months or six months) and is 'forward looking', because it is published at the beginning of the borrowing period. RFRs may be based on overnight rates from actual transactions and published at the end of the overnight borrowing period. Furthermore, LIBOR includes a credit spread over the risk-free rate, which RFRs currently may not. To transition existing contracts and agreements that reference LIBOR to RFRs, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition. At the time of reporting, industry

working groups are reviewing methodologies for calculating adjustments between LIBOR and RFRs.

Risks arising from the transition relate principally to the potential impact of rate differences if the debt and related hedging instruments do not transition to the new benchmark interest rate at the same time and/or the rates move by different amounts. This could result in hedge ineffectiveness and a net cash expense to the Company as a result of the IBOR transition.

The following table contains details of the financial instruments that the Company holds as of December 31, 2021 which reference LIBOR and have not yet transitioned to RFRs:

	Carrying amount as of December 31, 2021	
	Assets	**Liabilities**
Non-derivative assets and liabilities referenced to LIBOR		
Measured at amortized cost		
Project debt	-	1,068,501
Total non-derivatives items	**-**	**1,068,501**
Derivatives	-	62,571
Total assets and liabilities referenced to LIBOR	**-**	**1,131,072**

The following table contains details of only the hedging instruments used in the Company's hedging strategies which reference LIBOR and have not yet transitioned to RFRs, such that relief(s) of phase 1 and phase 2 amendments to IFRS 9 and IFRS 7 for IBOR reform, effective January 1st, 2020 and January 1st, 2021, respectively, have been applied to the hedging relationship:

	Carrying amount as of December 31, 2021				
	Notional	**Assets**	**Liabilities**	**Balance sheet line item(s)**	**2021 changes in fair value used for calculating hedge ineffectiveness**
Cash flow hedge					
Interest rate swaps	939,670	-	62,571	Derivative liabilities	30,013
Total cash flow hedges	**939,670**	**-**	**62,571**		**30,013**

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Company has made the following assumptions that reflect its current expectations:

- The floating-rate debt will move to RFRs during 2022, and the spread will be similar to the spread included in the interest rate swap used as the hedging instrument;
- No other changes to the terms of the floating-rate debt are anticipated.

Going concern

Atlantica has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding in their going concern assessment covering the period up to March 31, 2023 and have not identified material uncertainties that may cast significant doubt about the ability to continue to adopt the going concern basis of accounting.

A presentation on the going concern assessment, including sensitivity analysis and key assumptions used, was presented to the Audit Committee. The Committee discussed with management to ensure the Company has sufficient headroom to continue as a going concern. The Committee agreed with management that there is no uncertainty in relation to this assessment, in relation to the Group and the Company.

The Group has a formal process of budgeting, reporting, measuring asset performance, identifying and mitigating risks, and its overall review. This information is provided to the directors, which is used to ensure the adequacy of resources available for the Group to meet its business objectives. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out within this report.

The Company has been operating as usual despite the COVID-19 restrictions imposed by governments and therefore there have been no disruptions in production. Atlantica's assets are considered as an "essential" and "critical" activity in all its geographies. Furthermore, Atlantica's revenues are predominantly contracted or regulated and thus have not experienced material impact. This is expected to continue throughout the going concern period.

As of December 31, 2021, Atlantica had $88.3 million cash at the corporate level and $440 million available under its revolving credit facility. Total liquidity was therefore $528.3 million. Corporate debt position was $1,023.1 million at 31 December 2021, with $983 million of these facilities maturing in 2025 or later.

During the period, the Group generated $505.6 million from operating activities, used $351.1 million in investing activities and $380.0 million in financing activities. All of these resulted in a $225.5 million decrease on its cash position by year-end, with a closing cash position of $622.7 million (Note 12). The cash includes $254 million of funds which are held by the projects to satisfy the customary requirements of certain non-recourse debt agreements (Note 15). The Group also had access to $440.0 million of available credit facilities, which mature in December 2023.

As of December 31, 2021, all the corporate debt of the Company has long-term maturities except for $27.9 million of corporate debt which matures during the going concern period ($27.5M of notes and bonds and $0.4 million of credit facilities) (Note 14). Additionally, the Company has short-term project debt that amounts to $335.4 million, all of which is non-recourse to the Group (Note 15).

The directors believe that this cash position as of December 31, 2021 is above the level of cash needed to operate the business for the going concern period and to meet the Group's liabilities as they fall due, as well as to be a significant source of funding of future investments, including those which are already committed in the going concern period.

2.2. Principles to include and record companies in the consolidated financial statements

Companies included in these Consolidated Financial Statements are accounted for as subsidiaries as long as Atlantica has control over them and are accounted for as investments under the equity method as long as Atlantica has significant influence over them, in the periods presented.

a) Controlled entities

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

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

The Company uses the acquisition method to account for business combinations of companies previously controlled by a third party. According to this method, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any contingent consideration is recognized at fair value at the acquisition date and subsequent changes in its fair value are recognized in accordance with IFRS 9 in profit or loss. Acquisition related costs are expensed as incurred. The Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirer's net assets on an acquisition by acquisition basis.

All assets and liabilities between entities of the group, equity, income, expenses, and cash flows relating to transactions between entities of the group are eliminated in full.

b) Investments accounted for under the equity method

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize changes in Atlantica´s share of net assets of the associate since the acquisition date. Any goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

2.3. Contracted Concessional Assets

Contracted concessional assets correspond to the assets of the Company recorded as intangible or financial assets in accordance with IFRIC 12, property plant and equipment in accordance with IAS 16 and financial asset in accordance with IFRS 16. The assets accounted for by the Company as concessions include renewable energy assets, transmission lines, efficient natural

gas assets and water plants. The useful life of these assets is approximately the same as the length of the concession arrangement. The infrastructure used in a concession can be classified as an intangible asset or a financial asset, depending on the nature of the payment entitlements established in the agreement.

The application of IFRIC 12 requires extensive judgement in relation to, among other factors, (i) the identification of certain infrastructures and contractual agreements in the scope of IFRIC 12, (ii) an understanding of the nature of the payments in order to determine the classification of the infrastructure as a financial asset or as an intangible asset and (iii) the timing and recognition of revenue from construction and concessionary activity.

Under the terms of contractual arrangements within the scope of this interpretation, the operator shall recognize and measure revenue in accordance with IFRS 15 for the services it performs.

a) Intangible asset

The Company recognizes an intangible asset to the extent that it receives a right to charge final customers for the use of the infrastructure. This intangible asset is subject to the provisions of IAS 38 and is amortized linearly, taking into account the estimated period of commercial operation of the infrastructure which coincides with the concession period.

Once the infrastructure is in operation, the treatment of income and expense is as follows:

- Revenues from the updated annual revenue for the contracted concession, as well as revenues from operations and maintenance services are recognized in each period according to IFRS 15 “Revenue from contracts with Customers”.
- Operating and maintenance costs and general overheads and administrative costs are recorded in accordance with the nature of the cost incurred (amount due) in each period.

b) Financial asset

The Company recognizes a financial asset when demand risk is assumed by the grantor, to the extent that the concession holder has an unconditional right to receive payments for the asset. This asset is recognized at the fair value of the construction services provided, considering upgrade services in accordance with IFRS 15, if any.

The financial asset is subsequently recorded at amortized cost calculated according to the effective interest method, using a theoretical internal return rate specific to the asset. Revenue from operations and maintenance services is recognized in each period according to IFRS 15 “Revenue from contracts with Customers”.

Allowance for expected credit losses

According to IFRS 9, Atlantica recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

There are two main approaches to applying the ECL model according to IFRS 9: the general approach which involves a three stage approach, and the simplified approach, which can be applied to trade receivables, contract assets and lease receivables. Atlantica applies the

simplified approach. Under this approach, there is no need to monitor for significant increases in credit risk and entities will be required to measure lifetime expected credit losses at the end of each reporting period.

The key elements of the ECL calculations, based on external sources of information, are the following:

- the Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. Atlantica calculates PD based on Credit Default Swaps spreads ("CDS");
- the Exposure at Default ("EAD") is an estimate of the exposure at a future default date;
- the Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is expressed as a percentage of the EAD.

c) Property, plant and equipment

Property, plant and equipment is measured at historical cost, including all expenses directly attributable to the acquisition, less depreciation and impairment losses, with the exception of land, which is presented net of any impairment losses.

Once the infrastructure is in operation, the treatment of income and expenses is the same as the one described above for intangible asset.

d) Right-of-use assets

Main right of use agreements correspond to land rights. The Company recognizes right-of-use assets under IFRS 16, at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (Note 2.11). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

e) Revenue Recognition

According to IFRS 15, Revenue from Contracts with Customers, the Company assesses the goods and services promised in the contracts with the customers and identifies as a performance obligation each promise to transfer to the customer a good or service (or a bundle of goods or services).

In the case of contracts related to intangible or financial assets under IFRIC 12, the performance obligation of the Company is the operation of the asset. The contracts between the parties set the price of the service in an orderly transaction and therefore corresponds to the fair value of the service provided. The services is satisfied over time. The same conclusion applies to concessional assets that are classified as tangible assets under IAS 16 or leases under IFRS 16. All of the transaction prices of assets under IFRIC 12 are fixed and included as part of the long-term PPAs of the Company as disclosed in Note 26.

In the case of financial asset under IFRIC 12, the financial asset accounts for the payments to be

received from the client over the residual life of the contract, discounted at a theoretical internal rate of return for the project. In each period, the financial asset is reduced by the amounts received from the client and increased by any capital expenditure that the project may incur and by the effect of unwinding the discount of the financial asset at the theoretical internal rate of return. The increase of the financial asset deriving from the unwinding of the discount of the financial asset is recorded as revenue in each period. Revenue will therefore differ from the actual billings made by the asset to the client in each period.

In the case of Spain, according to Royal Decree 413/2014, solar electricity producers receive: (i) the market price for the power they produce, (ii) a payment based on the standard investment cost for each type of plant (without any relation whatsoever to the amount of power they generate) and (iii) an "operating payment" (in €/MWh produced). The principle driving this economic regime is that the payments received by a renewable energy producer should be equivalent to the costs that they are unable to recover on the electricity pool market where they compete with non-renewable technologies. This economic regime seeks to allow a "well-run and efficient enterprise" to recover the costs of building and running a plant, plus a reasonable return on investment (project investment rate of return). Some of the Company´s assets in Spain are receiving a remuneration based on a 7.09% reasonable rate of return until December 31, 2025 while others are receiving a remuneration based on a 7.398% reasonable rate of return until December 31, 2031.

2.4. Asset Impairment

Atlantica reviews its contracted concessional assets to identify any indicators of impairment at least annually, except for ECL assessment for financial assets which is discussed in note 2.3. When impairment indicators exist, the company calculates the recoverable amount of the asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, defined as the present value of the estimated future cash flows to be generated by the asset. In the event that the asset does not generate cash flows independently of other assets, the Company calculates the recoverable amount of the Cash Generating Unit ('CGU') to which the asset belongs.

When the carrying amount of the CGU to which these assets belong is higher than its recoverable amount, the assets are impaired.

Assumptions used to calculate value in use include a discount rate and projections considering real data based in the contracts terms and projected changes in both selling prices and costs. The discount rate is estimated by Management, to reflect both changes in the value of money over time and the risks associated with the specific CGU.

For contracted concessional assets, with a defined useful life and with a specific financial structure, cash flow projections until the end of the project are considered and no relevant terminal value is assumed.

Contracted concessional assets have a contractual structure that permits the Company to estimate quite accurately the costs of the project and revenue during the life of the project.

Projections take into account real data based on the contract terms and fundamental assumptions based on specific reports prepared internally and third-party reports, assumptions on demand and assumptions on production. Additionally, assumptions on macro-economic

conditions are taken into account, such as inflation rates, future interest rates, etc. and sensitivity analyses are performed over all major assumptions which can have a significant impact in the value of the asset.

Cash flow projections of CGUs are calculated in the functional currency of those CGUs and are discounted using rates that take into consideration the risk corresponding to each specific country and currency.

Taking into account that in most CGUs the specific financial structure is linked to the financial structure of the projects that are part of those CGUs, the discount rate used to calculate the present value of cash-flow projections is based on the weighted average cost of capital (WACC) for the type of asset, adjusted, if necessary, in accordance with the business of the specific activity and with the risk associated with the country where the project is performed.

In any case, sensitivity analyses are performed, especially in relation to the discount rate used and fair value changes in the main business variables, in order to ensure that possible changes in the estimates of these items do not impact the recovery of recognized assets.

In the event that the recoverable amount of an asset is lower than its carrying amount, an impairment charge for the difference would be recorded in the income statement under the item "Depreciation, amortization and impairment charges".

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

2.5. Loans and Accounts Receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments, not listed on an active market.

In accordance with IFRIC 12, certain assets under concessions qualify as financial assets and are recorded as is described in Note 2.3.

Pursuant to IFRS 9, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

Loans and accounts receivable are initially recognized at fair value plus transaction costs and are subsequently measured at amortized cost in accordance with the effective interest rate method. Interest calculated using the effective interest rate method is recognized under other financial income within financial income.

2.6. Derivative Financial Instruments and Hedging Activities

Derivatives are recognized at fair value in the statement of financial position. The Company

maintains both derivatives designated as hedging instruments in hedging relationships, and derivatives to which hedge accounting is not applied.

When hedge accounting is applied, hedging strategy and risk management objectives are documented at inception, as well as the relationship between hedging instruments and hedged items. Effectiveness of the hedging relationship needs to be assessed on an ongoing basis. Effectiveness tests are performed prospectively at inception and at each reporting date. The Company analyses on each date if all these requirements are met:

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

Ineffectiveness is measured following the accumulated dollar offset method.

In all cases, current Company´s hedging relationships are considered cash flow hedges. Under this model, the effective portion of changes in fair value of derivatives designated as cash flow hedges are recorded temporarily in equity and are subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Any ineffective portion of the hedged transaction is recorded in the consolidated income statement as it occurs.

When interest rate options are designated as hedging instruments, the time value is excluded from the hedging instrument as permitted by IFRS 9. Changes in the effective portion of the intrinsic are recorded in equity and subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Any ineffectiveness is recorded as financial income or expense as it occurs. Changes in options time value is recorded as cost of hedging. More precisely, considering that the hedged items are, in all cases, time period hedged item, changes in time value is recognized in other comprehensive income to the extent that it relates to the hedged item. The time value at the date of designation of the option as a hedging instrument, to the extent that it relates to the hedged item, is amortized on a systematic and rational basis over the period during which the hedge adjustment for the option’s intrinsic value could affect profit or loss.

When the hedging instrument matures or is sold, or when it no longer meets the requirements to apply hedge accounting, accumulated gains and losses recorded in equity remain as such until the forecast transaction is ultimately recognized in the income statement. However, if it becomes unlikely that the forecast transaction will actually take place, the accumulated gains and losses in equity are recognized immediately in the income statement.

Any change in fair value of derivatives instruments to which hedge accounting is not applied is directly recorded in the income statement.

2.7. Fair Value Estimates

Financial instruments measured at fair value are presented in accordance with the following level classification based on the nature of the inputs used for the calculation of fair value:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Fair value is measured based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value is measured based on unobservable inputs for the asset or liability.

In the event that prices cannot be observed, management shall make its best estimate of the price that the market would otherwise establish based on proprietary internal models which, in the majority of cases, use data based on observable market parameters as significant inputs (Level 2) but occasionally use market data that is not observed as significant inputs (Level 3). Different techniques can be used to make this estimate, including extrapolation of observable market data. The best indication of the initial fair value of a financial instrument is the price of the transaction, except when the value of the instrument can be obtained from other transactions carried out in the market with the same or similar instruments, or valued using a valuation technique in which the variables used only include observable market data, mainly interest rates. Differences between the transaction price and the fair value based on valuation techniques that use data that is not observed in the market, are not initially recognized in the income statement.

Atlantica derivatives correspond primarily to the interest rate swaps designated as cash flow hedges, which are classified as Level 2.

<u>Description of the valuation method</u>

Interest rate swap valuations consist in valuing separately the swap part of the contract and the credit risk. The methodology used by the market and applied by Atlantica to value interest rate swaps is to discount the expected future cash flows according to the parameters of the contract. Variable interest rates, which are needed to estimate future cash flows, are calculated using the curve for the corresponding currency and extracting the implicit rates for each of the reference dates in the contract. These estimated flows are discounted with the swap zero curve for the reference period of the contract.

The effect of the credit risk on the valuation of the interest rate swaps depends on the future settlement. If the settlement is favorable for the Company, the counterparty credit spread will be incorporated to quantify the probability of default at maturity. If the expected settlement is negative for the Company, its own credit risk will be applied to the final settlement.

Classic models for valuing interest rate swaps use deterministic valuation of the future of variable rates, based on future outlooks. When quantifying credit risk, this model is limited by considering only the risk for the current paying party, ignoring the fact that the derivative could change sign at maturity. A payer and receiver swaption model is proposed for these cases. This enables the associated risk in each swap position to be reflected. Thus, the model shows each agent's exposure, on each payment date, as the value of entering into the 'tail' of the swap, i.e. the live part of the swap.

Variables (Inputs)

Interest rate derivative valuation models use the corresponding interest rate curves for the relevant currency and underlying reference in order to estimate the future cash flows and to discount them. Market prices for deposits, futures contracts and interest rate swaps are used to construct these curves. Interest rate options (caps and floors) also use the volatility of the reference interest rate curve.

To estimate the credit risk of the counterparty, the credit default swap (CDS) spreads curve is obtained in the market for important individual issuers. For less liquid issuers, the spreads curve is estimated using comparable CDSs or based on the country curve. To estimate proprietary credit risk, prices of debt issues in the market and CDSs for the sector and geographic location are used.

The fair value of the financial instruments that results from the aforementioned internal models takes into account, among other factors, the terms and conditions of the contracts and observable market data, such as interest rates, credit risk and volatility. The valuation models do not include significant levels of subjectivity, since these methodologies can be adjusted and calibrated, as appropriate, using the internal calculation of fair value and subsequently compared to the corresponding actively traded price. However, valuation adjustments may be necessary when the listed market prices are not available for comparison purposes.

2.8. Trade and Other Receivables

Trade and other receivables are amounts due from customers for sales in the normal course of business. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less allowance for doubtful accounts. Trade receivables due in less than one year are carried at their face value at both initial recognition and subsequent measurement, provided that the effect of not discounting flows is not significant.

An allowance for doubtful accounts is recorded when there is objective evidence that the Company will not be able to recover all amounts due as per the original terms of the receivables. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.9. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash in bank and other highly-liquid current investments with an original maturity of three months or less which are held for the purpose of meeting short-term cash commitments.

2.10. Grants

Grants are recognized at fair value when it is considered that there is a reasonable assurance that the grant will be received and that the necessary qualifying conditions, as agreed with the entity assigning the grant, will be adequately complied with.

Grants are recorded as liabilities in the consolidated statement of financial position and are recognized in "Other operating income" in the consolidated income statement based on the

period necessary to match them with the costs they intend to compensate.

In addition, as described in Note 2.11 below, grants correspond also to loans with interest rates below market rates, for the initial difference between the fair value of the loan and the proceeds received.

2.11. Loans and Borrowings

Loans and borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost and any difference between the proceeds initially received (net of transaction costs incurred in obtaining such proceeds) and the repayment value is recognized in the consolidated income statement over the duration of the borrowing using the effective interest rate method.

In the case of modification of terms of loans and borrowings, the Company determines whether the modification constitutes an exchange or an extinguishment of the debt instrument. In determining whether there is an exchange, the Company evaluates whether the redemption of the old debt and the issuance of new debt were negotiated in contemplation of one another (qualitative assessment) and performs the 10 per cent test to determine if the terms of the modified debt are substantially different (the net present value of the modified cash flows, including any fees paid net of any fees received, is higher than 10% different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate). When the terms of the modified liability are substantially different, the modification is accounted for as an extinguishment of the original liability and recognition of a new liability.

Loans with interest rates below market rates are initially recognized at fair value in liabilities and the difference between proceeds received from the loan and its fair value is initially recorded within "Grants and Other liabilities" in the consolidated statement of financial position, and subsequently recorded in "Other operating income" in the consolidated income statement when the costs financed with the loan are expensed.

Lease liabilities are recognized by the Company at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date considering that the interest rate implicit in the lease is not readily determinable.

2.12. Bonds and notes

The Company initially recognizes ordinary notes at fair value, net of issuance costs incurred. Subsequently, notes are measured at amortized cost until settlement upon maturity. Any other difference between the proceeds obtained (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the term of the debt using the effective interest rate method.

