Consolidated Annual Report and Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2020

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

Atlantica

Sustainable Infrastructure

Atlantica Sustainable Infrastructure plc Consolidated Annual Report and Financial Statements

Contents

Contents	Page
Definitions	**1**
Strategic Report	**6**
Directors' Report	**93**
Directors' Remuneration Report	**114**
Directors' Responsibilities Statement	**138**
Independent Auditor's Report to the Members of Atlantica Sustainable Infrastructure plc	**140**
Consolidated Financial Statement	**151**
Company Financial Statements	**242**

Definitions

Unless otherwise specified or the context requires otherwise in this annual report:

- references to "2019 Notes" refer to the 7.000% Senior Notes due 2019 in an aggregate principal amount of $255 million issued on November 17, 2014;
- references to "2020 Green Private Placement" refer to the €290 million (approximately $354 million) senior secured notes maturing in 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 "AAGES" refer to the joint venture between Algonquin and Abengoa to invest in the development and construction of clean energy and water infrastructure contracted assets;
- references to "AAGES ROFO Agreement" refer to the agreement we entered into with AAGES on March 5, 2018, which became effective upon completion of the Share Sale, that provides us a right of first offer to purchase any of the AAGES ROFO Assets, as amended and restated from time to time;
- 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 "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, 2020 and 2019, 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 "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 “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, which we agreed to acquire in December 2020, subject to customary conditions.;
- 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 “Adjusted EBITDA” refer to an Alternative Performance Measure. 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 from continued operations, income tax,

share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in the Annual Consolidated Financial Statements;

- 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 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 “gross capacity” refers to the maximum, or rated, power generation capacity, in MW, of a facility or group of facilities, without adjusting for the facility’s power parasitics’ 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 “ITC” refer to investment tax credits;
- references to “JIBAR” refer to Johannesburg Interbank Average Rate;
- references to “La Sierpe” refer to the 20MW solar asset in Colombia to be acquired from Algonquin by mid-2021, subject to customary conditions;
- 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 “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 $336 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;
- references to “Note Issuance Facility 2020” refer to the senior unsecured note facility dated July 8, 2020, of €140 million(approximately $171 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 Petróleos 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” refer to the credit and guaranty agreement with a syndicate of banks entered into on May 10, 2018 and amended on January 24, 2019, August 2, 2019, December 17, 2019 and August 28, 2020, providing for a senior secured revolving credit facility in an aggregate principal amount of $425 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 AAGES ROFO Agreement and Algonquin ROFO Agreement;
- references to “Solaben Luxembourg” refer to Solaben Luxembourg S.A;
- references to “Solnova 1, 3 & 4” refer to a 150 MW concentrating solar power facility wholly owned by Atlantica Sustainable Infrastructure, 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.

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 to 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 2020, our renewable sector represented approximately 74% of our revenue with solar energy representing approximately 70%. We complement our renewable assets portfolio with storage, efficient natural gas and transmission infrastructure assets, as enablers of the transition towards a clean energy mix. We are also present in water infrastructure assets, a sector at the core of 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, 2020, we own or have an interest in a portfolio of diversified assets in terms of business sector and geographic footprint. Our portfolio consists of 27 assets with 1,551 MW of aggregate renewable energy installed generation capacity, (of which approximately 90% is solar), 343 MW of efficient natural gas-fired power generation 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 and Uruguay) and EMEA (Spain, Algeria and South Africa). We

intend to expand our portfolio, while maintaining North America, South America and Europe as our core geographies.

Our assets generally have contracted revenue (regulated revenue in the case of our Spanish assets and one transmission line in Chile). We focus on long-life facilities as well as long-term agreements that we expect to produce stable, long-term cash flows. As of December 31, 2020, our assets had a weighted average remaining contract life of approximately 17 years. Most of the assets we own, or which we hold an interest in, have project-finance agreements in place. We intend to grow our cash available for distribution through organic growth and by acquiring new assets and/or businesses where revenue may not be fully contracted.