Convertible bonds or notes or debt issued with conversion features must be separated into liability and equity components if the feature meets the equity classification conditions in IAS

32. The issuer separates the instrument into its components by determining the fair value of the liability component and then deducting that amount from the fair value of the instrument as a whole; the residual amount is allocated to the equity component. If the equity conversion feature does not satisfy the equity classification conditions in IAS 32, it is bifurcated as an embedded derivative unless the issuer elects to apply the fair value option to the convertible debt. The embedded derivative is initially recognized at fair value and classified as derivatives in the statement of financial position. Changes in the fair value of the embedded derivatives are subsequently accounted for directly through the income statement. The debt element of the bond or note (the host contract), will be initially valued as the difference between the consideration received from the holders for the instrument and the value of the embedded derivative, and thereafter at amortized cost using the effective interest method.

2.13. Income Taxes

Current income tax expense is calculated on the basis of the tax laws in force as of the date of the consolidated statement of financial position in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred income tax is calculated in accordance with the liability method, based upon the temporary differences arising between the carrying amount of assets and liabilities and their tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

2.14. Trade Payables and Other Liabilities

Trade payables are obligations arising from purchases of goods and services in the ordinary course of business and are recognized initially at fair value and are subsequently measured at their amortized cost using the effective interest method. Other liabilities are obligations not arising in the normal course of business and which are not treated as financing transactions. Advances received from customers are recognized as "Trade payables and other current liabilities".

2.15. Foreign Currency Transactions

The Consolidated Financial Statements are presented in U.S. dollars, which is Atlantica's functional and presentation currency. Financial statements of each subsidiary within the Company are measured in the currency of the principal economic environment in which the subsidiary operates, which is the subsidiary's functional currency.

Transactions denominated in a currency different from the subsidiary's functional currency are translated into the subsidiary's functional currency applying the exchange rates in force at the time of the transactions. Foreign currency gains and losses that result from the settlement of these transactions and the translation of monetary assets and liabilities denominated in foreign currency at the year-end rates are recognized in the consolidated income statement, unless they are deferred in equity, as occurs with cash flow hedges and net investment in foreign

operations hedges.

Assets and liabilities of subsidiaries with a functional currency different from the Company's reporting currency are translated to U.S. dollars at the exchange rate in force at the closing date of the financial statements. Income and expenses are translated into U.S. dollars using the average annual exchange rate, which does not differ significantly from using the exchange rates of the dates of each transaction. The difference between equity translated at the historical exchange rate and the net financial position that results from translating the assets and liabilities at the closing rate is recorded in equity under the heading "Accumulated currency translation differences".

Results of companies carried under the equity method are translated at the average annual exchange rate.

2.16. Equity

The Company has recyclable balances in its equity, corresponding mainly to hedge reserves and translation differences arising from currency conversion in the preparation of these Consolidated Financial Statements. These balances have been presented separately in Equity.

Non-controlling interest represents interest of other partners in entities included in these Consolidated Financial Statements which are not fully owned by Atlantica as of the dates presented.

Share Capital, Share Premium and Capital Reserves represent the Parent's net investment in the entities included in these Consolidated Financial Statements.

The costs of issuing equity instruments are accounted for as a deduction from equity.

2.17. Provisions and Contingencies

Provisions are recognized when:

- there is a present obligation, either legal or constructive, as a result of past events;
- it is more likely than not that there will be a future outflow of resources to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expected outflows required to settle the obligation. The discount rate used is a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is then recognized as a financial expense. The balance of provisions disclosed in the Notes reflects management's best estimate of the potential exposure as of the date of preparation of the Consolidated Financial Statements.

Contingent liabilities are possible obligations, existing obligations with low probability of a future outflow of economic resources and existing obligations where the future outflow cannot be reliably estimated. Contingences are not recognized in the consolidated statements of financial position unless they have been acquired in a business combination.

Some companies of Atlantica have dismantling provisions, which are intended to cover future expenditure related to the dismantlement of the plants in situations where it is likely to be settled with an outflow of resources in the long term (over 5 years).

Such provisions are accrued when the obligation for dismantling, removing and restoring the site on which the plant is located, is incurred, which is usually during the construction period. The provision is measured in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and is recorded as a liability under the heading "Grants and other liabilities" of the Financial Statements, and the corresponding entry as part of the cost of the plant under the heading "Contracted concessional assets." The estimated future costs of dismantling are reviewed annually if conditions have changed and adjusted appropriately. The impact of changes in the estimate of future costs or in the timing of when such costs will be incurred, on the dismantling provision, is recorded against an increase or decrease of the cost of the plant.

2.18. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.19. Significant judgements and estimates

Some of the accounting policies applied require the application of significant judgement by management to select the appropriate assumptions to determine these estimates. These assumptions and estimates are based on the historical experience, advice from experienced consultants, forecasts and other circumstances and expectations as of the close of the financial period. The assessment is considered in relation to the global economic situation of the industries and regions where the Company operates, taking into account future development of the businesses of the Company. By their nature, these judgements are subject to an inherent degree of uncertainty; therefore, actual results could materially differ from the estimates and assumptions used. In such cases, the carrying values of assets and liabilities are adjusted.

The most critical accounting policies, which reflect significant management estimates and judgement to determine amounts in these Consolidated Financial Statements, are as follows:

- Assessment of contracted concessional agreements.
- Impairment of intangible assets and property, plant and equipment.
- Assessment of control.
- Derivative financial instruments and fair value estimates.
- Income taxes and recoverable amount of deferred tax assets.

As of the date of preparation of these Consolidated Financial Statements, no relevant changes in the estimates made are anticipated and, therefore, no significant changes in the value of the assets and liabilities recognized at December 31, 2021, are expected.

Although these estimates and assumptions are being made using all available facts and circumstances, it is possible that future events may require management to amend such

estimates and assumptions in future periods. Changes in accounting estimates are recognized prospectively, in accordance with IAS 8, in the consolidated income statement of the year in which the change occurs.

3. Financial Risk Management

Atlantica's activities are exposed to various financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk is managed by the Company's Risk Finance and Compliance Departments, which are responsible for identifying and evaluating financial risks quantifying them by project, region and company, in accordance with mandatory internal management rules. Written internal policies exist for global risk management, as well as for specific areas of risk. In addition, there are official written management regulations regarding key controls and control procedures for each company and the implementation of these controls is monitored through internal audit procedures.

a) Market risk

The Company is exposed to market risk, such as movement in foreign exchange rates and interest rates. All of these market risks arise in the normal course of business and the Company does not carry out speculative operations. For the purpose of managing these risks, the Company uses a series of interest rate swaps and options, and currency options. None of the derivative contracts signed has an unlimited loss exposure.

- Interest rate risk

Interest rate risk arises when the Company's activities are exposed to changes in interest rates, which arises from financial liabilities at variable interest rates. The main interest rate exposure for the Company relates to the variable interest rate with reference to the Libor, Euribor and RFRs. To minimize the interest rate risk, the Company primarily uses interest rate swaps and interest rate options (caps), which, in exchange for a fee, offer protection against an increase in interest rates. The Company does not use derivatives for speculative purposes.

As a result, the notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, are very diverse, including the following:

- Project debt in Euros: the Company hedges between 75% and 100% of the notional amount, with hedges maturing up to 2038 and average guaranteed strike interest rate of between 0.00% and 4.87%.
- Project debt in U.S. dollars: the Company hedges between 75% and 100% of the notional amount, with hedges maturing up to 2038 and average guaranteed interest rate of between 0.86% and 5.89%.

In connection with the interest rate derivative positions of the Company, the most significant impacts on these Consolidated Financial Statements are derived from the changes in EURIBOR or LIBOR, which represent the reference interest rate for most of the debt of the Company. In the event that Euribor and Libor had risen by 25 basis points as of December 31, 2021, with the rest of the variables remaining constant, the effect in the consolidated income statement would have been a loss of $2,495 thousand (a loss of $2,897 thousand in 2020) and an increase in hedging reserves of $22,440 thousand ($22,130 thousand in 2020). The increase in hedging

reserves would be mainly due to an increase in the fair value of interest rate swaps designated as hedges.

A breakdown of the interest rates derivatives as of December 31, 2021 and 2020, is provided in Note 9.

- Currency risk

The main cash flows in the entities included in these Consolidated Financial Statements are cash collections arising from long-term contracts with clients and debt payments arising from project finance repayment. Given that financing of the projects is always closed in the same currency in which the contract with client is signed, a natural hedge exists for the main operations of the Company.

In addition, the Company policy is to contract currency options with leading financial institutions, which guarantee a minimum Euro-U.S. dollar exchange rate on the net distributions expected from solar assets in Spain. The net Euro exposure is 100% hedged for the coming 12 months and 75% for the following 12 months on a rolling basis.

b) Credit risk

The Company considers that it has a limited credit risk with clients as revenues primarily derive from power purchase agreements with electric utilities and state-owned entities.

c) Liquidity risk

Atlantica’s liquidity and financing policy is intended to ensure that the Company maintains sufficient funds to meet its financial obligations as they fall due.

Project finance borrowing permits the Company to finance the project through project debt and thereby insulate the rest of its assets from such credit exposure. The Company incurs in project-finance debt on a project-by-project basis.

The repayment profile of each project is established on the basis of the projected cash flow generation of the business. This ensures that sufficient financing is available to meet deadlines and maturities, which mitigates the liquidity risk significantly.

Corporate and Project debt repayment schedules are disclosed in Note 14 and 15, respectively.

d) Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings disclosed in note 14 and 15 after deducting cash and bank balances) and equity of the group (comprising issued capital, reserves and accumulated deficit). The board of directors review the capital structure on a regular basis. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital.

e) Gearing ratio

The gearing ratio at the year-end is as follows:

	Balance as of December 31, 2021	Balance as of December 31, 2020
	$'000	$'000
Debt	6,059,264	6,231,339
Cash and cash equivalents	622,689	868,501
Net Debt	5,436,575	5,362,838
Equity	1,748,440	1,740,881
Net debt to equity ratio	311%	308%

Corporate and Project debt repayment schedules are disclosed in Note 14 and 15, respectively.

4. Financial information by segment

Atlantica's segment structure reflects how management currently makes financial decisions and allocates resources. Its operating and reportable segments are based on the following geographies where the contracted concessional assets are located: North America, South America and EMEA. In addition, based on the type of business, as of December 31, 2021, the Company had the following business sectors: Renewable energy, Efficient natural gas and Heat, Transmission lines and Water. The business sector "Efficient natural gas" has been renamed "Efficient natural gas and Heat" in these Consolidated Financial Statements as it includes the Calgary District Heating asset acquired in May 2021 (Note 5).

Atlantica's Chief Operating Decision Maker (CODM), which is the CEO, assesses the performance and assignment of resources according to the identified operating segments. The CODM considers the revenue as a measure of the business activity and the Adjusted EBITDA as a measure of the performance of each segment. Adjusted EBITDA is calculated as profit/(loss) for the period attributable to the parent company, after adding back loss/(profit) attributable to non-controlling interest, income tax, finance expense net, depreciation, amortization and impairment charges of entities included in these Consolidated Financial Statements and depreciation and amortization, financial expense and income tax of unconsolidated affiliates (pro rata of Atlantica´s equity ownership). Adjusted EBITDA previously excluded share of profit/(loss) of associates carried under the equity method and did not include depreciation and amortization, financial expense and income tax expense of unconsolidated affiliates. Prior periods have been presented accordingly.

In order to assess performance of the business, the CODM receives reports of each reportable segment using revenue and Adjusted EBITDA. Net interest expense evolution is assessed on a consolidated basis. Financial expense and amortization are not taken into consideration by the CODM for the allocation of resources.

In the year ended December 31, 2021, Atlantica had one customer with revenues representing more than 10% of total revenue, in the renewable energy business sector. In the year ended December 31, 2020, Atlantica had four customers with revenues representing more than 10%

of the total revenue, three in the renewable energy and one in the efficient natural gas and heat business sectors.

a) The following tables show Revenues and Adjusted EBITDA by operating segments and business sectors for the years 2021 and 2020:

	Revenue $'000		Adjusted EBITDA $'000	
	For the year ended December 31,		For the year ended December 31,	
Geography	**2021**	**2020**	**2021**	**2020**
North America	395,775	330,921	311,803	279,365
South America	154,985	151,460	119,547	120,023
EMEA	660,989	530,879	393,038	396,735
Total	**1,211,749**	**1,013,260**	**824,388**	**796,123**

	Revenue $'000		Adjusted EBITDA $'000	
	For the year ended December 31,		For the year ended December 31,	
Business sector	**2021**	**2020**	**2021**	**2020**
Renewable energy	928,525	753,089	602,583	576,285
Efficient natural gas & Heat	123,692	111,030	99,935	101,006
Transmission lines	105,680	106,042	83,635	87,272
Water	53,852	43,099	38,235	31,560
Total	**1,211,749**	**1,013,260**	**824,388**	**796,123**

The reconciliation of segment Adjusted EBITDA with the loss attributable to the parent company is as follows:

	For the year ended December 31,	
	2021 $'000	**2020 $'000**
Profit/(loss) attributable to the Company	(30,080)	11,968
Profit attributable to non-controlling interest	19,162	4,906
Income tax expense	36,220	24,877
Financial expense, net	340,892	331,810
Depreciation, amortization, and impairment charges	439,441	408,604
Depreciation and amortization, financial expense and income tax of unconsolidated affiliates pro rata of Atlantica´s equity ownership	18,753	13,958
Total segment Adjusted EBITDA	**824,388**	**796,123**

b) The assets and liabilities by geography and business sector at the end of 2021 and 2020 are as follows:

Assets and liabilities by geography as of December 31, 2021:

	North America $'000	South America $'000	EMEA $'000	Balance as of December 31, 2021 $'000
Assets allocated				
Contracted concessional assets	3,355,669	1,231,276	3,434,623	8,021,568
Investments carried under the equity method	253,221	-	41,360	294,581
Current financial investments	135,224	28,155	44,000	207,379
Cash and cash equivalents (project companies)	171,744	74,149	287,655	533,548
Subtotal allocated	**3,915,858**	**1,333,580**	**3,807,638**	**9,057,076**
Unallocated assets				
Other non-current assets				268,876
Other current assets (including cash and cash equivalents at holding company level)				425,978
Subtotal unallocated				**694,854**
Total assets				**9,751,930**

	North America $'000	South America $'000	EMEA $'000	Balance as of December 31, 2021 $'000
Liabilities allocated				
Long-term and short-term project debt	1,792,739	887,497	2,355,957	5,036,193
Grants and other liabilities	1,051,679	14,445	197,620	1,263,744
Subtotal allocated	**2,844,418**	**901,942**	**2,553,577**	**6,299,937**
Unallocated liabilities				
Long-term and short-term corporate debt				1,023,071
Other non-current liabilities				532,312
Other current liabilities				148,005
Subtotal unallocated				**1,703,388**
Total liabilities				**8,003,325**
Equity unallocated				**1,748,605**
Total liabilities and equity unallocated				**3,451,993**
Total liabilities and equity				**9,751,930**

Assets and liabilities by geography as of December 31, 2020:

	North America $'000	South America $'000	EMEA $'000	Balance as of December 31, 2020 $'000
Assets allocated				
Contracted concessional assets	3,073,785	1,211,952	3,869,681	8,155,418
Investments carried under the equity method	74,660	-	41,954	116,614
Current financial investments	129,264	27,836	42,984	200,084
Cash and cash equivalents (project companies)	206,344	70,861	255,530	532,735
Subtotal allocated	**3,484,053**	**1,310,649**	**4,210,149**	**9,004,851**
Unallocated assets				
Other non-current assets				242,044
Other current assets (including cash and cash equivalents at holding company level)				691,459
Subtotal unallocated				**933,503**
Total assets				**9,938,354**

	North America $'000	South America $'000	EMEA $'000	Balance as of December 31, 2020 $'000
Liabilities allocated				
Long-term and short-term project debt	1,623,284	902,500	2,711,830	5,237,614
Grants and other liabilities	1,078,974	11,355	139,438	1,229,767
Subtotal allocated	**2,702,258**	**913,855**	**2,851,268**	**6,467,381**
Unallocated liabilities				
Long-term and short-term corporate debt				993,725
Other non-current liabilities				589,107
Other current liabilities				147,260
Subtotal unallocated				**1,730,092**
Total liabilities				**8,197,473**
Equity unallocated				**1,740,881**
Total liabilities and equity unallocated				**3,470,973**
Total liabilities and equity				**9,938,354**

Assets and liabilities by business sectors as of December 31, 2021:

	Renewable energy $'000	Efficient natural gas & Heat $'000	Transmission lines $'000	Water $'000	Balance as of December 31, 2021 $'000
Assets allocated					
Contracted concessional assets	6,533,408	517,247	805,987	164,926	8,021,568
Investments carried under the equity method	240,302	15,358	-	38,921	294,581
Current financial investments	10,761	128,461	27,813	40,344	207,379
Cash and cash equivalents (project companies)	442,213	25,392	44,574	21,369	533,548
Subtotal allocated	**7,226,684**	**686,458**	**878,374**	**265,560**	**9,057,076**
Unallocated assets					
Other non-current assets					268,876
Other current assets (including cash and cash equivalents at holding company level)					425,978
Subtotal unallocated					**694,854**
Total assets					**9,751,930**

	Renewable energy $'000	Efficient natural gas & Heat $'000	Transmission lines $'000	Water $'000	Balance as of December 31, 2021 $'000
Liabilities allocated					
Long-term and short-term project debt	3,857,313	478,724	602,278	97,878	5,036,193
Grants and other liabilities	1,244,346	11,212	5,795	2,391	1,263,744
Subtotal allocated	**5,101,659**	**489,936**	**608,073**	**100,269**	**6,299,937**
Unallocated liabilities					
Long-term and short-term corporate debt					1,023,071
Other non-current liabilities					532,312
Other current liabilities					148,005
Subtotal unallocated					**1,703,388**
Total liabilities					**8,003,325**
Equity unallocated					**1,748,605**
Total liabilities and equity unallocated					**3,451,993**
Total liabilities and equity					**9,751,930**

Assets and liabilities by business sectors as of December 31, 2020:

	Renewable energy $'000	Efficient natural gas & Heat $'000	Transmission lines $'000	Water $'000	Balance as of December 31, 2020 $'000
Assets allocated					
Contracted concessional assets	6,632,611	502,285	842,595	177,927	8,155,418
Investments carried under the equity method	61,866	15,514	30	39,204	116,614
Current financial investments	6,530	124,872	27,796	40,886	200,084
Cash and cash equivalents (project companies)	397,465	67,955	46,045	21,270	532,735
Subtotal allocated	**7,098,472**	**710,626**	**916,466**	**279,287**	**9,004,851**
Unallocated assets					
Other non-current assets					242,044
Other current assets (including cash and cash equivalents at holding company level)					691,459
Subtotal unallocated					**933,503**
Total assets					**9,938,354**

	Renewable energy $'000	Efficient natural gas & Heat $'000	Transmission lines $'000	Water $'000	Balance as of December 31, 2020 $'000
Liabilities allocated					
Long-term and short-term project debt	3,992,512	504,293	625,203	115,606	5,237,614
Grants and other liabilities	1,221,176	108	6,040	2,443	1,229,767
Subtotal allocated	**5,213,688**	**504,401**	**631,243**	**118,049**	**6,467,381**
Unallocated liabilities					
Long-term and short-term corporate debt					993,725
Other non-current liabilities					589,107
Other current liabilities					147,260
Subtotal unallocated					**1,730,092**
Total liabilities					**8,197,473**
Equity unallocated					**1,740,881**
Total liabilities and equity unallocated					**3,470,973**
Total liabilities and equity					**9,938,354**

c) The amount of depreciation, amortization and impairment charges recognized for the years ended December 31, 2021 and 2020 are as follows:

Depreciation, amortization and impairment by geography	For the year ended December 31 $'000 2021	2020
North America	(152,946)	(197,643)
South America	(57,214)	(39,191)
EMEA	(229,281)	(171,770)
Total	**(439,441)**	**(408,604)**

Depreciation, amortization and impairment by business sectors	For the year ended December 31, $'000 2021	2020
Renewable energy	(432,138)	(350,785)
Efficient natural gas & Heat	23,910	(26,563)
Transmission lines	(31,286)	(30,889)
Water	73	(367)
Total	**(439,441)**	**(408,604)**

5. Business Combinations

For the year ended December 31, 2021

On January 6, 2021, the Company completed its second investment through its Chilean renewable energy platform in a 40 MW solar PV plant, Chile PV 2, located in Chile, for approximately $5 million. Atlantica has control over Chile PV 2 under IFRS 10, Consolidated Financial Statements. The acquisition of Chile PV 2 has been accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations, showing 65% of non-controlling interests. Chile PV 2 is included within the Renewable energy sector and the South America geography.

On January 8, 2021, the Company completed the purchase of an additional 42.5% stake in Rioglass, a supplier of spare parts and services to the solar industry, increasing its stake from 15% to 57.5% and gaining control over the business under IFRS 10, Consolidated Financial Statements. The purchase price paid was $8.6 million, and the Company paid an additional $3.7 million (deductible from the final payment) for an option to acquire the remaining 42.5% under the same conditions until September 2021. On July 22, 2021, the Company exercised the option paying an additional $4.8 million, becoming the sole shareholder of the entity. Rioglass is included within the Renewable energy sector and the EMEA geography. The acquisition of Rioglass has been accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations.