We intend to take advantage of and leverage our growth strategy on, favourable trends in clean power generation, energy scarcity and the focus on the reduction of carbon emissions. Our portfolio of operating assets and our strategy focus on sustainable technology including renewable energy, storage, efficient natural gas, and transmission networks as enablers of a sustainable power generation mix and on water infrastructure. Renewable energy is expected to represent, in most markets, the majority of new investments in the power sector, according to Bloomberg New Energy Finance 2020. Approximately 68% of the world's power generation by 2050 is expected to come from renewable energy sources, which indicates that renewable energy is becoming mainstream. Global installed capacity is expected to shift from 56% fossil fuels today, to approximately two-thirds renewables by 2050. A 14-terawatt expansion of generating capacity is estimated to require approximately $15.1 trillion of new investment between now and 2050 – of which approximately 73% is expected to go to renewables. Another approximately $1 trillion of investment is expected in batteries, along with an estimated $14 trillion in transmission and distribution during that same period. Regions will need to complement investments in renewable energy with investments in storage, efficient natural gas and transmission networks. We believe that Atlantica is well positioned to benefit from the expected transition towards a more sustainable power generation mix. In addition, we believe that water is going to be the next frontier in a transition towards a more sustainable world. New sources of water are needed worldwide, and thus water desalination and transportation infrastructure should help make that possible. Atlantica currently participates in three water desalination plants with a total capacity of 17.5 million cubic feet per day.

We believe Atlantica can achieve organic growth through the optimization of the existing portfolio, escalation factors at many of our assets and the expansion of current assets, particularly our transmission lines, to which new assets can be connected. The Company currently owns three transmission lines in Peru and four in Chile. We believe that current regulations in Peru and Chile should provide an opportunity for growth via the expansion of transmission lines to connect new clients. Additionally, we should have repowering opportunities in certain existing renewable energy assets.

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. The Company has also entered into and intends to enter into agreements or partnerships with developers and asset owners to acquire assets. Atlantica also invests directly and through investment vehicles with partners in assets under development or construction.

We have signed a ROFO agreement with AAGES - a joint venture designed to invest in the development and construction of contracted clean energy and water infrastructure contracted assets - created by Algonquin, a North American diversified generation, transmission and distribution utility company which owns a 44.2% stake in our capital stock.

With this business model we expect to distribute a significant percentage of our cash available for distribution as cash dividends. We will seek to increase such cash dividends over time through organic growth and through the acquisition of assets. Pursuant to our cash dividend policy, we intend to pay a cash dividend each quarter to holders of our shares.

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

COVID-19 Pandemic

The outbreak of the COVID-19 coronavirus disease ("COVID-19") declared a pandemic by the World Health Organization in March 2020 continues to spread in our key markets, which have already experienced several waves of the virus. The COVID-19 virus continues to evolve rapidly, and its impact is still uncertain and subject to change. In a bid to combat the spread of the virus, governmental authorities have both taken and recommended a wide variety of measures, including lockdowns and travel restrictions. We have reinforced safety measures at all our assets while still continuing to provide a reliable service to our clients. Since March 2020, we have implemented the use of additional personal protection equipment, reinforced access control to our plants, reduced contact between employees, changed shifts and tested employees. We have also identified and isolated cases and potential cases together with their close contacts and taken additional measures to increase safety procedures for our employees and operation and maintenance suppliers' employees working at our assets. We have also purchased additional spare parts and equipment required for operations, to safeguard against any potential supply chain disruptions . Although we have not experienced any material impacts, we are seeing some delays in certain maintenance activities. Furthermore, we have adopted additional precautionary measures intended to mitigate potential risks to our employees, including temporarily requiring employees when possible to work remotely in geographies with higher infection rates and suspending all non-essential travel. 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 the number of cases and other health indicators in each specific region. We continue to monitor the situation closely at all assets and offices and are ready to take additional action if and when required.

To date, Atlantica has not experienced material operational or financial impacts as a result of COVID-19. We have not experienced any disruptions in availability or production in our assets due to COVID-19. Our businesses are considered an essential and critical activity in all our geographies, so we have continued operating our assets even in those countries where economic activity has been limited only to essential business for a certain period of time. In addition, our assets generally have long-term contracts or regulated revenue.

Despite all the above, we cannot guarantee that our operations and financial situation will remain unaffected by the COVID-19 outbreak.

Conclusion of the Special Committee

On March 23, 2020 we announced that our special committee had concluded the review of the strategic alternatives by reaffirming our current strategy. The special committee was a committee formed in 2019 by the Board of Directors to review strategic alternatives for the Company.

2020 Acquisitions

On April 3, 2020 Atlantica 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. The first investment was the acquisition of a 55 MW solar PV plant in an area with excellent solar resource (Chile PV 1). This asset has been in operation since 2016, demonstrating a good operating track record during that period while selling its production to the Chilean power market. Our initial contribution was approximately $4 million. On January 6, 2021 we also closed our second investment through the 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 $5.0 million. We have concluded that we have control over these assets and we are fully consolidating it since each acquisition date. The platform intends to make further investments in renewable energy in Chile and sign PPAs with creditworthy off-takers.