On April 7, 2021, the Company closed the acquisition of Coso, a 135 MW renewable asset in

California. The purchase price paid was $130 million. Atlantica has control over Coso under IFRS 10, Consolidated Financial Statements and its acquisition has been accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations. Coso is included within the Renewable energy sector and the North America geography.

On May 14, 2021, the Company closed the acquisition of Calgary District Heating, a district heating asset of approximately 55 MWt in Canada. The purchase price paid was approximately $22.7 million. The acquisition has been accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations. Calgary District Heating is included within the Efficient natural gas and Heat sector and the North America geography.

On August 6, 2021, the Company closed the acquisition of Italy PV 1 and Italy PV 2, two solar PV plants in Italy with a combined capacity of 3.7 MW for a total equity investment of $9 million. The acquisition has been accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations. These assets are included within the Renewable Energy sector and the EMEA geography.

On November 25, 2021, the Company closed the acquisition of La Sierpe, a 20 MW solar PV plant in Colombia for a total equity investment of approximately $23.5 million. The acquisition has been accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations. La Sierpe is included within the Renewable energy sector and the South America geography.

On December 14, 2021, the Company closed the acquisition of Italy PV 3, a 2.5 MW solar asset in Italy for a total equity investment of approximately $4.0 million. The acquisition has been accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations. Italy PV 3 is included within the Renewable Energy sector and the EMEA geography.

The fair value of assets and liabilities consolidated at the effective acquisition date is shown in the following table:

	Business combinations for the year ended December 31, 2021 $'000		
	Coso	Other	Total
Contracted concessional assets (Note 6)	383,153	158,927	542,080
Deferred tax asset (Note 18)	-	4,410	4,410
Other non-current assets	11,024	1,943	12,967
Cash & cash equivalents	6,363	14,649	21,012
Other current assets	14,378	46,679	61,057
Non-current Project debt (Note 15)	(248,544)	(39,808)	(288,352)
Current Project debt (Note 15)	(13,415)	(25,366)	(38,781)
Deferred tax liabilities (Note 18)	-	(4,910)	(4,910)
Other current and non-current liabilities	(22,959)	(64,825)	(87,784)
Non-controlling interests	-	(8,287)	(8,287)
Total net assets acquired at fair value	**130,000**	**83,412**	**213,412**
Asset acquisition – purchase price paid	(130,000)	(80,364)	(210,364)
Fair value of previously held 15% stake in Rioglass	-	(3,048)	(3,048)
Net result of business combinations	**-**	**-**	**-**

The purchase price equals the fair value of the net assets acquired.

The allocation of the purchase price is provisional as of December 31, 2021 and amounts indicated above may be adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized as of December 31, 2021. The measurement period will not exceed one year from the acquisition dates.

The amount of revenue contributed by the acquisitions performed during 2021 to the Consolidated Financial Statements of the Company for the year 2021 is $163.5 million, and the amount of profit after tax is $0.8 million. Had the acquisitions been consolidated from January 1, 2021, the consolidated statement of comprehensive income would have included additional revenue of $17.7 million and additional profit after tax of $3.3 million.

For the year ended December 31, 2020

On April 3, 2020, the Company completed the investment in a 35% stake in a renewable energy platform in Chile for approximately $4 million and the acquisition of Chile PV 1, a 55 MW solar PV plant, through the platform. Atlantica has control over Chile PV 1 under IFRS 10, Consolidated Financial Statements. The acquisition of Chile PV 1 was accounted for in these Consolidated Financial Statements in accordance with IFRS 3, Business Combinations, showing 65% of non-controlling interest. Chile PV 1 is included within the Renewable energy sector and the South America geography.

On May 31, 2020, the Company obtained the right to appoint the majority of directors of the board of Befesa Agua Tenes, which owns a 51% stake in Tenes, and therefore controls the asset, a water desalination plant in Algeria. The total investment amounted to approximately $19 million as of May 31, 2020. The acquisition had been accounted for in these Consolidated Financial Statements of Atlantica, in accordance with IFRS 3, Business Combinations, showing 49% of non-controlling interests. Tenes is included within the Water sector and the EMEA geography.

The amount of assets and liabilities consolidated at the effective acquisition date is shown in the following table:

	Business combinations for the year ended December 31, 2020 $'000
Contracted concessional assets (Note 6)	172,321
Other non-current assets	356
Cash and cash and equivalent	17,646
Other current assets	31,421
Non-current Project debt (Note 15)	(149,585)
Current Project debt (Note 15)	(8,680)
Other current and non-current liabilities	(15,561)
Non-controlling interests	(25,308)
Total net assets acquired at fair value	**22,610**
Asset acquisition - purchase price	(22,610)
Net result of business combinations	**-**

The purchase price equalled the fair value of the net assets acquired.

The amount of revenue contributed by the acquisitions performed during 2020 to the Consolidated Financial Statements of the Company for the year 2020 was $22.5 million, and the amount of profit after tax was $6.3 million. Had the acquisitions been consolidated from January 1, 2020, the consolidated statement of comprehensive income would have included additional revenue of $14.7 million and additional profit after tax of $3.7 million.

In April and May 2021, the provisional period for the purchase price allocation of Chile PV 1 and Tenes, respectively, closed and did not result in significant adjustments to the initial amounts recognized.

6. Contracted Concessional Assets

Contracted concessional assets correspond to the assets of the Company recorded as intangible or financial assets in accordance with IFRIC 12, property plant and equipment in accordance with IAS 16 and financial asset in accordance with IFRS 16.

For further details on the application of IFRIC 12 to assets of the Company, see Note 26.

a) The following table shows the movements of assets included in the heading "Contracted Concessional assets" for 2021:

Cost	Financial assets under IFRIC 12	Financial assets under IFRS 16 (Lessor)	Intangible assets under IFRIC 12	Intangible assets under IFRS 16 (Lessee)	Property, plant and equipment under IAS 16 and other intangible assets under IAS 38	Total assets
Total as of January 1, 2021	936,837	2,941	9,467,309	66,230	350,720	10,824,037
Additions	922	442	40,383	2,459	14,204	58,410
Subtractions	-	-	(348)	-	(21,282)	(21,630)
Business combinations (Note 5)	-	-	-	19,148	522,932	542,080
Currency translation differences	(9,519)	(540)	(334,497)	(5,019)	(20,703)	(370,378)
Reclassification and other movements	(53,715)	-	29,692	-	10,539	(13,484)
Total Cost	**874,525**	**2,843**	**9,202,539**	**82,818**	**856,410**	**11,019,135**

Depreciation, amortization and impairment	Financial assets under IFRIC 12	Financial assets under IFRS 16 (Lessor)	Intangible assets under IFRIC 12	Intangible assets under IFRS 16 (Lessee)	Property, plant and equipment under IAS 16 and other intangible assets under IAS 38	Total assets
Total as of January 1, 2021	(87,689)	-	(2,442,520)	(10,060)	(128,350)	(2,668,619)
Additions	(418)	-	(424,181)	(4,759)	(31,003)	(460,361)
Reversal of impairment	24,929	-	-	-	-	24,929
Currency translation differences	289	-	97,356	714	8,125	106,484
Total depreciation, amortization and impairment	**(62,889)**	**-**	**(2,769,345)**	**(14,105)**	**(151,228)**	**(2,997,567)**

The increase in the contracted concessional assets cost is primarily due to business combinations for a total amount of $542 million (Note 5), partially offset by the lower value of the Euro denominated assets since the exchange rate of the Euro decreased against the U.S. dollar since December 31, 2020.

This increase is mainly offset by the amortization charge for the year and the impairment registered in Solana (see below).

The decrease included in "Reclassification and other movement" is mainly due to the reclassification from the long to the short term of the current portion of the contracted concessional financial assets.

Solana triggering event of impairment

Considering the delays in the improvements and replacements that the Company is carrying out in the storage system in Solana and their impact on production in 2021, as well as an increase in the discount rate, the Company identified an impairment triggering event, in accordance with IAS 36, Impairment of assets. As a result, an impairment test has been performed which resulted in the recording of an impairment loss of $43 million as of December 31, 2021.

The impairment has been recorded within the line "Depreciation, amortization and impairment charges" of the consolidated income statement, decreasing the amount of "Contracted concessional assets" pertaining to the Renewable energy sector and the North America geography. The recoverable amount considered is the value in use and amounts to $943 million for Solana, as of December 31, 2021. A specific discount rate has been used in each year considering changes in the debt/equity leverage ratio over the useful life of this project, resulting in the use of a range of discount rates between 4.5% and 5.0%.

An adverse change in the key assumptions which are individually used for the valuation could lead to future impairment recognition; specifically, a 5% decrease in generation over the entire remaining useful life (PPA) of the project would generate an additional impairment of approximately $69 million. An increase of 50 basis points in the discount rate would lead to an additional impairment of approximately $41 million.

The Company did not identify any other triggering event of impairment of its contracted concessional assets as of December 31, 2021.

Expected credit losses

The impairment provision based on the expected credit losses on contracted concessional financial assets, calculated in accordance with IFRS 9, Financial instruments, decreased by $25 million in the year ended December 31, 2021, primarily in ACT following an improvement of its client's credit risk metrics.

b) The following table shows the movements of assets included in the heading "Contracted Concessional assets" for 2020:

Cost	Financial assets under IFRIC 12	Financial assets under IFRS 16 (Lessor)	Intangible assets under IFRIC 12	Intangible assets under IFRS 16 (Lessee)	Property, plant and equipment under AIS 16 and other intangible assets under IAS 38	Total assets
Total as of January 1, 2020	872,945	3,459	9,183,011	60,618	264,564	10,384,597
Additions	-	-	29,213	1,832	4,310	35,355
Subtractions	-	-	(71,706)	(954)	(223)	(72,883)
Business combinations (Note 5)	102,560	-	-	385	63,916	166,861
Currency translation differences	(8,166)	(163)	326,791	4,349	18,153	340,964
Reclassification and other movements	(30,502)	(355)	-	-	-	(30,857)
Total Cost	**936,837**	**2,941**	**9,467,309**	**66,230**	**350,720**	**10,824,037**

Depreciation, amortization and impairment	Financial assets under IFRIC 12	Financial assets under IFRS 16 (Lessor)	Intangible assets under IFRIC 12	Intangible assets under IFRS 16 (Lessee)	Property, plant and equipment under IAS 16 and other intangible assets under IAS 38	Total assets
Total as of January 1, 2020	(57,258)	-	(2,055,946)	(6,585)	(103,679)	(2,223,468)
Additions	(27,111)	-	(338,393)	(3,527)	(15,958)	(384,989)
Subtractions	-	-	17,571	634	49	18,253
Reversal of impairment	-	-	18,787	-	-	17,787
Business combinations (Note 5)	(3,797)	-	-	-	-	(3,797)
Currency translation differences	476	-	(84,538)	(581)	(8,762)	(93,404)
Total depreciation, amortization and impairment	**(87,689)**	**-**	**(2,442,520)**	**(10,060)**	**(128,350)**	**(2,668,619)**

During 2020, the cost of contracted concessional assets increased primarily due to the effect of

the appreciation of the Euro against the U.S. dollar for the year ended December 31, 2020, compared to the year ended December 31, 2019, and to the acquisition of new concessional assets (Note 5).

This increase was mainly offset by the amortization charge for the year and the write-off registered in Solana (see below).

The decrease included in "Reclassification and other movements" was mainly due to the reclassification from the long to the short term of the current portion of the contracted concessional financial assets.

Solana storage system partial write-off

The availability in the storage system of Solana was lower than expected in 2020 due to certain leaks identified in the storage system in the first quarter. The Company identified some elements of the storage system to be replaced, which were written off in these Consolidated Financial Statements through profit and loss in the line "Depreciation, amortization, and impairment charges" for an estimated net book value of approximately $48 million.

Solana triggering event of impairment

The Company identified in 2020 a triggering event of impairment for Solana as a result of the underperformance of the plant in terms of production. The Company therefore performed an impairment test as of December 31, 2020, which resulted in the recoverable amount (value in use) exceeding the carrying amount of the asset by 10%. To determine the value in use of the asset, a specific discount rate had been used in each year considering changes in the debt/equity leverage ratio over the useful life of this project, resulting in the use of a range of discount rates between 3.8% and 4.3%.

An adverse change in the key assumptions which are individually used for the valuation would not have led to future impairment recognition; neither in case of a 5% decrease in generation over the entire remaining useful life (PPA) of the project nor in case of an increase of 50 basis points in the discount rate.

Change in the useful life of the solar plants in Spain

Further to the recent developments in the Energy and Climate Policy Framework adopted by Spain in 2020, the Company concluded that the expected deep transformation of the electricity sector in Spain would probably significantly reduce the market price at which the electricity is sold in the mid- to long-term. In particular, the Company believed this may impact the price captured by the Company's solar plants in Spain after the end of the regulation in place (2035 to 2038 onwards). As a result, the price captured by the plants after 2035 to 2038 (the end of the 25 years regulatory period) would likely not be sufficient to cover operating costs. In this case, the plants would stop operating and be dismantled at that point in time.

The Company believed that it was possible that long-term price evolution and technology changes could result in scenarios where the plants may continue to operate after the end of the regulatory period. Nevertheless, given the information currently available, the Company decided to reduce the useful life of the CSP plants in Spain from 35 years to 25 years after COD. This change of estimate of the useful life, effective September 1st, 2020, was accounted for as a change in accounting estimate in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The main impacts recorded prospectively in these Consolidated Financial Statements were:

- an increased amortization charge from September 1st, 2020, considering the reduction in the residual useful life of the plants. The impact was approximately $23 million as of December 31, 2020, recorded within the line "Depreciation, amortization and impairment charges" in the profit and loss statement.
- an increase in the discounted value of the dismantling provision, as the dismantling of the plants would occur earlier. The provision increased by approximately $13 million as of December 31, 2020 (Note 16).

In addition, reducing the useful life of the solar plants in Spain was a triggering event of impairment, given that the recoverable amount of the asset is negatively impacted if the plants stop operating in year 25 after COD.

The Company therefore performed an impairment test as of December 31, 2020, which resulted in the recoverable amount (value in use) exceeding the carrying amount of the assets by 6%. To determine the value in use of the assets, a specific discount rate was used in each year considering changes in the debt/equity leverage ratio over the useful life of these projects, resulting in the use of a range of discount rates between 3.3% and 3.8%.

An adverse change in the key assumptions which were individually used for the valuation would not lead to future impairment recognition; neither in case of a 5% decrease in generation over the entire remaining useful life of the projects nor in case of an increase of 50 basis points in the discount rate.

Palmatir and Cadonal impairment reversals

As part of the triggering event analysis performed for Palmatir and Cadonal assets in 2020, the Company identified factors, such as a reduced discount rate according to favourable market conditions, increasing their recoverable amount (value in use). The Company therefore performed an impairment test as of December 31, 2020, which resulted in the reversal of impairments previously recorded, for an amount of $15.6 million and $3.1 million in Cadonal and Palmatir, respectively, recorded within the line "Depreciation, amortization and impairment charges" of the profit and loss statement.

No losses from impairment of contracted concessional assets, excluding any change in the provision for expected credit losses under IFRS 9, Financial instruments, were recorded during the year ended December 31, 2020. The impairment provision based on the expected credit losses on contracted concessional financial assets increased by $29 million in the year ended December 31, 2020, primarily in ACT.

7. Investments Carried Under the Equity Method

The table below shows the breakdown and the movement of the investments held in associates for 2021 and 2020:

Investments in associates	2021 $'000	2020 $'000
Initial balance	116,614	139,925
Share of profit	12,304	510
Distributions	(36,877)	(23,703)
Acquisitions	202,345	-
Others (incl. currency translation differences)	195	(118)
Final balance	**294,581**	**116,614**

The increase in investments carried under the equity method in 2021, is primarily due to investment made in Vento II in June 2021, partially offset by the distributions received from this portfolio since then for $14.8 million, from Honaine for $4.4 million ($4.5 million in 2020) and from Amherst for $17.7 million ($16.1 million in 2020). A significant portion of the distributions received from Amherst are distributed by the Company to Algonquin Power Co. (Note 13).

The tables below show a breakdown of stand-alone amounts of assets, revenues and profit and loss as well as other information of interest for the years 2021 and 2020 for the associated companies:

Company	% Shares	Non-current assets	Current assets	Project debt	Other non-current liabilities	Other current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
2007 Vento II, LLC (*)	49.00	459,037	13,511	-	62,387	10,259	104,461	34,216	32,806	195,952
Windlectric Inc (**)	30.00	310,751	11,036	-	207,404	38,126	24,008	10,442	152	41,911
Myah Bahr Honaine, S.P.A.(***)	25.50	151,830	59,020	51,721	18,142	3,293	53,450	33,935	24,899	38,922
Pemcorp SAPI de CV (****)	30.00	127,892	117,083	146,931	101,439	2,925	40,166	6,561	(6,522)	15,358
Pectonex, R.F. Proprietary Limited	50.00	2,356	-	-	-	1	-	(186)	(186)	1,495
Evacuacion Valdecaballeros, S.L.	57.16	17,185	976	-	15,022	156	938	(63)	(93)	923
Evacuacion Villanueva del Rey, S.L	40.02	2,637	63	-	1,601	172	-	59	-	-
ABY Infraestructuras S.L.U.	20.00	238	46	-	-	5	-	(54)	(54)	21
As of December 31, 2021										**294,581**

Company	% Shares	Non-current assets	Current assets	Project debt	Other non-current liabilities	Other current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuacion Valdecaballeros, S.L.	57.16	19,531	1,130	-	16,721	646	853	(167)	(194)	976
Myah Bahr Honaine, S.P.A.(***)	25.50	165,688	57,808	63,356	17,617	3,636	50,739	30,519	12,402	39,204
Pectonex, R.F. Proprietary Limited	50.00	2,743	-	-	-	1	-	(168)	(168)	1,587
Evacuacion Villanueva del Rey, S.L	40.02	3,201	134	-	1,861	257	-	52	-	-
Ca Ku A1, S.A.P.I de CV (PTS)	5.00	468,131	156,528	-	604,986	25,773	80,240	17,415	1,615	30
Pemcorp SAPI de CV (****)	30.00	127,429	121,468	154,937	104,893	3,190	28,832	3,068	(6,237)	15,514
ABY Infraestructuras S.L.U.	20.00	135	84	-	-	63	-	(53)	(53)	17
Windlectric Inc (**)	30.00	316,251	7,229	-	216,765	31,403	23,663	10,451	(493)	59,116
Other renewable energy joint ventures (*****)	50.00	323	210	-	-	19	-	(66)	(66)	169
As of December 31, 2020										**116,614**

The Company has no control over Evacuacion Valdecaballeros, S.L. as all relevant decisions of this company require the approval of a minimum of shareholders accounting for more than 75% of the shares.

None of the associated companies referred to above is a listed company.

(*) 2007 Vento II, LLC, is the holding company of a 596 MW portfolio of wind assets in the U.S., 49% owned by Atlantica since June 16, 2021, and accounted for under the equity method in these Consolidated Financial Statements (Note 1). Share of profit of 2007 Vento II, LLC. included in these Consolidated Financial Statements amounts to $8.4 million in 2021.
(**) Windlectric Inc., the project entity, is 100% owned by Amherst Island Partnership which is accounted for under the equity method in these Consolidated Financial Statements.
(***) Myah Bahr Honaine, S.P.A., the project entity, is 51% owned by Geida Tlemcen, S.L. which is accounted for using the equity method in these Consolidated Financial Statements. Geida Tlemcen, S.L. is 50% owned by Atlantica. Share of profit of Myah Bahr Honaine S.P.A. included in these Consolidated Financial Statements amounts to $6.4 million in 2021 and $3.1 million in 2020.
(****) Pemcorp SAPI de CV, Monterrey´s project entity, is 100% owned by Arroyo Netherlands II B.V. which is accounted for under the equity method in these Consolidated Financial Statements. Arroyo Netherlands II B.V. is 30% owned by Atlantica. Share of profit of Pemcorp SAPI de CV included in these Consolidated Financial Statements amounts to a loss of $2.0 million in 2021 and a loss of $1.9 million in 2020.
(*****) Other renewable energy joint ventures in 2020 corresponded to investments made in the following entities: AC Renovables Sol 1 SAS Esp, PA Renovables Sol 1 SAS Esp, SJ Renovables Sun 1 SAS Esp and SJ Renovables Wind 1 SAS Esp. As of December 31, 2021, these entities have been fully consolidated as the Company has gained control over these entities under IFRS 10, Consolidated Financial Statements.

8. Financial instruments by Category

Financial instruments, in addition to financial assets included within Contracted concessional assets disclosed in Note 6, are primarily deposits, derivatives, trade and other receivables and

loans. Financial instruments by category (current and non-current), reconciled with the statement of financial position as of December 31, 2021 and 2020 are as follows:

Category	Notes	Amortized Cost $´000	Fair value through Other Comprehensive Income $´000	Fair value through profit or loss $´000	Balance as of 12.31.21 $´000
Derivative assets	9	-	-	12,960	12,960
Investment in Ten West Link		-	14,459	-	14,459
Financial assets under IFRIC 12 (short-term portion)		188,912	-	-	188,912
Trade and other receivables	11	307,143	-	-	307,143
Cash and other equivalents	12	622,689	-	-	622,689
Other financial investments		87,657	-	-	87,657
Total financial assets		**1,206,401**	**14,459**	**12,960**	**1,233,820**
Corporate debt	14	1,023,071	-	-	1,023,071
Project debt	15	5,036,193	-	-	5,036,193
Trade and other current liabilities	17	113,907	-	-	113,907
Derivative liabilities	9	-	-	223,453	223,453
Total financial liabilities		**6,173,171**	-	**223,453**	**6,396,624**

Category	Notes	Amortized Cost $´000	Fair value through Other Comprehensive Income $´000	Fair value through profit or loss $´000	Balance as of 12.31.20 $´000
Derivative assets	9	-	-	1,559	1,559
Investment in Ten West Link		-	12,896	-	12,896
Investment in Rioglass		-	-	2,687	2,687
Financial assets under IFRIC 12 (short-term portion)		178,198	-	-	178,198
Trade and other receivables	11	331,735	-	-	331,735
Cash and other equivalents	12	868,501	-	-	868,501
Other financial investments		94,497	-	-	94,497
Total financial assets		**1,472,931**	**12,896**	**4,246**	**1,490,073**
Corporate debt	14	993,725	-	-	993,725
Project debt	15	5,237,614	-	-	5,237,614
Related parties – non-current	10	6,810	-	-	6,810
Trade and other current liabilities	17	92,557	-	-	92,557
Derivative liabilities	9	-	-	328,184	328,184
Total financial liabilities		**6,330,707**	-	**328,184**	**6,658,891**

Other financial investments as of December 31, 2021 and as of December 31, 2020 include among others, a loan to Monterrey (Note 7) and restricted cash for repairs or scheduled major maintenance work.

Investment in Ten West Link is a 12.5% interest in a 114-mile transmission line in the U.S., currently under development.

The investment in Rioglass corresponded to a 15.12% equity interest as of December 31, 2020. The Company gained control over the business in January 2021, which is fully consolidated since then in these Consolidated Financial Statements as of December 31, 2021 (Note 5).

9. Derivative Financial Instruments

The breakdown of the fair value amounts of the derivative financial instruments as of December 31, 2021 and 2020 are as follows:

	Balance as of 12.31.21		Balance as of 12.31.20	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
Interest rate cash flow hedge	9,550	206,763	898	302,302
Foreign exchange derivatives instruments	3,410	-	661	-
Notes conversion option (Note 14)	-	16,690	-	25,882
Total	**12,960**	**223,453**	**1,559**	**328,184**

The derivatives are primarily interest rate cash-flow hedges. All are classified as non-current assets or non-current liabilities, as they hedge long-term financing agreements.

As stated in Note 3 to these consolidated financial statements, the general policy is to hedge variable interest rates of financing agreements using two types of hedging derivatives:

- Interest rate swaps under which the Company receives the floating leg and pays the fixed leg; and
- Purchased call options (cap), in exchange of a premium to fix the maximum interest rate cost.

The notional amounts hedged, strikes contracted and maturities, depending on the characteristics of the debt on which the interest rate risk is being hedged, can be diverse:

- Project debt in Euros: the Company hedges between 75% and 100% of the notional amount, with hedges maturing up to 2038 and average guaranteed interest rate of between 0.00% and 4.87%.
- Project debt in U.S. dollars: the Company hedges between 75% and 100% of the notional amount, with hedges maturing up to 2038 and average guaranteed interest rate of between 0.86% and 5.89%.

The table below shows a breakdown of the maturities of notional amounts of interest rate cash flow hedge derivatives designated as cash flow hedges as of December 31, 2021 and 2020.

Notionals	Balance as of 12.31.21		Balance as of 12.31.20	
	$'000		$'000	
	Assets	Liabilities	Assets	Liabilities
Up to 1 year	71,386	106,191	61,364	120,874
Between 1 and 2 years	304,930	240,197	296,828	249,785
Between 2 and 3 years	262,973	271,350	257,548	276,111
Subsequent years	217,989	860,777	292,011	852,696
Total	**857,278**	**1,478,515**	**907,752**	**1,499,466**

The table below shows a breakdown of the maturity of the fair values of interest rate cash flow hedge derivative as of December 31, 2021 and 2020.

Fair value	Balance as of 12.31.21		Balance as of 12.31.20	
	$'000		$'000	
	Assets	Liabilities	Assets	Liabilities
Up to 1 year	678	(15,039)	59	(21,042)
Between 1 and 2 years	1,810	(33,670)	255	(48,276)
Between 2 and 3 years	2,268	(39,834)	305	(55,220)
Subsequent years	4,794	(118,220)	280	(177,764)
Total	**9,550**	**(206,763)**	**898**	**(302,302)**

The net amount of the fair value of interest rate derivatives designated as cash flow hedges transferred to the consolidated income statement in 2021 is a loss of $58,292 thousand (loss of $58,381 thousand in 2020).

The after-tax result accumulated in equity in connection with derivatives designated as cash flow hedges at the years ended December 31, 2021 and 2020, amount to a $171,272 thousand gain and a $96,641 thousand gain respectively.

Additionally, the Company has currency options with leading international financial institutions, which guarantee minimum Euro-U.S. dollar exchange rates. The strategy of the Company is to hedge the exchange rate for the net distributions from its European assets after deducting euro-denominated interest payments and euro-denominated general and administrative expenses. Through currency options, the strategy of the Company is to hedge 100% of its euro-denominated net exposure for the next 12 months and 75% of its euro denominated net exposure for the following 12 months, on a rolling basis. Change in fair value of these foreign exchange derivatives instruments are directly recorded in the consolidated income statement.

Finally, the conversion option of the Green Exchangeable Notes issued in July 2020 (Note 14) is recorded as a derivative with a negative fair value (liability) of $17 million as of December 31, 2021 ($26 million as of December 31, 2020).

10. Related Party Transactions

The related parties of the Company are primarily Algonquin and its subsidiaries, non-controlling interests (Note 13), entities accounted for under the equity method (Note 7) as well as the Directors and the Senior Management of the Company.

Details of balances with related parties as of December 31, 2021 and 2020 are as follows:

	Balance as of December 31, 2021 $'000	Balance as of December 31, 2020 $'000
Credit receivables (current)	19,387	23,067
Credit receivables (non-current)	15,768	10,082
Total receivables with related parties	**35,155**	**33,149**
Credit payables (current)	9,494	18,477
Credit payables (non-current)	5	6,810
Total payables with related parties	**9,499**	**25,287**

Current credit receivables as of December 31, 2021 mainly correspond to the short-term portion of the loan to Arroyo Netherland II B.V., the holding company of Pemcorp SAPI de CV., Monterrey´s project company (Note 7) for $10.0 million ($15.5 million as of December 31, 2020) and to a dividend to be collected from Amherst Island Partnership for $6.3 million ($4.3 million as of December 31, 2020).

Non-current credit receivables as of December 31, 2021 and December 31, 2020 correspond to the long-term portion of the loan to Arroyo Netherland II B.V.

Credit payables relate to debts with non-controlling partners in Kaxu, Solaben 2 & 3 and Solacor 1 & 2 for an amount of $3.4 million as of December 31, 2021 ($21.1 million as of December 31, 2020). The decrease is primarily due to debt repayment at Kaxu. Current credit payables also include the dividend to be paid by AYES Canada to Algonquin for $6.1 million as of December 31, 2021 ($4.2 million as of December 31, 2020).

The transactions carried out by entities included in these Consolidated Financial Statements with related parties not included in the consolidation perimeter of Atlantica, for the years ended December 31, 2021 and 2020 have been as follows:

	For the year ended December 31,	
	2021 $'000	2020 $'000
Financial income	2,069	2,017
Financial expense	(97)	(155)

The total amount of the remuneration received by the Board of Directors of the Company, including the CEO, amounts to $4.6 million in 2021 ($3.4 million in 2020), including $1.0 million of annual bonus ($1.0 million in 2020) and $1.9 million of long-term award vested in 2021 ($0.8 million in 2020). The increase of the total remuneration in 2021 is mainly due to the increase of the long-term award, as a result of the vesting in 2021 of one-third of the share options awarded in 2020 and the increase of Atlantica's share price. None of the directors received any pension remuneration in 2021 nor 2020.

11. Trade and Other Receivables

Trade and other receivables as of December 31, 2021 and 2020, consist of the following:

	Balance as of December 31, 2021 $'000	Balance as of December 31, 2020 $'000
Trade receivables	227,343	258,087
Tax receivables	59,350	50,663
Prepayments	9,342	12,074
Other accounts receivable	11,108	10,911
Total	**307,143**	**331,735**

As of December 31, 2021, and 2020, the fair value of trade and other accounts receivable does not differ significantly from its carrying value.

Trade receivables in foreign currency as of December 31, 2021 and 2020, are as follows:

	Balance as of December 31, 2021 $'000	Balance as of December 31, 2020 $'000
Euro	65,854	105,826
South African Rand	24,513	24,121
Other	13,330	6,929
Total	**103,697**	**136,876**

The decrease in trade receivables in Euro as of December 31, 2021 is primarily due to the improvement in the collection of receivables from the Spanish state-owned regulator Comision Nacional de los Mercados y de la Competencia or "CNMC" (solar assets in Spain).

12. Cash and Cash Equivalents

The following table shows the detail of cash and cash equivalents as of December 31, 2021 and 2020:

	2021 $'000	2020 $'000
Cash at bank and on hand - non-restricted	368,381	588,690
Cash at bank and on hand - restricted	254,308	279,811
Total	**622,689**	**868,501**

Cash includes funds held to satisfy the customary requirements of certain non-recourse debt agreements within the Company´s projects (Note 15) amounting to $254 million as of December 31, 2021 ($280 million as of December 31, 2020).

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

	2021 $'000	2020 $'000
US Dollar	318,071	575,567
Euro	230,136	196,431
South African Rand	38,268	40,561
Mexican Peso	4,926	23,570
Algerian Dinar	21,156	21,114
Others	10,132	11,258
	622,689	**868,501**

13. Equity

As of December 31, 2021, the share capital of the Company amounts to $11,240,297 ($10,667,087 as of December 31, 2020) represented by 112,402,973 ordinary shares (106,670,866 shares as of December 31, 2020) fully subscribed and disbursed with a nominal value of $0.10 each, all in the same class and series. Each share grants one voting right.

Algonquin owns 43.6% of the shares of the Company and is its largest shareholder as of December 31,2021.

On December 11, 2020 the Company closed an underwritten public offering of 5,069,200 ordinary shares, including 661,200 ordinary shares sold pursuant to the full exercise of the underwriters' over-allotment option, at a price of $33 per new share. Gross proceeds were approximately $167 million. Given that the offering was issued through a subsidiary in Jersey, which became wholly owned by the Company at closing, and subsequently liquidated, the premium on issuance was credited to a merger reserve account (Capital reserves), net of issuance costs, for $161 million. Additionally, Algonquin committed to purchase 4,020,860 ordinary shares in a private placement in order to maintain its previous equity ownership of 44.2% in the Company. The private placement closed on January 7, 2021. Gross proceeds were approximately $133 million ($131 million net of issuance costs).

During the first quarter of 2021, the Company changed the accounting treatment applied to its existing long-term incentive plans granted to employees from cash-settled to equity-settled in accordance with IFRS 2, Share-based Payment, as a result of incentives being settled in shares. The liability recognized for the rights vested by the employees under such plans at the date of this change, was reclassified to equity within the line "Accumulated deficit" for approximately $9 million. The settlement in shares was approved by the Board of Directors on February 26, 2021, and the Company issued 141,482 new shares to its employees up to December 31, 2021, to settle a portion of these plans.

On August 3, 2021, the Company established an "at-the-market program" (the "ATM") and entered into the distribution agreement with J.P. Morgan Securities LLC, as sales agent, (the "Distribution Agreement") under which the Company may offer and sell from time to time up

to $150 million of its ordinary shares. The Company also entered into an agreement with Algonquin pursuant to which the Company has offered Algonquin the right but not the obligation, on a quarterly basis, to purchase a number of ordinary shares to maintain its percentage interest in Atlantica at the average price of the shares sold under the Distribution Agreement in the previous quarter (the "ATM Plan Letter Agreement"). During the year 2021, the Company sold 1,613,079 shares at an average market price of $38.43 pursuant to its Distribution Agreement, representing net proceeds of $61 million. Pursuant to the ATM Plan Letter Agreement, the Company delivers a notice to Algonquin quarterly in order for them to exercise their rights thereunder.

Atlantica´s reserves as of December 31, 2021 are made up of share premium account and capital reserves. The share premium account reduction by $200 million during the year 2021, increasing capital reserves by the same amount, was made effective upon the confirmation received from the High Court in the UK, pursuant to the Companies Act 2006.

Other reserves primarily include the change in fair value of cash flow hedges and its tax effect.

Accumulated currency translation differences primarily include the result of translating the financial statements of subsidiaries prepared in a foreign currency into the presentation currency of the Company, the U.S. dollar.

Accumulated deficit primarily includes results attributable to Atlantica.

Non-controlling interests fully relate to interests held by JGC in Solacor 1 and Solacor 2, by Idae in Seville PV, by Itochu Corporation in Solaben 2 and Solaben 3, by Algerian Energy Company, SPA and Sacyr Agua S.L. in Skikda, by Algerian Energy Company, SPA in Tenes, by Industrial Development Corporation of South Africa (IDC) and Kaxu Community Trust in Kaxu, by Algonquin Power Co. in AYES Canada, and by partners of the Company in the Chilean renewable energy platform in Chile PV 1 and Chile PV 2.

Dividends declared during the year 2021 by the Board of Directors of the Company were:

- On February 26, 2021, the Board of Directors declared a dividend of $0.42 per share corresponding to the fourth quarter of 2020. The dividend was paid on March 22, 2021 for a total amount of $46.5 million.
- On May 4, 2021, the Board of Directors declared a dividend of $0.43 per share corresponding to the first quarter of 2021. The dividend was paid on June 15, 2021 for a total amount of $47.7 million.
- On July 30, 2021, the Board of Directors declared a dividend of $0.43 per share corresponding to the second quarter of 2021. The dividend was paid on September 15, 2021 for a total amount of $47.8 million.
- On November 9, 2021, the Board of Directors declared a dividend of $0.435 per share corresponding to the third quarter of 2021. The dividend was paid on December 15, 2021 for a total amount of $48.6 million.

In addition, the Company declared dividends and distributions to non-controlling interests, primarily to Algonquin (interests in Amherst through AYES Canada, see Note 7) for $17.3 million

in 2021 ($14.7 million in 2020), Algerian Energy Company for $6.6 million in 2021 ($3.7 million in 2020) and Itochu for $5.7 million in 2021 ($1.4 million in 2020).

As of December 31, 2021, there was no treasury stock and there have been no transactions with treasury stock during the period then ended.

14. Corporate Debt

The breakdown of the corporate debt as of December 31, 2021 and 2020 is as follows:

	Balance as of December 31, 2021 $'000	Balance as of December 31, 2020 $'000
Non-current	995,190	970,077
Current	27,881	23,648
Total Non-current	**1,023,071**	**993,725**

On July 20, 2017, the Company signed a credit facility (the "2017 Credit Facility") for up to €10 million, approximately $11.4 million, which is available in euros or U.S. dollars. Amounts drawn down accrue interest at a rate per year equal to EURIBOR plus 2% or LIBOR plus 2%, depending on the currency, with a floor of 0% on the LIBOR and EURIBOR. As of December 31, 2021, $8.2 million were drawn down. As of December 31, 2020, the 2017 Credit Facility was fully available. The credit facility maturity is July 1, 2023.

On May 10, 2018, the Company entered into the Revolving Credit Facility for $215 million with a syndicate of banks. Amounts drawn down accrue interest at a rate per year equal to (A) for Eurodollar rate loans, LIBOR plus a percentage determined by reference to the leverage ratio of the Company, ranging between 1.60% and 2.25% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus ½ of 1.00%, (ii) the U.S. prime rate and (iii) LIBOR plus 1.00%, in any case, plus a percentage determined by reference to the leverage ratio of the Company, ranging between 0.60% and 1.00%. Letters of credit may be issued using up to $100 million of the Revolving Credit Facility. During 2019, the amount of the Revolving Credit Facility increased from $215 million to $425 million and the maturity was extended to December 31, 2022. In the first quarter of 2021, the Company increased the amount of the Revolving Credit Facility from $425 million to $450 million and the maturity was extended to December 31, 2023. On December 31, 2021, the Company had issued letters of credit for $10 million, therefore, $440 million of the Revolving Credit Facility are available ($415 million as of December 31, 2020).

On April 30, 2019, the Company entered into the Note Issuance Facility 2019, a senior unsecured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of €268 million, approximately $305 million, with maturity date on April 30, 2025. Interest accrues at a rate per annum equal to the sum of 3-month EURIBOR plus 4.50%. The interest rate on the Note Issuance Facility 2019 is fully hedged by an interest rate swap resulting in the Company paying a net fixed interest rate of 4.24%. The Note Issuance Facility 2019 provided that the Company may capitalize interest on the notes issued

thereunder for a period of up to two years from closing at the Company´s discretion, subject to certain conditions, and the Company elected to capitalize such interest until the end of 2020. The Note Issuance Facility 2019 has been fully repaid on June 4, 2021, and subsequently delisted from the Official List of The International Stock Exchange.

On October 8, 2019, the Company filed a euro commercial paper program (the "Commercial Paper") with the Alternative Fixed Income Market (MARF) in Spain. The program had an original maturity of twelve months and was extended for another twelve-month period on October 8, 2020. The program allowed Atlantica to issue short term notes over the next twelve months for up to €50 million (approximately $57 million), with such notes having a tenor of up to two years. As of December 31, 2021, the Company had €21.5 million (approximately $24.4 million) issued and outstanding under the program at an average cost of 0.36% (€17.4 million, approximately $19.8 million, as of December 31, 2020).

On April 1, 2020, the Company closed the secured 2020 Green Private Placement for €290 million (approximately $330 million). The private placement accrues interest at an annual 1.96% interest rate, payable quarterly and has a June 2026 maturity.

On July 8, 2020, the Company entered into the Note Issuance Facility 2020, a senior unsecured financing with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of approximately $159 million, which is denominated in euros (€140 million). The Note Issuance Facility 2020 was issued on August 12, 2020, accrues annual interest of 5.25%, payable quarterly and has a maturity of seven years from the closing date.

On July 17, 2020, the Company issued the Green Exchangeable Notes for $100 million in aggregate principal amount of 4.00% convertible bonds due in 2025. On July 29, 2020, the Company closed an additional $15 million aggregate principal amount of the Green Exchangeable Notes. The notes mature on July 15, 2025 and bear interest at a rate of 4.00% per annum. The initial exchange rate of the notes is 29.1070 ordinary shares per $1,000 principal amount of notes, which is equivalent to an initial exchange price of $34.36 per ordinary share. Noteholders may exchange their notes at their option, at any time prior to the close of business on the scheduled trading day immediately preceding April 15, 2025, only during certain periods and upon satisfaction of certain conditions. On or after April 15, 2025, noteholders may exchange their notes at any time. Upon exchange, the notes may be settled, at the election of the Company, into Atlantica ordinary shares, cash or a combination thereof. The exchange rate is subject to adjustment upon the occurrence of certain events.

As per IAS 32, "Financial Instruments: Presentation", the conversion option of the Green Exchangeable Notes is an embedded derivative classified within the line "Derivative liabilities" of these Consolidated Financial Statements (Note 9). It was initially valued at the transaction date for $10 million, and prospective changes to its fair value are accounted for directly through the profit and loss statement. The principal element of the Green Exchangeable Notes, classified within the line "Corporate debt" of these Consolidated Financial Statements, is initially valued as the difference between the consideration received from the holders of the instrument and the value of the embedded derivative, and thereafter, at amortized cost using the effective interest method as per IFRS 9, "Financial Instruments".

On December 4, 2020, the Company entered into a loan with a bank for €5 million,

approximately $5.7 million. This loan accrues interest at a rate per year equal to 2.50%. The maturity date is December 4, 2025.