On August 17, 2020 Atlantica closed the acquisition of the Liberty ownership interest in Solana. Liberty was the tax equity investor in Solana. Total equity investment is expected to be approximately $290 million of which $272 million has already been paid. The total price includes a deferred payment and a performance earn-out based on the average annual net production of the asset in the four calendar years with the highest annual net production during the five calendar years 2020 -2024.

In October 2020 the Company reached an agreement to acquire Calgary District Heating, a district heating asset in Canada for a total equity investment of approximately $20 million. Calgary District Heating has been in operation since 2010 and represents our first investment in this sector, a sector which has been recognized by the UN Environment Program as being a key measure for cities to reduce their emissions. The asset provides heating services to a diverse range of government, institutional and commercial customers in the city of Calgary. It has availability-based revenue with inflation indexation and 20 years of weighted average contract life. Contracted capacity and volume payments represent approximately 80% of total revenue. Closing is expected by mid-2021 subject to customary conditions precedent and regulatory approvals.

In December 2020 Atlantica reached an agreement with Algonquin to acquire La Sierpe, a 20 MW solar asset in Colombia for a total equity investment of $23 million. Closing is expected to occur after the asset reaches the commercial operation date which is expected to occur by mid- 2021. Closing is subject to customary conditions precedent and regulatory approvals. Additionally, we agreed to co-invest with Algonquin in additional solar plants in Colombia with a combined capacity of approximately 30 MW to be developed and built by AAGES.

In December 2020, Atlantica reached an agreement to acquire Coso, a 135 MW renewable asset in California. Coso is the third largest geothermal plant in the US and provides base load renewable energy to the California ISO. It has PPAs signed with three investment grade off-takers, with a 19-

year average contract life. Closing is subject to customary regulatory approvals and is expected to occur during the first half of 2021. The total investment is expected to be approximately $170 million, including approximately $130 million for the equity and $40 million expected to be invested in reducing project debt.

In October 2018, the Company reached an agreement to acquire PTS, a natural gas transportation platform located in Mexico, close to ACT. PTS has a service agreement signed in October 2017, which is a "take-or-pay" 11-year term contract starting in 2020. We initially acquired a 5% ownership in the project and have an agreement to acquire an additional 65% stake subject to the asset entering into commercial operation, non-recourse project financing being closed and final approvals and customary conditions, including the absence of material adverse effects. Our partner in this asset is also negotiating to sell part of its business, which may include the company that provides operation and maintenance services to PTS. This sale may require change of control waivers and may make the closing of the acquisition more difficult. Additionally, our partner has proposed a number of modifications to the project and the financing agreements. We are currently monitoring the situation in order to decide if we will proceed with the investment or not. We therefore cannot guarantee that we will close this acquisition or that closing will occur on the terms originally agreed.

Corporate Financing Activities

On April 1, 2020 we closed the secured 2020 Green Private Placement for €290 million (approximately $354 million). The private placement accrues interest an annual rate of 1.96%, payable quarterly and matures in June 2026. Net proceeds were primarily used to repay the Note Issuance Facility 2017.

On July 8, 2020, we entered into the Note Issuance Facility 2020, a senior unsecured financing with Lucid Agency Services Limited, as agent, and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of approximately $171 million which is denominated in euros (€140 million). The notes under the Note Issuance Facility 2020 were issued on August 12, 2020 and have a maturity of seven years from the closing date. We expect to use the proceeds from the Note Issuance Facility 2020 to finance acquisitions and for general corporate purposes.

On July 17, 2020, we issued $100 million aggregate principal amount of 4.00% Green Exchangeable Notes due 2025. On July 29, 2020, we issued additional $15 million aggregate principal amount of the Green Exchangeable Notes. The notes mature on July 15, 2025. 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 our election, into ordinary shares of Atlantica, cash or a combination of both. The exchange rate is subject to adjustment upon the occurrence of certain events. The proceeds from the Green Exchangeable Notes were used to finance the acquisition of new or existing assets or projects which meet certain eligibility criteria in accordance with our Green Finance Framework.