On May 18, 2021, the Company issued the Green Senior Notes due in 2028 in an aggregate principal amount of $400 million. The notes mature on May 15, 2028 and bear interest at a rate of 4.125% per annum payable on June 15 and December 15 of each year, commencing December 15, 2021.

The repayment schedule for the Corporate debt at the end of 2021 is as follows:

	2022	2023	2024	2025	2026	Subsequent years	Total
2017 Credit Facility	5	8,199	-	-	-	-	**8,204**
Commercial paper	24,422	-	-	-	-	-	**24,422**
2020 Green Private Placement	359	-	-	-	327,081	-	**327,440**
Note Issuance Facility 2020	-	-	-	-	-	155,814	**155,814**
Green Exchangeable Notes	2,121	-	-	104,289	-	-	**106,410**
Bank Loans	11	1,895	1,895	1,862	-	-	**5,663**
Green Senior Note	963	-	-	-	-	394,155	**395,118**
Total	**27,881**	**10,094**	**1,895**	**106,151**	**327,081**	**549,969**	**1,023,071**

The repayment schedule for the Corporate debt at the end of 2020 was as follows:

	2021	2022	2023	2024	2025	Subsequent years	Total
2017 Credit Facility	41	-	-	-	-	-	**41**
Notes Issuance Facility 2019	-	-	-	-	343,999	-	**343,999**
Commercial paper	21,224	-	-	-	-	-	**21,224**
2020 Green Private Placement	289	-	-	-	-	351,026	**351,315**
Note Issuance Facility 2020	-	-	-	-	-	166,846	**166,846**
Green Exchangeable Notes	2,083	-	-	-	102,144	-	**104,227**
Bank loan	11	-	2,036	2,036	1,990	-	**6,073**
Total	**23,648**	**-**	**2,036**	**2,036**	**448,133**	**517,872**	**993,725**

The following table details the movement in corporate debt for the years 2021 and 2020, split between cash and non-cash items:

Corporate Debt	2021	2020
Initial balance	**993,725**	**723,791**
Cash changes	14,754	171,182
Non-cash changes	14,592	98,752
Final balance	**1,023,071**	**993,72!**

The non-cash changes primarily relate to interests accrued and to currency translation differences.

15. Project debt

This note shows the project debt linked to the contracted concessional assets included in Note 6 of these Consolidated Financial Statements.

Project debt is generally used to finance contracted assets, exclusively using as a guarantee the

assets and cash flows of the company or group of companies carrying out the activities financed. In most of the cases, the assets and/or contracts are set up as a guarantee to ensure the repayment of the related financing. In addition, the cash of the Company´s projects includes funds held to satisfy the customary requirements of certain non-recourse debt agreements and other restricted cash for an amount of $254 million as of December 31, 2021 ($280 million as of December 31, 2020).

The variations in 2021 of project debt have been the following:

	Project debt - long term $´000	Project debt - short term $´000	Total $´000
Balance as of December 31, 2020	4,925,268	312,346	5,237,614
Increases	54,908	256,581	311,489
Decreases	(85,259)	(564,603)	(649,862)
Business Combination (Note 5)	288,352	38,781	327,133
Currency translation differences	(140,502)	(49,679)	(190,181)
Reclassifications	(655,093)	655,093	-
Balance as of December 31, 2021	**4,387,674**	**648,519**	**5,036,193**

The decrease in total project debt as of December 31, 2021 is primarily due to:

- the repayment of project debt for the period in accordance with the financing arrangements; and
- the lower value of debt denominated in Euros given the depreciation of the Euro against the U.S. dollar since December 31, 2020.

The decrease of project debt during the year 2021 has been partially offset by the business combinations, being the acquisitions of Rioglass, Coso, Chile PV 2, Italy PV 1 and Italy PV 3 for a total amount of $327 million (Note 5). Interest accrued are offset by a similar amount of interest paid during the year.

The Kaxu project financing arrangement contains cross-default provisions related to Abengoa such that debt defaults by Abengoa, subject to certain threshold amounts and/or a restructuring process, could trigger a default under the Kaxu project financing arrangement. The insolvency filing by the individual company Abengoa S.A. in February 2021 represents a theoretical event of default under the Kaxu project finance agreement. In September 2021, the Company obtained a waiver for such theoretical event of default which was conditional upon the replacement of the operation and maintenance supplier of the plant. On February 1, 2022, the Company transferred the employees performing the operation and maintenance services to an Atlantica subsidiary. The waiver has been extended until April 30, 2022 and is subject to the lenders receiving certain documentation from the Company, including formal evidence of the approval by the client and the department of energy of South Africa of the operation and maintenance internalization and the Company is currently working on obtaining such documentation. Although the Company does not expect the acceleration of debt to be declared by the credit entities, as of December 31, 2021 Kaxu did not have what International Accounting Standards define as an unconditional right to defer the settlement of the debt for at least twelve months, as the cross-default provisions make that right conditional. Therefore, Kaxu total debt,

previously presented as non-current as of December 31, 2020, has been presented as current in the Consolidated Financial Statements of the Company as of December 31, 2021 for an amount of $315 million (Note 1).

The variations in 2020 of project debt were the following:

	Project debt - long term $'000	**Project debt - short term $'000**	**Total $'000**
Balance as of December 31, 2019	4,069,909	782,439	4,852,348
Increases	613,604	268,339	881,943
Decreases	(272,548)	(552,770)	(825,318)
Business Combination (Note 5)	149,585	8,680	158,265
Currency translation differences	150,506	19,869	170,375
Reclassifications	214,211	(214,211)	-
Balance as of December 31, 2020	**4,925,268**	**312,346**	**5,237,614**

The increase in total project debt as of December 31, 2020 was primarily due to:

- business combinations, being the acquisition of Chile PV I and Tenes for a total amount of $158 million (Note 5).
- a green project financing agreement entered into by Logrosan Solar Inversiones, S.A.U., the holding company of assets Solaben 1, 2, 3 and 6 in Spain, closed on April 8, 2020 for a €140 million nominal amount (approximately $159 million).
- a non-recourse project debt refinancing of Helioenergy assets by adding a new long dated tranche of debt from an institutional investor closed on July 10, 2020, providing with a net refinancing proceeds (net "recap") of approximately $43 million.
- a non-recourse, project debt financing closed on July 14, 2020 for approximately €326 million (approximately $371 million) in relation to Helios, with institutional investors, which has refinanced the previous bank project debt with approximately €250 million outstanding and has cancelled legacy interest rate swaps. After transaction costs and cancelation of legacy swaps, net refinancing proceeds (net "recap") were approximately $30 million. The accumulated impact of the change in fair value of the interest rate swaps recorded in Other reserves and any difference between the nominal amount of the debt repaid and the amortized cost of the debt have been transferred to the profit and loss in line "Other financial income/(expense), net" on transaction date for a total amount of $73 million (Note 21).
- the higher value of debt denominated in Euro given the increase in the exchange rate of the Euro against the U.S. dollar since December 31, 2019.

The increase of Project debt during the year 2020 has been partially offset by the contractual payments of debt for the year. Interests accrued are offset by a similar amount of interests paid during the year.

Additionally, on June 12, 2020 the Company refinanced the debt of Cadonal (Uruguay). The

terms of the new debts are not substantially different from the original debts refinanced and therefore the exchange of debts instruments does not qualify for an extinguishment of the original debts under IFRS 9, ´Financial instruments´. When there is a refinancing with a non-substantial modification of the original debt, there is a gain or loss recorded in the income statement. This gain or loss is equal to the difference between the present value of the cash flows under the original terms of the former financing and the present value of the cash flows under the new financing, discounted both at the original effective interest rate. In this respect, the Company recorded a $3.8 million financial income in the profit and loss statement of the consolidated financial statements (Note 21).

Due to the PG&E Corporation and its regulated utility subsidiary, Pacific Gas and Electric Company ("PG&E"), Chapter 11 filings in January 2019, a default of the PPA agreement with PG&E occurred. On July 1, 2020, PG&E emerged from Chapter 11 and the technical event of default was cured. As a result, as of December 31, 2020 the debt previously presented as current (during the year 2019) was reclassified as non-current in accordance with the financing agreements in these Consolidated Financial Statements.

The repayment schedule for project debt in accordance with the financing arrangements as of December 31, 2021, is as follows and is consistent with the projected cash flows of the related projects:

2022		2023	2024	2025	2026	Subsequent years	Total
Interest Payment	Nominal repayment						
18,017	317,388	355,956	369,528	498,712	411,514	3,065,078	5,036,193

The repayment schedule for project debt in accordance with the financing arrangements, as of December 31, 2020, was as follows and is consistent with the projected cash flows of the related projects:

2021		2022	2023	2024	2025	Subsequent years	Total
Interest Payment	Nominal repayment						
19,287	293,059	328,364	355,806	371,548	508,843	3,360,707	5,237,614

The following table details the movement in Project debt for the years 2021 and 2020, split between cash and non-cash items:

Project Debt	2021	2020
Initial balance	**5,237,614**	**4,852,348**
Cash changes	(636,831)	(254,495)
Non-cash changes	435,410	639,761
Final balance	**5,036,193**	**5,237,614**

The non-cash changes primarily relate to interest accrued, currency translation differences and the business combinations for the year.

The equivalent in U.S. dollars of the most significant foreign-currency-denominated debts held by the Company is as follows:

Currency	Balance as of December 31, 2021 $'000	Balance as of December 31, 2020 $'000
Euro	1,942,903	2,240,811
South African Rand	314,471	355,414
Algerian Dinar	97,877	115,606
Total	**2,355,251**	**2,711,830**

All of the Company's financing agreements have a carrying amount close to its fair value.

16. Grants and Other Liabilities

	Balances as of December 31, 2021 $'000	Balances as of December 31, 2020 $'000
Grants	970,557	1,028,765
Other liabilities	293,187	201,002
Grant and other non-current liabilities	**1,263,744**	**1,229,767**

As of December 31, 2021, the amount recorded in Grants primarily corresponds to the ITC Grant awarded by the U.S. Department of the Treasury to Solana and Mojave for a total amount of $642 million ($674 million as of December 31, 2020), which was primarily used to fully repay the Solana and Mojave short-term tranche of the loan with the Federal Financing Bank. The amount recorded in Grants as a liability is progressively recorded as other income over the useful life of the asset.

The remaining balance of the "Grants" account corresponds to loans with interest rates below market rates for Solana and Mojave for a total amount of $326 million ($352 million as of December 31, 2020). Loans with the Federal Financing Bank guaranteed by the Department of Energy for these projects bear interest at a rate below market rates for these types of projects and terms. The difference between proceeds received from these loans and its fair value, is initially recorded as "Grants" in the consolidated statement of financial position, and subsequently recorded in "Other operating income" starting at the entry into operation of the plants.

Total amount of income for these two types of grants for Solana and Mojave is $58.7 million and $58.9 million for the years ended December 31, 2021 and 2020, respectively (Note 20).

Other liabilities mainly include:

- $59 million of lease liabilities ($52 million as of December 31, 2020);
- $125 million of dismantling provision as of December 31, 2021 ($88 million as of December 31, 2020); and
- $75 million of provision related to the current high market prices in Spain at which the solar assets in Spain invoiced electricity up to December 31, 2021 ($0.6 million as of December 31, 2020), as a result of a negative adjustment to the regulated revenues

expected to be recorded progressively over the remaining regulatory life of the solar assets of the Company, as a compensation.

17.Trade Payables and Other Current Liabilities

Item	Balance as of December 31, 2021 $'000	Balance as of December 31, 2020 $'000
Trade accounts payable	79,052	51,421
Down payments from clients	542	416
Other accounts payable	34,313	40,720
Total	**113,907**	**92,557**

Trade accounts payable mainly relate to the operation and maintenance of the plants.

Nominal values of Trade payables and other current liabilities are considered to approximately equal to fair values and the effect of discounting them is not significant.

18.Income Tax

All the companies of Atlantica file income taxes according to the tax regulations in force in each country on an individual basis or under consolidation tax regulations.

The consolidated income tax has been calculated as an aggregation of income tax expenses/income of each individual company. In order to calculate the taxable income of the consolidated entities individually, the accounting result is adjusted for temporary and permanent differences, recording the corresponding deferred tax assets and liabilities. At each consolidated income statement date, a current tax asset or liability is recorded, representing income taxes currently refundable or payable. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates.

Income tax payable is the result of applying the applicable tax rate in force to each tax-paying entity, in accordance with the tax laws in force in the country in which the entity is registered. Additionally, tax deductions and credits are available to certain entities, primarily relating to inter-company trades and tax treaties between various countries to prevent double taxation.

The Company offsets deferred tax assets and deferred tax liabilities in each entity where the latter has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

As of December 31, 2021, and 2020, the analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets from	Balance as of December 31, $'000	
	2021	2020
Net operating loss carryforwards ("NOL´s")	323,115	497,184
Temporary tax non-deductible expenses	128,186	115,063
Derivatives financial instruments	55,217	83,847
Other	4,225	3,021
Total deferred tax assets	**510,743**	**699,115**

Deferred tax liabilities from	Balance as of December 31, $'000	
	2021	2020
Accelerated tax amortization	465,219	652,600
Other difference between tax and book value of assets	180,218	154,969
Other	1,897	179
Total deferred tax liabilities	**647,334**	**807,748**

After offsetting deferred tax assets and deferred tax liabilities, where applicable, the resulting net amounts presented on the consolidated balance sheet are as follows:

Consolidated balance sheets classifications	Balance as of December 31, $'000	
	2021	2020
Deferred tax assets	172,268	152,290
Deferred tax liabilities	308,859	260,923
Net deferred tax liabilities	**136,591**	**(108,633)**

Most of the NOL´s recognized as deferred tax assets corresponds to the entities in the U.S., South Africa, Peru, Chile and Spain as of December 31, 2021 and 2020.

As of December 31, 2021, deferred tax assets for non-deductible expenses are primarily due to the temporary limitation of financial expenses deductibles for tax purposes in the solar plants in Spain for $97 million ($110 million as of December 31, 2020).

Deferred tax assets for derivatives financial instruments as of December 31, 2021 mainly relate to ACT for $14 million and to solar plants in Spain for $33 million ($22 million and $51 million as of December 31, 2020, respectively).

As of December 31, 2021, deferred tax liabilities for accelerated tax amortization are primarily in the solar plants in Spain for $186 million, Solana and Mojave for $184 million and Kaxu for $76 million ($202 million, $361 million and $90 million as of December 31, 2020, respectively).

Deferred tax liabilities for other temporary differences between the tax and book value of contracted concessional assets relate primarily to ACT for $72 million, the Peruvian entities for $34 million, U.S. entities for $28 million, and the Chilean entities for $27 million as of December 31, 2021 ($75 million, $32 million, $2 million and $29 million as of December 31, 2020, respectively).

In relation to tax losses carryforwards and deductions pending to be used recorded as deferred tax assets, the entities evaluate their recoverability projecting forecasted taxable result for the

upcoming years and taking into account their tax planning strategy. Deferred tax liabilities reversals are also considered in these projections, as well as any limitation established by tax regulations in force in each tax jurisdiction.

In addition, the Company has $259 million unrecognized net operating loss carryforwards as of December 31, 2021 ($290 million as of December 31, 2020), as it considers it is not probable that future taxable profits will be available against which these unused tax losses can be utilized.

The movements in deferred tax assets and liabilities during the years ended December 31, 2021 and 2020 were as follows:

Deferred tax assets	**Amount**
As of December 31, 2019	147,966
Increase/(decrease) through the consolidated income statement	6,003
Increase/(decrease) through other consolidated comprehensive income (equity)	(8,698)
Currency translation differences and other	7,019
As of December 31, 2020	**152,290**
Increase/(decrease) through the consolidated income statement	46,855
Increase/(decrease) through other consolidated comprehensive income (equity)	(23,712)
Business combinations (Note 5)	4,410
Currency translation differences and other	(7,575)
As of December 31, 2021	**172,268**

Deferred tax liabilities	**Amount**
As of December 31, 2019	248,996
Increase/(decrease) through the consolidated income statement	9,675
Currency translation differences and other	2,252
As of December 31, 2020	**260,923**
Increase/(decrease) through the consolidated income statement	32,059
Business combinations (Note 5)	4,910
Currency translation differences and other	10,967
As of December 31, 2021	**308,859**

Details of income tax for the years ended December 31, 2021 and 2020 are as follows:

	Year ended 2021 $'000	**Year ended 2020 $'000**
Current tax	**(51,016)**	**(21,205)**
Deferred tax	**14,796**	**(3,672)**
- relating to the origination and reversal of temporary differences	14,796	(3,672)
Total income tax benefit/(expense)	**(36,220)**	**(24,877)**

The reconciliations between the theoretical income tax resulting from applying an average statutory tax rate to profit before income tax and the actual income tax expense recognized in the consolidated income statements for the years ended December 31, 2021 and 2020, are as follows:

	Year ended 2021 $'000	Year ended 2020 $'000
Consolidated income before taxes	**25,302**	**41,751**
Average statutory tax rate	25%	25%
Corporate income tax at the average statutory tax rate	**(6,326)**	**(10,438)**
Income tax of associates, net	3,076	128
Differences in statutory tax rates	(3,359)	(94)
Unrecognized NOLs and deferred tax assets	(11,232)	(37,183)
Purchase of Liberty Interactive´s equity interest in Solana	-	36,352
Other permanent differences	(4,052)	(8,895)
Other non-taxable (expense)	(14,327)	(4,747)
Tax charge for the year	**(36,220)**	**(24,877)**

For the year ended December 31, 2021, the overall effective tax rate was different than the average statutory rate of 25% primarily due to unrecognized tax losses carryforwards, mainly in the UK entities and to provisions recorded for potential tax contingencies in some jurisdictions.

For the year ended December 31, 2020, the overall effective tax rate was different than the statutory rate of 25% primarily due to unrecognized tax losses carryforwards, mainly in the UK entities, partially offset by the non-taxable gain recorded in the Consolidated Financial Statements on the purchase of Liberty Interactive´s equity interest in Solana (Note 21).

Any uncertain tax positions identified by the Company as of December 31, 2021 and 2020 has been provided for in these Consolidated Financial Statements in accordance with IFRIC 23, uncertainty over income tax treatments.

19. Commitments, third-party guarantees, contingent assets and liabilities

Contractual obligations

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2021 and 2020:

2021 $'000	Total	2022	2023 and 2024	2025 and 2026	Subsequent
Corporate debt (Note 14)	1,023,071	27,881	11,989	433,232	549,969
Loans with credit institutions (project debt) (Note 15)	4,010,825	289,755	624,633	801,713	2,294,724
Notes and bonds (project debt) (Note 15)	1,025,368	45,650	100,850	108,512	770,355
Purchase commitments (*)	1,570,831	79,261	191,171	159,297	1,141,102
Accrued interest estimate during the useful life of loans	2,029,376	267,645	497,587	427,159	836,985

2020 $'000	Total	2021	2022 and 2023	2024 and 2025	Subsequent
Corporate debt (Note 14)	993,725	23,648	2,036	450,169	517,872
Loans with credit institutions project debt (Note 15)	4,123,856	261,800	583,259	770,507	2,508,290
Notes and bonds project debt (Note 15)	1,113,758	50,558	100,911	109,884	852,405
Purchase commitments (*)	1,709,660	93,791	160,211	172,776	1,282,881
Accrued interest estimate during the useful life of loans	2,309,597	286,724	541,652	468,060	1,013,161

* Purchase commitments include lease commitments for lease arrangements accounted for under IFRS 16 for $107.6 million as of December 31, 2021 ($94.6 million as of December 31, 2020), of which $7.3 million is due within one year and $100.3 million thereafter as of December 31, 2021 ($5.3 million due within one year and $89.3 million thereafter as of December 31, 2020).

Third-party guarantees

As of December 31, 2021, the sum of bank guarantees and surety bonds deposited by the subsidiaries of the Company as a guarantee to third parties (clients, financial entities and other third parties) amounted to $92.7 million ($36.3 million as of December 31, 2020). The increase primarily relates to Coso and Rioglass, which are businesses acquired by the Company in 2021 (Note 5). In addition, Atlantica Sustainable Infrastructure plc had outstanding guarantees amounting to $174.2 million as of December 31, 2021 ($159.8 million as of December 31, 2020). Guarantees issued by Atlantica Sustainable Infrastructure plc correspond mainly to guarantees provided to off-takers in PPAs, guarantees for debt service reserve accounts and guarantees for points of access for renewable energy projects.

Corporate debt guarantees

The payment obligations under the Green Senior Notes, the Revolving Credit Facility, the Note Issuance Facility 2020 and the 2020 Green Private Placement are guaranteed on a senior unsecured basis by following subsidiaries of the Company: Atlantica Infraestructura Sostenible, S.L.U., Atlantica

Peru, S.A., ACT Holding, S.A. de C.V., Atlantica Investments Limited, Atlantica Newco Limited and Atlantica North America LLC. The Revolving Credit Facility and the 2020 Green Private Placement are also secured with a pledge over the shares of the subsidiary guarantors.