On December 11, 2020 we 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. Additionally, Algonquin purchased 4,020,860 ordinary shares in a private placement in order to maintain its equity interest in the Company. The private placement closed on January 7, 2021. Gross proceeds of the public offering and the private placement were approximately $300 million, which we intend to use to finance growth opportunities and for general corporate purposes after deducting underwriting discounts and commissions and offering expenses

Project Financing Activities

On April 8, 2020, Logrosan Solar Inversiones, S.A, the subsidiary-holding company of Solaben 1 & 6 and Solaben 2 & 3 entered into the Green Project Finance, a green project financing euro-denominated agreement with ING Bank, B.V. and Banco Santander S.A. The lenders of the new facility have no recourse to Atlantica at the corporate level. After considering transaction costs and reserves, the Green Project Finance resulted in a net recap of $143 million that was used to finance new investments in renewable assets. The Green Project Finance was issued in compliance with the 2018 Green Loan Principles and have a Second Party Opinion delivered by Sustainalytics.

On July 10, 2020, we entered into a non-recourse project debt refinancing of Helioenergy, one of the Spanish solar assets, by adding a new long dated tranche of debt from an institutional investor. The new tranche bears interest at a fixed rate of approximately 3% per annum and has a 15-year maturity. After transaction costs, net refinancing proceeds (net "recap") were approximately $43 million.

In addition, on July 14, 2020, we entered into a non-recourse, project debt financing for approximately €326 million in relation to Helios. Lenders are institutional investors. The new debt has a 17-year maturity and bears interest at a rate of approximately 2% per annum. The proceeds were used to repay the outstanding project debt of approximately €250 million and cancel legacy interest rate swaps. After transaction costs and the cancellation of legacy swaps, net refinancing proceeds (net "recap") were approximately $30 million.

Asset Portfolio and Operations

The following table provides an overview of our current assets as of December 31, 2020:

Assets	Type	Ownership	Location	Currency[9]	Capacity (Gross)	Counterparty Credit Ratings[10]	COD*	Contract Years Left[14]
Solana	Renewable (Solar)	100%	Arizona (USA)	USD	280 MW	A-/A2/A-	2013	23
Mojave	Renewable (Solar)	100%	California (USA)	USD	280 MW	BB-/WR/BB	2014	19
Chile PV 1	Renewable (Solar)	35%[8]	Chile	USD	55 MW	N/A	2016	N/A
Solaben 2 & 3	Renewable (Solar)	70%[1]	Spain	Euro	2x50 MW	A/Baa1/A-	2012	17/16
Solacor 1 & 2	Renewable (Solar)	87%[2]	Spain	Euro	2x50 MW	A/Baa1/A-	2012	16/16
PS10/PS20	Renewable (Solar)	100%	Spain	Euro	31 MW	A/Baa1/A-	2007& 2009	11/13
Helioenergy 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2011	16/16
Helios 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2012	16/17
Solnova 1, 3 & 4	Renewable (Solar)	100%	Spain	Euro	3x50 MW	A/Baa1/A-	2010	14/14/15
Solaben 1 & 6	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2013	18/18
Seville PV	Renewable (Solar)	80%[6]	Spain	Euro	1 MW	A/Baa1/A-	2006	15
Kaxu	Renewable (Solar)	51%[3]	South Africa	Rand	100 MW	BB-/Ba1/ BB(11)	2015	14
Palmatir	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB- (12)	2014	13
Cadonal	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB- (12)	2014	14
Melowind	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-	2015	15
Mini-Hydro	Renewable (Hydraulic)	100%	Peru	USD	4 MW	BBB+/A3/BBB+	2012	12
ACT	Efficient natural gas	100%	Mexico	USD	300 MW	BBB/ Ba2/ BB-	2013	12
Monterrey	Efficient natural gas	30%	Mexico	USD	142 MW	Not rated	2018	18
ATN (13)	Transmission line	100%	Peru	USD	379 miles	BBB+/A3/BBB+	2011	20
ATS	Transmission line	100%	Peru	USD	569 miles	BBB+/A3/BBB+	2014	23
ATN 2	Transmission line	100%	Peru	USD	81 miles	Not rated	2015	12
Quadra 1 & 2	Transmission line	100%	Chile	USD	49 miles/ 32 miles	Not rated	2014	14/14
Palmucho	Transmission line	100%	Chile	USD	6 miles	BBB+/Baa1/ A-	2007	17
Chile TL3	Transmission line	100%	Chile	USD	50 miles	A+/A1/A	1993	Regulated
Skikda	Water	34.2%[4]	Algeria	USD	3.5 M ft3/day	Not rated	2009	13
Honaine	Water	25.5%[5]	Algeria	USD	7 M ft3/ day	Not rated	2012	17
Tenes	Water	51%[7]	Algeria	USD	7 M ft3/ day	Not rated	2015	19

Notes:

(1) Itochu Corporation, a Japanese trading company, holds 30% of the shares in both Solaben 2 and Solaben 3.
(2) JGC, a Japanese engineering company, 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. owns the remaining 16.83%.
(5) Algerian Energy Company, SPA owns 49% of Honaine and Sacyr Agua, S.L. owns the remaining 25.5%.
(6) Instituto para la Diversificación y Ahorro de la Energía ("Idae"), a Spanish state owned company, 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 are held by financial partners in 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 off-taker is Eskom, which is a state-owned utility company in South Africa.
(12) Refers to the credit rating of Uruguay, as UTE (Administración Nacional de Usinas y Transmisoras Eléctricas) is unrated.
(13) Including the acquisition of ATN Expansion 1 & 2.
(14) As of December 31, 2020.
(*) Commercial Operation Date.

Business Model, Strategy and Objectives

Atlantica is a sustainable infrastructure company that owns and manages renewable energy, storage, efficient natural gas power, transmission and transportation infrastructure and water assets. We currently have operating facilities in, North America (United States, Canada and Mexico), South America (Peru, Chile and Uruguay) and EMEA (Spain, Algeria and South Africa). We intend to expand our portfolio, maintaining North America, South America and Europe as our core geographies.

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 that by investing in sustainable sectors and managing our assets in a sustainable manner we will create more value over time to our shareholders and the rest of our stakeholders.

We manage and efficiently operate our portfolio of renewable energy, storage, efficient natural gas, transmission and transportation infrastructure and water assets to generate stable cash flows. Our assets generally have long-term contracts or regulation in place. We intend to distribute a stable cash dividend to our shareholders.

We seek to grow our cash available for distribution and our dividend to shareholders through organic growth and by investing in new assets, while ensuring the ongoing stability and sustainability of our business. We believe that our diversification by business sector and geography provides us with access to different sources of growth. We intend to grow our business maintaining renewable energy as our main segment and with a focus in North and South America.

We expect to deliver organic growth through the optimisation of the existing portfolio and through investments in the expansion of our current assets, particularly in our transmission lines and renewable energy sectors. In addition, 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 have also entered into and intend to enter into agreements or partnerships with developers or asset owners

to acquire assets. We also invest directly and through investment vehicles with partners in assets under development or construction. We also expect to acquire assets through our ROFO agreement with AAGES. AAGES is a development company created by Algonquin and designed to invest in the development and construction of contracted clean energy and contracted water infrastructure assets, with whom we have signed a ROFO agreement.

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

Focus on stable, long-term contracted or regulated assets in the power and water sectors, including renewable energy, storage, efficient natural gas generation, transmission and transportation infrastructure, district heating assets as well as water assets

We intend to focus on owning and operating stable, sustainable infrastructure, with long useful lives, generally contracted. We believe we have extensive experience and proven systems and processes in place to benefit from operating efficiencies and scale. We expect this to allow us to maximize value and cash flow generation. We intend to maintain a diversified portfolio with a majority of our Adjusted EBITDA including unconsolidated affiliates generated from low-carbon footprint assets, as we believe these technologies 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 the renewable energy, storage, efficient natural gas and transmission and transportation sectors will continue to grow significantly.

Increase cash available for distribution through the optimisation of the existing portfolio and through the investments in the expansion of our current assets, particularly in our transmission lines, to which new assets can be connected and in our renewable energy assets.

We intend to grow our cash available for distribution to shareholders 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 of our current assets, particularly in our transmission lines and renewable energy assets.

We currently own three transmission lines in Peru and four in Chile. Current regulations in Peru and Chile provide growth opportunities via the expansion of transmission lines to connect new clients.

We have identified several opportunities to grow organically in Peru and Chile by expanding our existing assets. These opportunities consist of (i) new clients that need to use our assets, in situations where virtually no investment is required from us, while we will gain additional revenue from these new business opportunities and (ii) expansion of existing transmission lines to grant access to new clients. In this case, certain investments are required to build new assets that connect the new clients to our current backbone transmission lines. We would expect that in some cases these new assets would become part of our concession asset contracts, for which we would be remunerated.

In renewable energy we expect to find opportunities to expand the size of some of our assets or to repower them.