Legal Proceedings

In 2018, an insurance company covering certain Abengoa obligations in Mexico claimed certain amounts related to a potential loss. Atlantica reached an agreement under which Atlantica´s maximum theoretical exposure would in any case be limited to approximately $35 million, including $2.5 million to be held in an escrow account. In January 2019, the insurance company called on this $2.5 million from the escrow account and Abengoa reimbursed this amount. The insurance company could claim additional amounts if they faced new losses after following a process agreed between the parties and, in any case, Atlantica would only make payments if and when the actual loss has been confirmed and after arbitration if the Company initiates it. The Company used to have indemnities from Abengoa for certain potential losses, but such indemnities are no longer valid following the insolvency filing by Abengoa S.A. in February 2021.

In addition, during 2021, several lawsuits were filed related to the February 2021 winter storm Uri in Texas against among others Electric Reliability Council of Texas (ERCOT), two utilities in Texas and more than 230 individual power generators, including Post Oak Wind, LLC, the project company owner of Lone Star I, one of the wind assets in Vento II where the Company currently has a 49% equity interest. The basis for the lawsuit is that the defendants failed to properly prepare for cold weather, including failure to implement measures and equipment to protect against cold weather, and failed to properly conduct their operations before and during the storm.

Atlantica is not a party to any other significant legal proceedings other than legal proceedings arising in the ordinary course of its business. Atlantica is party to various administrative and regulatory proceedings that have arisen in the ordinary course of business.

While Atlantica does not expect these proceedings, either individually or in combination, to have a material adverse effect on its financial position or results of operations, because of the nature of these proceedings Atlantica is not able to predict their ultimate outcomes, some of which may be unfavorable to Atlantica.

20. Other Operating Income and Expenses

The table below shows the detail of Other operating income and expenses for the years ended December 31, 2021, and 2020:

Other Operating income	For the year ended December 31, 2021 $'000	For the year ended December 31, 2020 $'000
Grants	60,746	59,010
Income from various services and insurance proceeds	13,925	40,515
Total Other Operating Income	**74,670**	**99,525**

Other Operating Expenses	For the year ended December 31, 2021 $'000	For the year ended December 31, 2020 $'000
Raw materials and consumables used	(70,690)	(7,792)
Leases and fees	(9,332)	(2,531)
Operation and maintenance	(154,007)	(110,873)
Independent professional services	(39,177)	(40,193)
Supplies	(40,790)	(27,926)
Insurance	(45,429)	(37,638)
Levies and duties	(29,949)	(39,820)
Other expenses	(24,957)	(9,891)
Total	**(414,330)**	**(276,666)**

Grants income mainly relate to ITC cash grants and implicit grants recorded for accounting purposes in relation to the FFB loans with interest rates below market rates in Solana and Mojave projects (Note 16).

The increase in other operating expenses in 2021 is primarily due to the business combinations made effective in 2021 (Note 5).

21. Financial Expense, net

The following table sets forth financial income and expenses for the years ended December 31, 2021 and 2020:

Finance income	For the year ended December 31, 2021 $'000	For the year ended December 31, 2020 $'000
Interest income from loans and credits	2,066	6,651
Profit on interest rate derivatives: cash flow hedges	689	401
TOTAL	**2,755**	**7,052**

	For the year ended December 31, 2021 $'000	For the year ended December 31, 2020 $'000
Finance expenses		
Interest on loans and notes	(302,558)	(316,237)
Interest rate losses derivatives: cash flow hedges	(58,712)	(62,149)
TOTAL	**(361,270)**	**(378,386)**

Financial interest income from loans and credits included in 2020 a non-monetary financial income of $3.8 million resulting from the refinancing of the debt of Cadonal in the second quarter of 2020 (Note 15).

Interest on loans and notes primarily include interest on corporate and project debt.

Losses from interest rate derivatives designated as cash flow hedges primarily correspond to transfers from equity to financial expense when the hedged item impacts the consolidated income statement.

Net exchange differences

Net exchange differences primarily correspond to realized and unrealized exchange gains and losses on transactions in foreign currencies as part of the normal course of the business of the Company.

Other financial income/(expenses), net

The following table sets out Other net financial income and expenses for the years 2021 and 2020:

	For the year ended December 31, 2021 $'000	For the year ended December 31, 2020 $'000
Other finance income / (expenses), net		
Other finance income	32,321	162,290
Other finance expense	(16,571)	(121,415)
TOTAL	**15,750**	**40,875**

Other financial income in 2021 include $7.6 million of income for non-monetary change to the fair value of derivatives of Kaxu for which hedge accounting is not applied, and $9.2 million income further to the change in the fair value of the conversion option of the Green Exchangeable Notes since December 2020 (Note 14). Residual items primarily relate to interest on deposits and loans, including non-monetary changes to the amortized cost of such loans. The decrease of other financial income compared to the year 2020 is primarily due to the gain of $145 million further to the purchase of Liberty Interactive´s equity interest in Solana accounted for in the third quarter of 2020.

Other financial losses include guarantees and letters of credit, other bank fees, non-monetary changes to the fair value of derivatives which hedge accounting is not applied and of financial instruments recorded at fair value through profit and loss, and other minor financial expenses. The decrease compared to the year 2020 is primarily due to $73 million of financial expenses further to

the refinancing of the Helios 1&2 debts accounted for in the third quarter of 2020 (Note 15) and a $16 million expense further to the change in the fair value of the conversion option of the Green Exchangeable Notes in 2020 (Note 14).

22. Earnings Per Share

Basic earnings per share have been calculated by dividing the profit/(loss) attributable to equity holders of the Company by the average number of outstanding shares.

Diluted earnings per share for the year 2021 have been calculated considering the potential issuance of 3,347,305 shares on the settlement of the Green Exchangeable Notes (Note 14) and the potential issuance of 725,041 shares to Algonquin under the agreement signed on August 3, 2021, according to which Algonquin has the option, on a quarterly basis, to subscribe such number of shares to maintain its percentage in Atlantica in relation to the use of the ATM program (Note 13).

Diluted earnings per share for the year 2020 was calculated considering the potential issuance of 3,347,305 shares on the settlement of the Green Exchangeable Notes.

Item	For the year ended December 31, 2021	For the year ended December 31, 2020
Profit/(loss) from continuing operations attributable to Atlantica Sustainable Infrastructure Plc.	(30,080)	11,698
Average number of ordinary shares outstanding (thousands) - basic	111,008	101,879
Average number of ordinary shares outstanding (thousands) - diluted	114,523	103,392
Earnings per share for the year (US dollar per share) - basic	**(0.27)**	**0.12**
Earnings per share for the year (US dollar per share) - diluted	**(0.26)**	**0.12**

23. Auditor's Remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2021 $000	Year ended 2020 $000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	604	604
Fees payable to the company's auditor and their associates for other services to the group		
–The audit of the company's subsidiaries	967	787
Total audit fees	**1,571**	**1,391**
- Audit-related services	651	516
- Tax services	633	502
- Other services	-	15
Total non-audit fees	**1,284**	**1,033**
	2,855	**2,424**

"Audit Fees" are the aggregate fees billed for professional services in connection with the audit of the Annual Consolidated Financial Statements, quarterly reviews of the Company interim financial statements and statutory audits of the subsidiaries' financial statements under the rules of England and Wales and the countries in which subsidiaries are organized. The increase in audit fees is mainly due to new companies under scope and exchange rates.

"Audit-Related Services" include fees charged for services that can only be provided by the auditor of the Company, such as consents and comfort letters of non-recurring transactions, assurance and related services that are reasonably related to the performance of the audit or review of the Company financial statements. Fees paid during 2021 and 2020 related to comfort letters and consents required for capital market transactions of the major shareholder are also included in this category ($272 thousand and $212 thousand in 2021 and 2020 respectively). These fees were re-invoiced and paid by this shareholder.

"Tax Services" include mainly fees charged for transfer pricing services and tax compliance services in the Company US subsidiaries.

"Other Services" comprises fees billed in relation to financial advisory and due diligence services and other services which cannot be included under other categories.

The Audit Committee approved all of the services provided by Ernst & Young S.L and by other member firms of EY.

24. Staff Costs

The average monthly number of employees (including executive directors) was:

	2021 Number (*)	2020 Number
Executives	16	17
Middle Managers	128	94
Engineers and Graduates	177	132
Assistants and Professionals	29	20
Plant technicians	305	178
	655	**441**

(*) Average number of employees including Rioglass full-time employees.

Their aggregate remuneration comprised:

	Year ended 2021 $000	Year ended 2020 $000
Wages and salaries	(70,375)	(47,228)
Social security costs	(4,592)	(3,718)
Other staff costs	(3,791)	(3,518)
	(78,758)	**(54,464)**

The increase in employee benefit expenses in 2021 compared to 2020 is primarily due to the acquisition of Rioglass and Coso made effective in January 2021 and April 2021, respectively.

Total compensation received by the key management of the Company, which includes the CEO, the CFO and 5 key executives, and by the directors of the board of the Company, amounts to $8.5 million in 2021 ($6.1 million in 2020), including $3.4 million (2020: $1.3 million) of long-term awards received. The long-term awards include one third of the share units under the Special One-Off plan, and one third of the share options awarded under the Long-Term Incentive Plan, which vested in 2021. Furthermore, information about the remuneration of individual directors' is provided in the audited part of the Directors' Remuneration Report.

25. Events After the Balance Sheet Date

On January 17, 2022, the Company closed the acquisition of Chile TL4, a 63-mile transmission line and 2 substations in Chile for a total equity investment of $39 million. The Company expects to make an expansion of the line in 2022, which would represent an additional investment of approximately $8 million. The asset has fully contracted revenues in US dollars, with inflation escalation and 50-year contract life. The off-takers are several mini-hydro plants that receive contracted or regulated payments.

On February 25, 2022, the Board of Directors of the Company approved a dividend of $0.44 per share, which is expected to be paid on March 25, 2022.

26. Service Concessional Arrangements

Below is a description of the concessional arrangements of the Atlantica group.

Solana

Solana is a 250 MW net (280 MW gross) solar electric generation facility located in Maricopa County, Arizona, approximately 70 miles southwest of Phoenix. Arizona Solar One LLC, or Arizona Solar, owns the Solana project. Solana includes a 22-mile 230kV transmission line and a molten salt thermal energy storage system. Solana reached COD on October 9, 2013.

Solana has a 30-year, PPA with Arizona Public Service, or APS, approved by the Arizona Corporation Commission (ACC). The PPA provides for the sale of electricity at a fixed price per MWh with annual increases of 1.84% per year. The PPA includes limitations on the amount and condition of the energy that is received by APS with minimum and maximum thresholds for delivery capacity that must not be breached.

Mojave

Mojave is a 250 MW net (280 MW gross) solar electric generation facility located in San Bernardino County, California, approximately 100 miles northeast of Los Angeles. Mojave reached COD on December 1, 2014.

Mojave has a 25-year, PPA with Pacific Gas & Electric Company, or PG&E, approved by the California Public Utilities Commission (CPUC). The PPA provides for the sale of electricity at a fixed base price per MWh without any indexation mechanism, including limitations on the amount and condition of the energy that is received by PG&E with minimum and maximum thresholds for delivery capacity that must not be breached.

Palmatir

Palmatir is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Palmatir has 25 wind turbines and each turbine has a nominal capacity of 2 MW. UTE, Uruguay's

state-owned electricity company, has agreed to purchase all energy produced by Palmatir pursuant to a 20-year PPA. UTE will pay a fixed-price tariff per MWh under the PPA, which is denominated in U.S. dollars and will be partially adjusted in January of each year according to a formula based on inflation.

Palmatir reached COD in May 2014.

Cadonal

Cadonal is an on-shore wind farm facility in Uruguay with nominal installed capacity of 50 MW. Cadonal has 25 wind turbines and each turbine has a nominal capacity of 2 MW. UTE, Uruguay´s state-owned electricity company, has agreed to purchase all energy produced by Cadonal pursuant to a 20-year PPA.

Cadonal reached COD in December 2014.

Melowind

Melowind is an on-shore wind farm facility wholly owned by the Company, located in Uruguay with a capacity of 50 MW. Melowind has 20 wind turbines of 2.5 MW each. The asset reached COD in November 2015.

Melowind signed a 20-year PPA with UTE in 2015, for 100% of the electricity produced. UTE pays a fixed tariff under the PPA, which is denominated in U.S. dollars and is partially adjusted every year based on a formula referring to U.S. CPI, Uruguay's CPI and the applicable UYU/U.S. dollar exchange rate.

Solaben 2 & 3

The Solaben 2 and Solaben 3 are two 50 MW Solar Power facilities. Itochu Corporation holds 30% of Solaben 2 & Solaben 3.

Renewable energy plants in Spain, like Solaben 2 and Solaben 3, are regulated through a series of laws and rulings which guarantee the owners of the plants a reasonable return for their investments. Solaben 2 and Solaben 3 sell the power they produce into the wholesale electricity market, where supply and demand are matched and the pool price is determined, and also receive additional payments from the CNMC, the Spanish state-owned regulator.

Solacor 1 & 2

The Solacor 1 and Solacor 2 are two 50 MW Solar Power facilities. JGC Corporation holds 13% of Solacor 1 & Solacor 2.

Solnova 1, 3&4

The Solnova 1, 3 and 4 solar plants are located in the municipality of Sanlucar la Mayor, Spain. The plants have 50 MW each and reached COD in 2010.

Helios 1&2

The Helios 1 and 2 solar plants are located in Spain. They reached COD in 2012.

Helioenergy 1&2

The Helioenergy 1 and 2 solar plants are located in Ecija, Spain and reached COD in 2011.

Solaben 1&6

The Solaben 1&6 50 MW solar plants are located in the municipality of Logrosan, Spain. and reached COD in 2013.

Kaxu

Kaxu Solar One, or Kaxu, is a 100 MW solar project located in Pofadder in the Northern Cape Province of South Africa. Atlantica., owns 51% of the Kaxu Project while Industrial Development Corporation of South Africa owns 29% and Kaxu Community Trust 20%.

The project reached COD in February 2015.

Kaxu has a 20-year PPA with Eskom SOC Ltd., or Eskom, under a take or pay contract for the purchase of electricity up to the contracted capacity from the facility. Eskom purchases all the output of the Kaxu Plant under a fixed price formula in local currency subject to indexation to local inflation. The PPA expires on February 2035.

ACT

The ACT plant is a gas-fired cogeneration facility with a rated capacity of approximately 300 MW and between 550 and 800 metric tons per hour of steam. The plant includes a substation and a 115-kilowatt 52 mile transmission line.

On September 18, 2009, ACT entered into the Pemex Conversion Services Agreement, or the Pemex CSA, with Pemex. Pemex is a state-owned oil and gas company supervised by the Comision Reguladora de Energia (CRE), the Mexican state agency that regulates the energy industry. The Pemex CSA has a term of 20 years from the in-service date and will expire on March 31, 2033.

According to the Pemex CSA, ACT must provide, in exchange for a fixed price with escalation adjustments, services including the supply and transformation of natural gas and water into thermal energy and electricity. Part of the electricity is to be supplied directly to a Pemex facility nearby, allowing the Comision Federal de Electricidad (CFE) to supply less electricity to that facility. Approximately 90% of the electricity must be injected into the Mexican electricity network to be used by retail and industrial end customers of CFE in the region. Pemex is then entitled to receive an equivalent amount of energy in more than 1,000 of their facilities in other parts of the country from CFE, following an adjustment mechanism under the supervision of CFE.

The Pemex CSA is denominated in U.S. dollars. The price is a fixed tariff and will be adjusted annually, part of it according to inflation and part according to a mechanism agreed in the contract that, on average over the life of the contract, reflects expected inflation. The components of the price structure and yearly adjustment mechanisms were prepared by Pemex and provided to bidders as part of the request for proposal documents.

ATS

ATS is a 569 miles transmission line located in Peru wholly owned by the Company. ATS is part of the Guaranteed Transmission System and comprises several sections of transmission lines and substations. ATS reached COD in 2014.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATS a concession to construct, develop, own, operate and maintain the ATS Project. The initial concession agreement became effective on July 22, 2010 and will expire 30 years after COD, which took place in January 2014. ATS is obliged to provide the service of transmission

of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedure that has to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATS has a 30-year concession agreement with fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor.

ATN

ATN is a 365 miles transmission line located in Peru wholly owned by the Company, which is part of the Guaranteed Transmission System and comprises several sections of transmission lines and substations. ATN reached COD in 2011. On December 28, 2018, ATN S.A. completed the acquisition of a power substation and two small transmission lines to connect its line to the Shahuindo (ATN expansion 1) mine located nearby. In October 2019, the Company also closed the acquisition of ATN Expansion 2.

Pursuant to the initial concession agreement, the Ministry of Energy, on behalf of the Peruvian Government, granted ATN a concession to construct, develop, own, operate and maintain the ATN Project. The initial concession agreement became effective on May 22, 2008 and will expire 30 years after COD of the first tranche of the line, which took place in January 2011. ATN is obliged to provide the service of transmission of electric energy through the operation and maintenance of the electric transmission line, according to the terms of the contract and the applicable law.

The laws and regulations of Peru establish the key parameters of the concession contract, the price indexation mechanism, the rights and obligations of the operator and the procedures that have to be followed in order to fix the applicable tariff, which occurs through a regulated bidding process. Once the bidding process is complete and the operator is granted the concession, the pricing of the power transmission service is established in the concession agreement. ATN has a 30-year concession agreement with a fixed-price tariff base denominated in U.S. dollars that is adjusted annually after COD of each line, in accordance with the U.S. Finished Goods Less Food and Energy Index published by the U.S. Department of Labor. In addition, both ATN Expansion 1 and ATN Expansion 2 have 20-year PPAs denominated in U.S. dollars.

ATN 2

ATN2, is an 81 miles transmission line located in Peru wholly owned by the Company, which is part of the Complementary Transmission System. ATN2 reached COD in June 2015.

The Client is Las Bambas Mining Company.

The ATN2 Project has an 18-year contract period, after that, ATN2 assets will remain as property of the SPV allowing ATN2 to potentially sign a new contract. The ATN2 Project has a fixed-price tariff base denominated in U.S. dollars, partially adjusted annually in accordance with the U.S. Finished Goods Less Food and Energy Index as published by the U.S. Department of Labor. The base tariff is independent from the effective utilization of the transmission lines and substations related to the ATN2 Project. The base tariff is intended to provide the ATN2 Project with consistent and predictable monthly revenues sufficient to cover the ATN2 Project's operating costs and debt service and to

earn an equity return. Peruvian law requires the existence of a definitive concession agreement to perform electricity transmission activities where the transmission facilities cross public land or land owned by third parties. On May 31, 2014, the Ministry of Energy granted the project a definitive concession agreement to the transmission lines of the ATN2 Project.

Quadra 1 & Quadra 2

Quadra 1 is a 49-miles transmission line project and Quadra 2 is a 32-miles transmission line project, each connected to the Sierra Gorda substations.

Both projects have concession agreements with Sierra Gorda SCM. The agreements are denominated in U.S. dollars and are indexed mainly to CPI. The concession agreements each have a 21-year term that began on COD, which took place in April 2014 and March 2014 for Quadra 1 and Quadra 2, respectively.

Quadra 1 and Quadra 2 belong to the Northern Interconnected System (SING), one of the two interconnected systems into which the Chilean electricity market is divided and structured for both technical and regulatory purposes.

As part of the SING, Quadra 1 and Quadra 2 and the service they provide are regulated by several regulatory bodies, in particular: the Superintendent's office of Electricity and Fuels (Superintendencia de Electricidad y Combustibles, SEC), the Economic Local Dispatch Center (Centro de Despacho Economico de Cargas, CDEC), the National Board of Energy (Comision Nacional de Energia, CNE) and the National Environmental Board (Comision Nacional de Medio Ambiente, CONAMA) and other environmental regulatory bodies.

In all these concession arrangements, the operator has all the rights necessary to manage, operate and maintain the assets and the obligation to provide the services defined above, which are clearly defined in each concession contract and in the applicable regulations in each country.

Skikda

The Skikda project is a water desalination plant located in Skikda, Algeria. AEC owns 49% and Sacyr Agua S.L. owns indirectly the remaining 16.83% of the Skikda project.

Skikda has a capacity of 3.5 M ft3 per day of desalinated water and is in operation since February 2009. The project serves a population of 0.5 million.

The water purchase agreement is a 25-year take-or-pay contract with Sonatrach / ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

Honaine

The Honaine project is a water desalination plant located in Taffsout, Algeria. Myah Bahr Honaine Spa, or MBH, is the vehicle incorporated in Algeria for the purposes of owning the Honaine project. Algerian Energy Company, SPA, or AEC, owns 49% and Sacyr Agua S.L., a subsidiary of Sacyr, S.A., owns indirectly the remaining 25.5% of the Honaine project.