Increase cash available for distribution by investing in new sustainable infrastructure, including renewable energy, storage, efficient natural gas, transmission and transportation infrastructure, district heating as well as water assets

We will seek to grow our cash available for distribution to shareholders 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 acquire assets. We also invest in assets under development or construction either directly or with partners via investment vehicles. We also have a ROFO agreement with AAGES. 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 mitigate the risk of our investments by pursuing proven technologies in which we generally have extensive experience, located in countries where we believe conditions to be stable and safe. In certain situations, we could invest, or co-invest with partners, in assets under development, in assets with shorter or partially contracted revenue periods, or subject to regulation, or in assets with revenue in currencies other than the U.S. dollar or the euro.

Our policies and management systems include thorough risk analysis. We apply our risk management processes consistently when we analyse potential acquisitions, when we acquire assets, and periodically through the life of the asset. Our policy is to contract insurance for all of our assets whenever economically feasible, and in some cases we retain part of that risk in house

Maintain a prudent financial policy and financial flexibility

Project debt is an important principle for us. We intend to finance 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, 2020, approximately 93% of our total interest risk exposure was fixed or hedged, generally for the long-term. We also intend to limit our foreign exchange exposure. It is the Company's strategy to keep at least 80% of our cash available for distribution in U.S. dollars and euros. Furthermore, the Company hedges net distribution in euros for the upcoming 24 months on a rolling basis.

We 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 17 years as of December 31, 2020, providing long-term cash flow visibility. In 2020, approximately 55% of our revenue was related to availability payments in the different business sectors in which we operate, which includes our transmission lines, our efficient natural gas plant ACT, our water assets and approximately 70% of the revenue received from our Spanish solar assets. In these assets, our revenue does not depend (or has low dependence) on solar or wind resources, which ensures more stable cash-flow generation. 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 benefit from a more favourable treatment than would apply if we were a corporation based in the United States when receiving dividends from our subsidiaries as 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 scheme, and other tax benefit permitted in the jurisdictions in which the Company operates. As a result of this, 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 2020, renewable energy is expected to account for the majority of new investments in the power sector in most markets. By 2050, approximately 68% of the world's power generation is expected to come from renewable energy sources, demonstrating that renewable energy is becoming mainstream. Global installed capacity is expected to shift from 56% fossil fuels today to approximately two-thirds renewables by 2050. A 14-terawatt expansion of generating capacity is estimated to require approximately $15.1 trillion of new investment between now and 2050 – of which approximately 73% is expected to go to renewables. Another approximately $1 trillion of investment is expected in batteries along with an estimated $14 trillion expected to go into to transmission and distribution during that same period. 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 wind and solar energy generation. We believe that we are well positioned in sectors with solid growth expectations.

We also believe that our 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 for some time, we believe we can continue to execute on our growth strategy investing in other regions or in other business sectors where we are present.

Well positioned in ESG

In 2020, 73.6% of our Adjusted EBITDA related to renewable energy and 69.4% of our Adjusted EBITDA corresponded to solar energy production. Adjusted EBITDA including unconsolidated affiliates from low carbon footprint assets represented 87.3%, including our renewable, transmission and transportation, district heating as well as water assets. We have set targets to maintain over 80% of our adjusted EBITDA including unconsolidated affiliates generated from low-carbon footprint assets. We have also set a target to reduce our Greenhouse Gas Emissions rate per unit of energy generated by 10% by 2030.

In terms of the social dimension of ESG, health and safety is our number one priority and we have continued to improve our key metrics. 2020 was the sixth consecutive year we have improved our key health and safety indicators, achieving 0.3 "Lost Time Injury" and 1.0 "Total-Record Incident" rates. During the last few months we proactively donated protective equipment and basic goods to some of the COVID-19 affected local communities where we operate.

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 2020, the Board approved a board diversity policy. 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 sustainable growth strategy

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 have also entered into and intend to enter into agreements or partnerships with developers or asset owners to acquire assets that are either in operation, or under construction or development. We also invest in assets under development or construction either directly, or with partners via investment vehicles. We also have a ROFO agreement with AAGES.

A Fair Review of the Business

Factors that Affect Comparability of our Results of Operations

- The results of operations of ATN Expansion 2 have been fully consolidated since October 2019, the results of operations of Tenes have been consolidated since May 2020 and the results of operations of Chile PV 1 have been fully consolidated since April 2020. In addition, Monterrey has been recorded under the equity method since August 2019 and Tenes was recorded under the equity method since January 2019 until May 2020, when we gained control over the asset and started to fully consolidate it.

  In addition, in August 2020, we acquired the tax equity investor interest in Solana. Despite Liberty's investment being in shares, it did not qualify as equity and was recorded as a liability under IFRS. The acquisition resulted in a non-cash financial gain of approximately $145 million which arose from the difference between the total purchase price and the liability previously recorded. The gain was recognized in the line "Other Financial Income".

- Impairment

  In 2020, the availability at the Solana storage system was lower than expected due to certain leaks identified in this system in the first quarter. Improvements and equipment replacements are required over time, which have impacted production in 2020 and will continue to impact production in 2021 with the exact scope and timing of the works subject to review. Based on our preliminary plan, we expect that we will need to replace some elements of the storage system, which have been 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 has a cash repair reserve account funded with approximately $54 million that we expect to partially or totally use for this purpose.

  Additionally, 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, 2020 Atlantica recorded a $26.6 million impairment provision in ACT following a worsening of its client's credit risk metrics, impairment was recognized in the line "Depreciation, amortization, and impairment charges". We recorded a reversal of the impairment provision for $3.2 million for the year ended December 31, 2019.

  In addition, in 2020 we accounted for an impairment reversal in our wind assets in Uruguay for approximately $18.8 million in Cadonal and Palmatir (see Note 6 to our Annual Consolidated Financial Statements). The reversal was recognized in the line "Depreciation, amortization, and impairment charges".

- 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 (see Note 6 to our Annual Consolidated Financial Statements). This change in the estimated useful

life is accounted for as a change in accounting estimates in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. As a result, we recorded an approximately $23.2 million increase in "Depreciation and amortization and impairment charges" in 2020 compared with the previous year.

- Project debt refinancing

  On July 14, 2020, as previously explained, we entered into a non-recourse project debt financing in Helios 1 & 2 for approximately €326 million. The notes were issued on July 23, 2020 and have a 17-year maturity. Under this refinancing we cancelled the interest rate swaps hedging the old debt, which caused the reclassification from equity to the income statement of the accumulated impact of the mark-to-market of such derivatives for approximately $44.7 million. In addition, we recorded a $28.4 million loss for the difference between the accounting value and nominal value of the old debt. In total, we recorded a one-time loss of approximately $73.1 million in the third quarter of 2020, mostly non-cash that is recognised in "Other financial expenses".

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 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 Spain have their revenue and expenses denominated in euros, and Kaxu, our solar plant in South Africa, has its revenue and expenses denominated in South African rand. Financing of projects 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 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 Spanish assets. We hedge the exchange rate for the distributions from our Spanish assets 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. Fluctuations in the value of the South African rand in relation to the U.S. dollar may also affect our operating results.

- *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, 2020, approximately 92% of our

project debt and approximately 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 to interest rates with respect to the unhedged portion of our indebtedness that bear interest at floating rates, which typically bears a spread over EURIBOR or LIBOR.

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 assets, miles in operation in the case of Electric Transmission and Mft3 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 assets provides information about the performance of these assets.
- Availability in the case of our Efficient Natural Gas assets, Electric Transmission 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	
	2020	**2019**
Renewable Energy		
MW in operation[1]	1,551	1,496
GWh produced[2]	3,244	3,236
Efficient Natural Gas Power		
MW in operation[3]	343	343
GWh produced[4]	2,574	2,090
Availability (%)[4]	102.1%	95.0%
Electric Transmission		
Miles in operation	1,166	1,166
Availability (%)	100.0%	100.0%
Water		
Mft^3 in operation[1]	17.5	10.5
Availability (%)	100.1%	101.2%

[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.

[2] Includes curtailment in wind assets for which we receive compensation.

[3] Includes 43MW corresponding to our 30% share in Monterrey since August 2, 2019.

[4]Major maintenance overhaul held in Q1 and Q2 2019 in ACT, as scheduled, which reduced production and electric availability as per the contract. GWh produced include 30% of the production from Monterrey since August 2019.

During 2020, our renewable assets continued to generate solid operating results and production increased by 3.7%. Production in the U.S. solar portfolio increased by 2.1% compared to the previous year due to higher production at Mojave. Production from wind assets also increased by 7.4% compared with the same period in 2019, as a result of good wind resources along with the stable performance of the assets. In Spain, production decreased compared to the same period in 2019 due to lower solar radiation in the first half of 2020. In South Africa, production also decreased primarily due to an unscheduled outage in the first quarter of 2020, which affected electrical equipment. Damage and business interruption costs were covered by insurance, after customary deductibles and the plant is currently producing at full capacity. Atlantica's assets with revenue based on availability continued to perform solidly during the year with high availability levels in ACT, transmission lines and water assets.