Honaine has a capacity of 7 M ft3 per day of desalinated water and it has been in operation since July 2012.

The water purchase agreement is a 25-year take-or-pay contract with Sonatrach / Algerienne des Eaux, or ADE. The tariff structure is based upon plant capacity and water production, covering

variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the indexation mechanisms that include local inflation, U.S. inflation and the exchange rate between the U.S. dollar and local currency.

Tenes

Tenes is a water desalination plant located in Algeria. Befesa Agua Tenes has a 51.0% stake in Tenes Lilmiyah SpA. The remaining 49% is owned by AEC.

The water purchase agreement is a 25-year take-or-pay contract with Sonatrach/ADE. The tariff structure is based upon plant capacity and water production, covering variable cost (water cost plus electricity cost). Tariffs are adjusted monthly based on the exchange rate between the U.S. dollar and local currency and yearly based on indexation mechanisms that include local inflation and U.S. inflation.

Assets subject to the application of IFRIC 12 interpretation based on the concession of services as of December 31, 2021:

Project name	Country	Status	% of nominal Share[(2)]	Period of Concession [(4)(5)]	Off-taker[(7)]	Financial/ Intangible [(3)]	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)[(8]	Arrangement Terms (price)	Description of the Arrangement
Renewable energy:											
Solana	USA	(O)	100.0	30 Years	APS	(I)	1,865,770	(568,911)	(11,377)	Fixed price per MWh with annual increases of 1.84% per year	30-year PPA with APS regulated by ACC
Mojave	USA	(O)	100.0	25 Years	PG&E	(I)	1,578,530	(435,937)	49,086	Fixed price per MWh without any indexation mechanism	25-year PPA with PG&E regulated by CPUC and CAEC
Palmatir	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administ ration	(I)	147,925	(56,267)	4,278	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Cadonal	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administ ration	(I)	122,002	(43,465)	1,220	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Melowind	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administ ration	(I)	135,988	(36,794)	3,476	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Solaben 2	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	315,137	(89,176)	7,111	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 3	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	314,084	(90,477)	6,704	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solacor 1	Spain	(O)	87.0	25 Years	Kingdom of Spain	(I)	318,557	(96,911)	5,593	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solacor 2	Spain	(O)	87.0	25 Years	Kingdom of Spain	(I)	331,588	(99,801)	4,689	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	317,624	(116,464)	7,112	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 3	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	297,046	(105,517)	8,749	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 4	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	277,953	(97,828)	8,720	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helios 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	321,479	(92,943)	5,917	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helios 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	313,182	(89,008)	5,930	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helioenergy 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	307,727	(94,563)	8,510	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helioenergy 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	308,472	(91,879)	8,472	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	310,257	(79,468)	7,342	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 6	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	307,047	(78,529)	6,884	Regulated revenue base(6)	Regulated revenue established by

											different laws and rulings in Spain
Kaxu	South Africa	(O)	51.0	20 Years	Eskom	(I)	481,776	(167,171)	45,779	Take or pay contract for the purchase of electricity up to the contracted capacity from the facility.	20-year PPA with Eskom SOC Ltd. With a fixed price formula in local currency subject to indexation to local inflation

Project name	Country	Status	% of nominal Share[(2)]	Period of Concession [(4)(5)]	Off-taker[(7)]	Financial/ Intangible [(3)]	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)[(8]	Arrangement Terms (price)	Description of the Arrangement
Efficient Natural Gas:											
ACT	Mexico	(O)	100.0	20 Years	Pemex	(F)	537,579	-	124,799	Fixed price to compensate both investment and O&M costs, established in USD and adjusted annually partially according to inflation and partially according to a mechanism agreed in contract	20-year Services Agreement with Pemex, Mexican oil & gas state-owned company

Project name	Country	Status	% of nominal Share[(2)]	Period of Concession [(4)(5)]	Off-taker[(7)]	Financial/ Intangible [(3)]	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)[(8]	Arrangement Terms (price)	Description of the Arrangement
Transmission lines:											
ATS	Peru	(O)	100.0	30 Years	Republic of Peru	(I)	532,675	(139,789)	28,451	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
ATN	Peru	(O)	100.0	30 Years	Republic of Peru	(I)	360,271	(118,116)	7,413	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
ATN 2	Peru	(O)	100.0	18 Years	Las Bambas Mining	(F)	76,210	-	11,428	Fixed-price tariff base denominated in U.S. dollars with Las Bambas	18 years purchase agreement
Quadra I	Chile	(O)	100.0	21 Years	Sierra Gorda	(F)	38,993	-	5,358	Fixed price in USD with annual adjustments indexed mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others
Quadra II	Chile	(O)	100.0	21 Years	Sierra Gorda	(F)	55,561	-	4,711	Fixed price in USD with annual adjustments indexed mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others

Project name	Country	Status	% of nominal Share(2)	Period of Concession (4)(5)	Off-taker(7)	Financial/ Intangible (3)	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)(8	Arrangement Terms (price)	Description of the Arrangement
Water:											
Skikda	Argelia	(O)	34.2	25 Years	Sonatrach & ADE	(F)	70,969	-	14,654	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	25 years purchase agreement
Honaine	Argelia	(O)	25.5	25 Years	Sonatrach & ADE	(F)	N/A(9)	N/A(9)	N/A(9)	U.S. dollar indexed take- or-pay contract with Sonatrach / ADE	25 years purchase agreement
Tenes	Argelia	(O)	51.0	25 Years	Sonatrach & ADE	(F)	99,438	-	16,671	U.S. dollar indexed take- or-pay contract with Sonatrach / ADE	25 years purchase agreement

(1) In operation (O), Construction (C) as of December 31, 2021.
(2) Itochu Corporation holds 30% of the economic rights to each of Solaben 2 and Solaben 3. JGC Corporation holds 13% of the economic rights to each Solacor 1 and Solacor 2. Algerian Energy Company, SPA, or AEC, owns 49% and Sacyr Agua, S.L., a subsidiary of Sacyr, S.A., owns the remaining 25.5% of the Honaine project. AEC owns 49% and Sacyr Agua S.L. owns the remaining 16.83% of the Skikda project. Industrial Development Corporation of South Africa (29%) & Kaxu Community Trust (20%) for the Kaxu Project. AEC owns 49% of the Tenes project.
(3) Classified as concessional financial asset (F) or as intangible assets (I).
(4) The infrastructure is used for its entire useful life. There are no obligations to deliver assets at the end of the concession periods, except for ATN and ATS.
(5) Generally, there are no termination provisions other than customary clauses for situations such as bankruptcy or fraud from the operator, for example.
(6) Sales to wholesale markets and additional fixed payments established by the Spanish government.
(7) In each case the off-taker is the grantor.
(8) Figures reflect the contribution to the Consolidated Financial Statements of Atlantica Sustainable Infrastructure plc. as of December 31, 2021.
(9) Recorded under the equity method.

Assets subject to the application of IFRIC 12 interpretation based on the concession of services as of December 31, 2020:

Project name	Country	Status	% of nominal Share[(2)]	Period of Concession [(4)(5)]	Off-taker[(7)]	Financial/ Intangible [(3)]	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)[(8]	Arrangement Terms (price)	Description of the Arrangement
Renewable energy:											
Solana	USA	(O)	100.0	30 Years	APS	(I)	1,830,148	(468,323)	(5,722)	Fixed price per MWh with annual increases of 1.84% per year	30-year PPA with APS regulated by ACC
Mojave	USA	(O)	100.0	25 Years	PG&E	(I)	1,557,559	(374,193)	48,436	Fixed price per MWh without any indexation mechanism	25-year PPA with PG&E regulated by CPUC and CAEC
Palmatir	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administ ration	(I)	147,911	(48,843)	7,971	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Cadonal	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administ ration	(I)	121,986	(37,315)	15,293	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Melowind	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administ ration	(I)	135,977	(29,598)	4,673	Fixed price per MWh in USD with annual increases based on inflation	20-year PPA with UTE, Uruguay state-owned utility
Solaben 2	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	337,506	(80.255)	10,222	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 3	Spain	(O)	70.0	25 Years	Kingdom of Spain	(I)	336,556	(81,998)	10,802	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solacor 1	Spain	(O)	87.0	25 Years	Kingdom of Spain	(I)	341,674	(88,382)	9,359	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solacor 2	Spain	(O)	87.0	25 Years	Kingdom of Spain	(I)	355,614	(90,861)	9,248	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	340,713	(108,908)	14,090	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 3	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	318,415	(98,755)	14,331	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solnova 4	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	297,118	(91,251)	13,865	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helios 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	344,533	(84,144)	11,285	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helios 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	335,550	(80,361)	11,677	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helioenergy 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	330,497	(87,496)	11,149	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Helioenergy 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	331,206	(84,360)	11,560	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 1	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	332,537	(70,486)	11,542	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Solaben 6	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	329,203	(69,659)	12,161	Regulated revenue base(6)	Regulated revenue established by

											different laws and rulings in Spain
Kaxu	South Africa	(O)	51.0	20 Years	Eskom	(I)	521,523	(154,962)	41,483	Take or pay contract for the purchase of electricity up to the contracted capacity from the facility.	20-year PPA with Eskom SOC Ltd. With a fixed price formula in local currency subject to indexation to local inflation

Project name	**Country**	**Status**	**% of nominal Share[(2)]**	**Period of Concession [(4)(5)]**	**Off-taker[(7)]**	**Financial/ Intangible [(3)]**	**Assets/ Investment**	**Accumulated Amortization**	**Operating Profit/ (Loss)[(8]**	**Arrangement Terms (price)**	**Description of the Arrangement**
Efficient Natural Gas:											
ACT	Mexico	(O)	100.0	20 Years	Pemex	(F)	580,141	-	75,349	Fixed price to compensate both investment and O&M costs, established in USD and adjusted annually partially according to inflation and partially according to a mechanism agreed in contract	20-year Services Agreement with Pemex, Mexican oil & gas state-owned company

Project name	**Country**	**Status**	**% of nominal Share[(2)]**	**Period of Concession [(4)(5)]**	**Off-taker[(7)]**	**Financial/ Intangible [(3)]**	**Assets/ Investment**	**Accumulated Amortization**	**Operating Profit/ (Loss)[(8]**	**Arrangement Terms (price)**	**Description of the Arrangement**
Transmission lines:											
ATS	Peru	(O)	100.0	30 Years	Republic of Peru	(I)	531,887	(122,005)	29,339	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
ATN	Peru	(O)	100.0	30 Years	Republic of Peru	(I)	359,912	(105,618)	6,474	Tariff fixed by contract and adjusted annually in accordance with the US Finished Goods Less Food and Energy inflation index	30-year Concession Agreement with the Peruvian Government
ATN 2	Peru	(O)	100.0	18 Years	Las Bambas Mining	(F)	78,743	-	12,332	Fixed-price tariff base denominated in U.S. dollars with Las Bambas	18 years purchase agreement
Quadra I	Chile	(O)	100.0	21 Years	Sierra Gorda	(F)	40,381	-	5,362	Fixed price in USD with annual adjustments indexed mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others
Quadra II	Chile	(O)	100.0	21 Years	Sierra Gorda	(F)	55,417	-	4,922	Fixed price in USD with annual adjustments indexed mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentendencia de Electricidad, among others

Project name	Country	Status	% of nominal Share(2)	Period of Concession (4)(5)	Off-taker(7)	Financial/ Intangible (3)	Assets/ Investment	Accumulated Amortization	Operating Profit/ (Loss)(8	Arrangement Terms (price)	Description of the Arrangement
Water:											
Skikda	Argelia	(O)	34.2	25 Years	Sonatrach & ADE	(F)	77,702	-	13,909	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	25 years purchase agreement
Honaine	Argelia	(O)	25.5	25 Years	Sonatrach & ADE	(F)	N/A(9)	N/A(9)	N/A(9)	U.S. dollar indexed take- or-pay contract with Sonatrach / ADE	25 years purchase agreement
Tenes	Argelia	(O)	51.0	25 Years	Sonatrach & ADE	(F)	106,071	-	10,610	U.S. dollar indexed take- or-pay contract with Sonatrach / ADE	25 years purchase agreement

(1) In operation (O), Construction (C) as of December 31, 2020.

(2) Itochu Corporation holds 30% of the economic rights to each of Solaben 2 and Solaben 3. JGC Corporation holds 13% of the economic rights to each Solacor 1 and Solacor 2. Algerian Energy Company, SPA, or AEC, owns 49% and Sacyr Agua, S.L., a subsidiary of Sacyr, S.A., owns the remaining 25.5% of the Honaine project. AEC owns 49% and Sacyr Agua S.L. owns the remaining 16.83% of the Skikda project. Industrial Development Corporation of South Africa (29%) & Kaxu Community Trust (20%) for the Kaxu Project. AEC owns 49% of the Tenes project.

(3) Classified as concessional financial asset (F) or as intangible assets (I).

(4) The infrastructure is used for its entire useful life. There are no obligations to deliver assets at the end of the concession periods, except for ATN and ATS.

(5) Generally, there are no termination provisions other than customary clauses for situations such as bankruptcy or fraud from the operator, for example.

(6) Sales to wholesale markets and additional fixed payments established by the Spanish government.

(7) In each case the off-taker is the grantor.

(8) Figures reflect the contribution to the consolidated financial statements of Atlantica Sustainable Infrastructure Plc. as of December 31, 2020.

(9) Recorded under the equity method.

Company Financial Statements

Company Balance Sheet

Amounts in thousands of U.S. dollars

	Notes (1)	2021	2020
Non Current assets			
Intangible and tangible assets		95	201
Investments in subsidiaries	3	1,779,817	1,846,157
Amounts owed by group undertakings	4	885,991	475,819
Financial investments		971	4,271
Derivative assets	6	1,607	325
		2,668,481	**2,326,773**
Current assets			
Trade and other receivables		510	697
Amounts owed by group undertakings	4	47,771	48,686
Financial investments		-	-
Derivative assets	6	2,153	460
Cash and cash equivalents	9	88,294	335,193
		138,728	**385,036**
Total assets		**2,807,209**	**2,711,809**
Creditors: Amounts falling due within one year			
Trade and other payables	7	8,777	5,652
Amounts owed to group undertakings	4	4,266	14,215
Borrowings	5	25,749	21,554
		38,792	**41,421**
Net current assets		**99,936**	**343,155**
Total assets less current liabilities		**2,768,417**	**2,670,388**
Creditors: Amounts falling due after more than one year			
Borrowings	5	885,249	861,871
Amounts owed to group undertakings	4	343,498	360,521
Derivative liabilities	6	16,690	1,481
Other liabilities		12,288	6,261
		1,257,725	**1,230,134**
Total liabilities		**1,296,517**	**1,271,555**
Net assets		**1,510,692**	**1,440,254**

(1) Notes 1 to 10 are an integral part of the financial statements

	Note		
Capital and Reserves			
Share capital		11,240	10,667
Share premium account		872,011	1,011,743
Capital reserves	8	1,020,027	881,745
Other reserves		15,152	(1,481)
Accumulated deficit	8	(407,738)	(462,420)
Shareholders' funds		**1,510,692**	**1,440,254**

(1) Notes 1 to 10 are an integral part of the financial statements

The Company has taken the exemption under Companies Act 2006 section 408 not to publish the parent company profit and loss account. The Company recorded a profit after tax of $54.7 million for the period ended 31 December 2021 (2020: loss after tax of $165.6 million).

The financial statements of Atlantica Sustainable Infrastructure plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 25 February 2022. They were signed on its behalf by:

Director and Chief Executive Officer	Chief Financial Officer
Santiago Seage	Francisco Martinez-Davis
February 25, 2022	February 25, 2022

Company Statement of Changes in Equity

Amounts in thousands of U.S. dollars

	Share capital	Share premium account	Capital reserves	Other reserves	Accumulated deficit	Total Shareholder´s funds
Balance at 1 January 2020	**10,160**	**1,011,743**	**889,056**	**(637)**	**(296,808)**	**1,613,514**
Capital increase	507	-	161,348	-	-	161,855
Loss for the year	-	-	-	-	(165,612)	(165,612)
Dividends	-	-	(168,659)	-	-	(168,659)
Change in fair value of cash flow hedges (net of deferred taxation)	-	-	-	(844)	-	(844)
Balance at 31 December 2020	**10,667**	**1,011,743**	**881,745**	**(1,481)**	**(462,420)**	**1,440,254**
Capital increase	573	60,268	128,920	-	-	189,761
Profit for the year	-	-	-	-	54,682	54,682
Dividends	-	-	(190,638)	-	-	(190,638)
Change in fair value of cash flow hedges (net of deferred taxation)	-	-	-	1,705	-	1,705
Share-based compensation				14,928		14,928
Reduction of Share Premium	-	(200,000)	200,000	-	-	-
Balance at 31 December 2021	**11,240**	**872,011**	**1,020,027**	**15,152**	**(407,738)**	**1,510,692**

Notes to the Company Financial Statements

1. Significant Accounting Policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework ("FRS 101")".

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

The Company has prepared these financial statements on a going concern basis. For further information, please refer the "going concern basis" in note 2.1 of the consolidated financial statements.

Investments in subsidiaries and impairment

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

At each balance sheet date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss.

Receivables arising from interest-free intercompany loans are recognised when the Company becomes party to the related contracts and are measured initially at the fair value represented by the present value of future cash flows discounted at market interest rate. Another equity reserve increasing the cost of investment in subsidiary is recognised, being the difference between the above and the consideration advanced.

After initial recognition, interest-free intercompany loans are subsequently measured at amortised cost using the effective interest method. The finance income is recognised in the statement of comprehensive income

Significant judgements and estimates

The most critical accounting policies, which reflect significant management estimates and judgement to determine amounts in the Company's financial statements, are as follows:

- Impairment of investments (see Note 3)

To assess the potential impairment on the Company´s investments, the recoverable amount of the investment is calculated if there is an indicator of impairment. Determination of the recoverable amount requires a significant amount of judgement and estimates to calculate future cash flow projections and pre-tax discount rates, among others.

- Derivative financial instruments and fair value estimates (see Note 6)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The inputs to the models used are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as credit risk and volatility.

2. Profit/(loss) for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The Company reported a profit for the financial year ended 31 December 2021 of $54.7 million (2020: loss of $165.6 million).

The auditor's remuneration for audit and other services is disclosed in note 23 to the consolidated financial statements.

3. Investments in Subsidiaries

Details of the Company's subsidiaries at 31 December 2021 are as follows:

Name	Place of incorporation and principal place of business	Proportion of ownership interest	Proportion of voting power held	Registered office
		%	%	
AC Renovables Sol 1 S.A.S. E.S.P.	Colombia	70,00%	70,00%	Carrera 7, 71 – 21 Torre B, piso 15, Bogota
ACT Energy Mexico, S.A. de C.V.	Mexico	99.99%	99.99%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fraccion C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de MeXico
ACT Holdings, S.A. de C.V.	Mexico	99.99%	99.99%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fraccion C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de Mexico
Agrisun, S.R.L.	Italy	100.00%	100.00%	Via de la Mercede, 11, 00187, Roma (Italy)
Aguas de Skikda, S.P.A.	Algeria	51.00%	51.00%	162 Bois des Cars III DelyIbrahim — Alger - Algerie
Arizona Solar One, LLC (USA)	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ASHUSA Inc	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ASI Operations, LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ASO Holdings Company, LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ASUSHI Inc.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Atlantica Chile, S.P.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
Atlantica Colombia S.A.S. E.S.P.	Colombia	100,00%	100,00%	Carrera 7, 71 – 21 Torre B, piso 15,Bogota
Atlantica Corporate Resources, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Atlantica DCR, LLC.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Atlantica Energia Sostenible Italia, S.r.l	Italy	100.00%	100.00%	Via de la Mercede, 11, 00187, Roma (Italy)
Atlantica España O&M, S.L.U.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Atlantica Holdings USA, LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)

Atlantica Infraestructura Sostenible, S.L.U.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Atlantica Investments Ltd	UK	100.00%	100.00%	Great West House, GW1 Great West Road Brentford TW8 9DF London, UK
Atlantica Newco, Ltd	UK	100.00%	100.00%	Great West House, GW1 Great West Road Brentford TW8 9DF London, UK
Atlantica North America, LLC.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Atlantica Peru, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima (Peru).
Atlantica South Africa (Pty) Ltd	South Africa	100.00%	100.00%	Office 103 Ancorley Building; 45 Scott Street Upington 8801 (South Africa)
Atlantica Sustainable Infrastructure Jersey Ltd.	Jersey	100.00%	100.00%	47 Esplanade, St Helier, Jersey JE1 0BD UK
Atlantica Transmision Sur, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
Atlantica Yield Energy Solutions Canada Inc.	Canada	10.00%	66.66%	354 Davis Road Suite 100 Oakville On L5J 2X1
ATN 2, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
ATN, S.A.	Peru	99.99%	99.99%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
AY Holding Uruguay S.A.	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, World Trade Center, Torre II, Piso 1. Oficina 1505, Montevideo, Uruguay.
AYES International UK Ltd.	UK	100.00%	100.00%	Great West House, GW1 Great West Road Brentford TW8 9DF London, UK
Banitod, S.A.	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, World Trade Center, Torre II, Piso 1. Oficina 1505, Montevideo, Uruguay.

Befesa Agua Tenes, S.L.U.	Spain	100.00%	100.00%	Calle Energia Solar, 1 41014 Sevilla
BPC US Wind Corporation	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Cadonal, S.A.	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, World Trade Center, Torre II, Piso 1. Oficina 1505, Montevideo, Uruguay.
Calgary District Heating Inc.	Canada	100.00%	100.00%	Suite 2500 Park Place 666 Burrard Street Vancouver BC V6C 2X8
Carpio Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
CGP Holding Finance, LLC	USA	100.00%	100.00%	251 Little Falls Drive, Wilmington, New Castle, Delaware, 19808 (USA)
Ecija Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Estrellada S.A.	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, World Trade Center, Torre II, Piso 1. Oficina 1505, Montevideo, Uruguay.
Extremadura Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Fotovoltaica Solar Sevilla, S.A.	Spain	80.00%	80.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Geida Skikda, S.L.	Spain	67.00%	67.00%	Paseo de la Castellana 83-85, 28046 Madrid (Spain)
Helioenergy Electricidad Uno, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Helioenergy Electricidad, Dos, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Helios I Hyperion Energy Investments, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Helios II Hyperion Energy Investments, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Hidrocañete, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
Hypesol Energy Holding, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Hypesol Solar Inversiones S.A.U	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Kaxu Solar One (Pty) Ltd	South Africa	51.00%	51.00%	Office 103 Ancorley Building; 45 Scott Street Upington 8801 (South Africa)
Logrosan Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Logrosan Solar Inversiones Dos, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n

				41092, Sevilla (Spain)
Logrosan Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Mojave Solar Holdings, Llc	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Mojave Solar, Llc	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Montesejo Piano, S.r.l.	Italy	100,00%	100,00%	Via XX Settembre 1 cap 00187, Roma.
Nesyla, S.A.	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, World Trade Center, Torre II, Piso 1. Oficina 1505, Montevideo, Uruguay.
Overnight Solar LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
PA Renovables Sol 1 S.A.S. E.S.P.	Colombia	70,00%	70,00%	Carrera 7, 71 – 21 Torre B, piso 15, Bogota
Palmatir, S.A	Uruguay	100.00%	100.00%	Avda. Luis Alberto de Herrera, 1248, World Trade Center, Torre II, Piso 1. Oficina 1505, Montevideo, Uruguay.
Palmucho, S.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
Parque Fotovoltaico La Sierpe S.A.S.	Colombia	100.00%	100.00%	Carrera 7, 71 – 21 Torre B, piso 15, Bogota
Parque Fotovoltaico La Tolua S.A.S	Colombia	100,00%	100,00%	MZ D CA 23 Urb. Bosques de Varsovia, Ibague, Tolima, Colombia.
Parque Solar Tierra Linda, S.A.S	Colombia	100,00%	100,00%	CC Arkacentro Mod T OF A 07 Sec. Arkacentro, Ibague, Tolima, Colombia.
Re Sole, S.R.L.	Italy	100.00%	100.00%	Via de la Mercede, 11, 00187, Roma (Italy)
Rioglass Solar Holding, S.A.	Spain	100.00%	100.00%	Poligono Industrial de Sevilla, Santa Cruz de Mieres, Mieres, Asturias (Spain)
RRHH Servicios Corporativos S. de R.L. de C.V.	Mexico	100.00%	100.00%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fraccion C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de Mexico
Sanlucar Solar, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
SJ Renovables Sun 1 S.A.S. E.S.P.	Colombia	70,00%	70,00%	Carrera 7, 71 – 21 Torre B, piso 15, Bogota
SJ Renovables Wind 1 S.A.S. E.S.P.	Colombia	70,00%	70,00%	Carrera 7, 71 – 21 Torre B, piso 15, Bogota

Solaben Electricidad Dos, S.A.	Spain	70.00%	70.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosan (Caceres, Spain)
Solaben Electricidad Seis, S.A.	Spain	100.00%	100.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosan (Caceres, Spain)
Solaben Electricidad Tres, S.A.	Spain	70.00%	70.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosan (Caceres, Spain)
Solaben Electricidad Uno, S.A.	Spain	100.00%	100.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosan (Caceres, Spain)
Solaben Luxembourg S.A.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Solacor Electricidad Uno, S.A.	Spain	87.00%	87.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solacor Electricidad Dos, S.A.	Spain	87.00%	87.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solar Processes, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Electricidad Cuatro, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Electricidad Tres, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Electricidad Uno, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solnova Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Tenes Lilmiyah SPA	Algeria	51.00%	51.00%	19 Lot Bois des Cars III. Dely Ibrahim, Alger.
Transmisora Baquedano, S.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
Transmisora Mejillones, S.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
VO Renovables SOL 1 S.A.S. E.S.P.	Colombia	70,00%	70,00%	Carrera 7, 71 – 21 Torre B, piso 15, Bogota
White Rock Insurance (Europe) PPC Limited	Malta	100.00%	100.00%	Central Business District. CBD1070, Birkirkara (Malta)

The investments in subsidiaries are all stated at cost. Information on the investments acquired in the year is disclosed in Note 5 in the consolidated financial statements. As of 31 December 2021 and 2020, the carrying amount of the investments held directly by the Company were as follows:

	2021 $'000	2020 $'000
Palmucho, S.A.	-	-
Atlantica Corporate Resources, S.L.	8,954	8,954
Transmisora Baquedano, S.A.	-	-
Transmisora Mejillones, S.A.	-	-
ASUSHI Inc.(**)	-	78,473
ACT Holdings, S.A. de C.V.	98,543	98,543
Atlantica Peru, S.A.	261,920	261,920
Atlantica Infraestructura Sostenible, S.L.U.	888,823	887,039
ASHUSA, Inc.(**)	-	381,493
ATN, S.A. (*)	13,863	13,116
Atlantica Transmision Sur, S.A. (*)	11,847	11,847
Atlantica Investments Ltd.	56,998	56,998
ATN 2, S.A.	13,720	13,720
Atlantica North America, LLC. (**)	420,288	16,255
Atlantica DRC, LLC. (**)	-	12,938
CKA1 Holding S. de R.L. de C.V.	7	7
AYES International UK Ltd.	4,854	4,854
Atlantica Sustainable Infrastructure Jersey Ltd.	-	-
Atlantica Newco, Ltd.	-	-
Total investments in subsidiaries	**1,779,817**	**1,846,157**

(*) Includes initial difference between the amortized cost and nominal amount of interest free loans (classified as amounts owed by group undertakings, see note 4), classified as capital contribution in accordance with IFRS 9.

(**) Asushi Inc, Ashusa Inc and Atlantica DCR, LLC were contributed to Atlantica North America LLC during the year 2021 and are no longer investments held directly by the Company.

Movements in the carrying value of investments during the years 2021 and 2020 were as follows:

	$ ´000	$ ´000
As at 1 January 2021		1,846,157
Increase		4,094
Impairment		(70,434)
As at 31 December 2021		**1,779,817**

	$ ´000
As at 1 January 2020	1,909,066
Increase	9,771
Impairment	(72,680)
As at 31 December 2020	**1,846,157**

The increase in 2021 mainly relates to a capital increase in Atlantica DDR, LLC for $1.6 million. The impairment for $70.4 million corresponds to the investment held in Atlantica North America LLC.

The increase in 2020 mainly relates to a capital increase in Atlantica North America LLC for $5.3 million and Atlantica DDR, LLC for $3.0 million. The impairment for $72.7 million corresponds to the investment held in ASUSHI Inc. for $68.1 million, ATN 2, S.A. for $2.2 million and Atlantica Corporate Resources, S.L. for $2.4 million.

4. Amounts Owed by/to Group Undertakings

	2021 $'000	2020 $'000
Non-current receivables from group companies	885,991	475,819
Current amounts owed by group undertakings	47,771	48,686
Total amounts owed by group undertakings	**933,762**	**524,505**
Current amounts owed to group undertakings	4,266	14,215
Non-Current amounts owed to group undertakings	343,498	360,521
Total amounts owed to group undertakings	**347,764**	**374,736**

As of 31 December 2021 and 2020, the details of the non-current amounts owed by group undertakings were as follows:

	2021 $'000	2020 $'000
ATN, S.A.	22,897	33,430
Carpio Solar Inversiones, S.A.	13,163	29,227
Atlantica Transmision Sur, S.A.	3,421	10,335
Atlantica South Africa (Pty), Ltd.	7,903	6,579
ASUSHI, Inc	60,320	57,701
Atlantica Corporate Resources, S.L.	-	3,684
Atlantica Investments, Ltd.	102,795	50,546
Solnova Electricidad Cuatro, S.A.	4,321	2,584
Helios I Hyperion Energy Investments, S.A.	6,591	4,067
Helios II Hyperion Energy Investments, S.A.	6,679	3,459
Atlantica North America, LLC	455,368	266,932
Sanlucar Solar, S.A.	17,038	-
Atlantica Newco, Ltd.	99,217	-
ASHUSA, Inc	68,762	-
Other	17,516	7,275
Amounts owed by group undertakings	**885,991**	**475,819**

The principal features of the most significant loans to subsidiary undertakings are as follows:

	Interest Rate	Maturity
ATN, S.A.	0%	Not applicable
Carpio Solar Inversiones, S.A.	2.5% plus Euribor 12 months	31 July 2031
Atlantica Transmision Sur, S.A.	0%	Not applicable
Atlantica South Africa (Pty) Ltd.	Not applicable	Not applicable
ASUSHI, Inc	5.9%	31 December 2024
ASUSHA Inc.	4.5%	31 December 2030
Atlantica Investments Ltd.	4.5%	31 December 2030
Atlantica North America LLC	4.5%	31 December 2030
Atlantica Newco Limited	4.5%	31 December 2030
Sanlucar Solar, S.A.	4.5%	31 December 2030

As at 31 December 2021, the amounts owed to group undertakings primarily relate to ACT Energy Mexico, S.A. de C.V. for $172.1 million ($203.4 million as of 31 December 2020), to Atlantica Sustainable Infrastructure Jersey Ltd for $105.3 million ($112.1 million as of 31 December 2020) and to Atlantica Infraestructura Sostenible, S.L.U. for $58.2 million (nil as of 31 December 2020)

5. Borrowings

As of 31 December 2021 and 2020, the details of the amounts owed to third parties were as follows:

	2021 $'000	2020 $'000
Secured borrowing at amortised cost		
Bonds	24,422	21,224
Borrowings	886,576	862,201
Total borrowings	910,988	883,425
Amount due for settlement within 12 months	**25,749**	**21,554**
Amount due for settlement after 12 months	**885,249**	**861,871**

The main features of the borrowings and bonds are as follows:

On July 20, 2017, the Company signed a credit facility (the "2017 Credit Facility") for up to €10 million, approximately $11.4 million, which is available in euros or U.S. dollars. Amounts drawn down accrue interest at a rate per year equal to EURIBOR plus 2% or LIBOR plus 2%, depending on the currency, with a floor of 0% on the LIBOR and EURIBOR. As of December 31, 2021, $8.2 million were drawn down. As of December 31, 2020, the 2017 Credit Facility was fully available. The credit facility maturity is July 1, 2023.

On May 10, 2018, the Company entered into the Revolving Credit Facility for $215 million with a syndicate of banks. Amounts drawn down accrue interest at a rate per year equal to (A) for Eurodollar rate loans, LIBOR plus a percentage determined by reference to the leverage ratio of the Company, ranging between 1.60% and 2.25% and (B) for base rate loans, the highest of (i) the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day plus ½ of 1.00%, (ii) the U.S. prime rate and (iii) LIBOR plus 1.00%, in any case, plus a percentage determined by reference to the leverage ratio of the Company, ranging between 0.60% and 1.00%. Letters of credit may be issued using up to $100 million of the Revolving Credit Facility. During 2019, the amount of the Revolving Credit Facility increased from $215 million to $425 million and the maturity was extended to December 31, 2022. In the first quarter of 2021, the Company increased the amount of the Revolving Credit Facility from $425 million to $450 million and the maturity was extended to December 31, 2023. On December 31, 2021, the Company had issued letters of credit for $10 million, therefore, $440 million of the Revolving Credit Facility are available ($415 million as of December 31, 2020).

On April 30, 2019, the Company entered into the Note Issuance Facility 2019, a senior unsecured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of €268 million, approximately $305 million, with maturity date on April 30, 2025. Interest accrues at a rate per annum equal to the sum of 3-month EURIBOR plus 4.50%. The interest rate on the Note Issuance Facility 2019 is fully hedged by an interest rate

swap resulting in the Company paying a net fixed interest rate of 4.24%. The Note Issuance Facility 2019 provided that the Company may capitalize interest on the notes issued thereunder for a period of up to two years from closing at the Company´s discretion, subject to certain conditions, and the Company elected to capitalize such interest until the end of 2020. The Note Issuance Facility 2019 has been fully repaid on June 4, 2021, and subsequently delisted from the Official List of The International Stock Exchange.

On October 8, 2019, the Company filed a euro commercial paper program (the "Commercial Paper") with the Alternative Fixed Income Market (MARF) in Spain. The program had an original maturity of twelve months and was extended for another twelve-month period on October 8, 2020. The program allowed Atlantica to issue short term notes over the next twelve months for up to €50 million (approximately $57 million), with such notes having a tenor of up to two years. As of December 31, 2021, the Company had €21.5 million (approximately $24.4 million) issued and outstanding under the program at an average cost of 0.36% (€17.4 million, approximately $19.8 million, as of December 31, 2020).

On April 1, 2020, the Company closed the secured 2020 Green Private Placement for €290 million (approximately $330 million). The private placement accrues interest at an annual 1.96% interest rate, payable quarterly and has a June 2026 maturity.

On July 8, 2020, the Company entered into the Note Issuance Facility 2020, a senior unsecured financing with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of approximately $159 million, which is denominated in euros (€140 million). The Note Issuance Facility 2020 was issued on August 12, 2020, accrues annual interest of 5.25%, payable quarterly and has a maturity of seven years from the closing date.

On May 18, 2021, the Company issued the Green Senior Notes due in 2028 in an aggregate principal amount of $400 million. The notes mature on May 15, 2028 and bear interest at a rate of 4.125% per annum payable on June 15 and December 15 of each year, commencing December 15, 2021.

6. Derivative assets and liabilities

The breakdowns of the fair value amount of the derivative financial instruments as of December 31, 2021 and 2020 are as follows:

	Balance as of December 31, 2021		Balance as of December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivatives instruments	3,410	-	660	-
Notes conversion option	-	16,690	-	-
Interest rate cash flow hedge	350	-	125	1,481
Total	3,760	16,690	785	1,481

The Company owns the following derivatives instruments:

- Interest rate cash flow hedge classified as non-current assets relate to an interest rate cap hedging the Note Issuance Facility 2020 interest with a strike of 0%. Interest rate cash flow hedge classified as non-current liabilities as of December 31, 2020 related to an interest rate swap hedging the Note Issuance Facility 2019 interest resulting in the Company paying a net fixed interest rate of 4.24%. This swap instrument was cancelled together with the Note Issuance Facility 2019 during 2021.
- Currency options with leading international financial institutions, which guarantee minimum Euro-U.S. dollar exchange rates. The strategy of the Company is to hedge the exchange rate for the distributions from its assets in Spain after deducting euro-denominated interest payments and euro-denominated general and administrative expenses. Through currency options, the Company hedges 100% of its euro-denominated net exposure for the next 12 months and 75% of its euro denominated net exposure for the following 12 months, on a rolling basis. Hedge accounting is not applied to these options.

On July 17, 2020, Atlantica Sustainable Infrastructure Jersey Limited, a subsidiary of the Company issued $100 million aggregate principal amount of 4.00% convertible bonds (the "Green Exchangeable Notes") due 2025. On July 29, 2020, Atlantica Sustainable Infrastructure Jersey Limited closed an additional $15 million aggregate principal amount of the Green Exchangeable Notes. The notes mature on July 15, 2025 and bear interest at a rate of 4.00% per annum. The initial exchange rate of the notes is 29.1070 ordinary shares of the Company per $1,000 principal amount of notes, which is equivalent to an initial exchange price of $34.36 per ordinary share. Noteholders may exchange their notes at their option at any time prior to the close of business on the scheduled trading day immediately preceding April 15, 2025, only during certain periods and upon satisfaction of certain conditions. On or after April 15, 2025, noteholders may exchange their notes at any time. Upon exchange, the notes may be settled, at the election of the Company, into its ordinary shares, cash or a combination thereof. The exchange rate is subject to adjustment upon the occurrence of certain events.

The conversion option of the Green Exchangeable Notes is an embedded derivative associated to the option to convert into the Company´s shares, with no obligation for Atlantica Sustainable Infrastructure Jersey Limited to deliver itself these shares to the Noteholders. It is therefore classified within the line "Derivative liabilities" of these financial statements. As of December 31, 2021, the fair value is $16.7 million. The prospective changes to its fair value are accounted for directly through the income statement.

7. Trade and Other Payables

As of 31 December 2021, and 2020, Trade and other payables primarily relate to independent professional services.

8. Equity

As of December 31, 2021, the share capital of the Company amounts to $11,240,297 represented by 112,402,973 ordinary shares fully subscribed and disbursed with a nominal value of $0.10 each, all in the same class and series. Each share grants one voting right.

Algonquin owns 43.6% of the shares of the Company and is its largest shareholder as of December 31,2021.

On December 11, 2020 the Company closed an underwritten public offering of 5,069,200 ordinary shares, including 661,200 ordinary shares sold pursuant to the full exercise of the underwriters' over-allotment option, at a price of $33 per new share. Gross proceeds were approximately $167 million. Given that the offering was issued through a subsidiary in Jersey, which became wholly owned by the Company at closing, and subsequently liquidated, the premium on issuance was credited to a merger reserve account (Capital reserves), net of issuance costs, for $161 million. Additionally, Algonquin committed to purchase 4,020,860 ordinary shares in a private placement in order to maintain its previous equity ownership of 44.2% in the Company. The private placement closed on January 7, 2021. Gross proceeds were approximately $133 million ($131 million net of issuance costs).

During the first quarter of 2021, the Company changed the accounting treatment applied to its existing long-term incentive plans granted to employees from cash-settled to equity-settled in accordance with IFRS 2, Share-based Payment, as a result of incentives being settled in shares. The liability recognized for the rights vested by the employees under such plans at the date of this change, was reclassified to equity within the line "Accumulated deficit" for approximately $9 million. The settlement in shares was approved by the Board of Directors on February 26, 2021, and the Company issued 141,482 new shares to its employees up to December 31, 2021, to settle a portion of these plans.

On August 3, 2021, the Company established an "at-the-market program" (the "ATM") and entered into the distribution agreement with J.P. Morgan Securities LLC, as sales agent, (the "Distribution Agreement") under which the Company may offer and sell from time to time up to $150 million of its ordinary shares. The Company also entered into an agreement with Algonquin pursuant to which the Company has offered Algonquin the right but not the obligation, on a quarterly basis, to purchase a number of ordinary shares to maintain its percentage interest in Atlantica at the average price of the shares sold under the Distribution Agreement in the previous quarter (the "ATM Plan Letter Agreement"). During the year 2021, the Company sold 1,613,079 shares at an average market price of $38.43 pursuant to its Distribution Agreement, representing net proceeds of $61 million. Pursuant to the ATM Plan Letter Agreement, the Company delivers a notice to Algonquin quarterly in order for them to exercise their rights thereunder.

Atlantica´s reserves as of December 31, 2021 are made up of share premium account and capital reserves. The share premium account reduction by $200 million during the year 2021, increasing capital reserves by the same amount, was made effective upon the confirmation received from the High Court in the UK, pursuant to the Companies Act 2006.

Accumulated deficit are the results of the Company, which have been as follows in 2021 and 2020:

Accumulated deficit	**$'000**
Balance at 1 January 2020	(296,808)
Net loss for the year	(165,612)
Balance at 31 December 2020	(462,420)
Net profit for the year	54,682
Balance at 31 December 2021	(407,738)

9. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2021, include $88.3 million of cash at bank and on hand ($265.2 million as of December 31, 2020) and nil of highly liquid remunerated deposits ($70 million as of December 31, 2020).

10. Third-party guarantees

The Company issued guarantees on behalf of subsidiaries amounting to $174.2 million as of December 31, 2021 ($159.8 million as of December 31, 2020), which correspond mainly to guarantees provided to off-takers in PPAs, guarantees for debt service reserve accounts and guarantees for points of access for renewable energy projects.