Total installed capacity increased by 55 MW at our renewable energy assets due to the acquisition of Chile PV 1 plant. Additionally, we acquired Tenes, a water desalination plant with a 7 million cubic feet per day capacity, which explains the increase in water installed capacity.

Results of Operations

The table below details our results of operations for the years ended December 31, 2020, and 2019

$ in millions	2020	2019
Revenue	1,013.3	1,011.5
Other operating income	99.5	93.8
Employee benefit expenses	(54.4)	(32.2)
Depreciation, amortization and impairment charges	(408.6)	(310.8)
Other operating expenses	(276.7)	(261.8)
Operating profit	**$ 373.1**	**$ 500.5**
Financial income	7.1	4.1
Financial expense	(378.4)	(408.0)
Net exchange differences	(1.4)	2.7
Other financial income/(expense), net	40.9	(1.1)
Financial expense, net	**$ (331.8)**	**$ (402.3)**
Share of profit/(loss) of associates carried under the equity method	0.5	7.4
Profit before income tax	**$ 41.8**	**$ 105.6**
Income tax	(24.9)	(31.0)
Profit/(loss) for the year	**$ 16.9**	**$ 74.6**
Profit / (Loss) attributable to non-controlling interests	(4.9)	(12.5)
Profit/(loss) for the year attributable to the parent company	**$ 12.0**	**$ 62.1**

Revenue

Revenue remained stable at $1,013.3 million for the year ended December 31, 2020, compared to $1,011.5 million for the year ended December 31, 2019. Revenue increased mainly due to the additional revenue generated by the transmission, water and solar assets we recently acquired, and an increase in our revenue from solar assets in North America, due to the higher production in

Mojave. These effects were largely offset by lower production at Kaxu caused by the unscheduled outage that occurred in the first quarter of 2020. Repair costs and business interruption were covered by insurance, after customary deductibles, and insurance proceeds are recognised in "Other operating income". Revenue also decreased in ACT mainly due to a positive accounting impact recorded in 2019 of approximately $6 million resulting from the application of IFRIC 12 (financial model), with no impact on cash in 2019 and with no corresponding amount in 2020. Our ACT asset is accounted for under IFRIC 12 following the financial asset model, and a decrease in 2019 in future operation and maintenance costs increased the value of the asset, causing the one-time increase of approximately $6 million in revenue and Adjusted EBITDA in 2019. Revenue also decreased in ACT due to lower revenue in the portion of the tariff related to the operation and maintenance services, driven by lower operation and maintenance costs in 2020 and due to the progressive decrease in accounting revenue under IFRIC 12 financial model.

Other Operating Income

The following table details our other operating income for the years ended December 31, 2020 and 2019:

	Year ended December 31,	
	2020	**2019**
Other operating income	$ in millions	
Grants	59.0	59.1
Income from various services	40.5	34.7
Total	**99.5**	**93.8**

Other operating income increased by 6.1% to $99.5 million for the year ended December 31, 2020, compared to $93.8 million for the year ended December 31, 2019.

"Grants" represent the financial support provided by the U.S. government 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 ended December 31, 2020 compared to the previous year.

"Income from various services" for the year ended December 31, 2020 included $18.4 million in insurance income at Kaxu in compensation for the unscheduled outage previously explained, as well as $5.7 million in insurance income received at Solana in compensation for events from prior years and $6.4 million in income for the acquisition of a discounted long-term payable. In 2020 we purchased a long-term operation and maintenance payable from Abengoa of approximately $14.4 million and paid approximately $8.0 million and therefore we recorded a $6.4 million gain. For the year ended December 31, 2019, this account included approximately $11 million received from the EPC contractor in our U.S. solar assets under their obligations and amounts received from insurance claims in compensation for events from prior years. Income from various services also includes other minor amounts received from Abengoa under their obligations for the years ended December 31, 2020 and 2019.

Employee Benefit Expenses

Employee benefit expenses increased by 69.3% to $54.5 million for the year ended December 31, 2020, compared to $32.2 million for the year ended December 31, 2019. This increase was primarily due to the internalization of operation and maintenance services at our U.S. solar assets, following the acquisition of ASI Operations on July 30, 2019. The operation and maintenance costs for these assets were mainly recognised as "Other operating expenses" until July 30, 2019.

Depreciation, Amortization and Impairment Charges

Depreciation, amortization and impairment charges increased by 31.5% to $408.6 million for the year ended December 31, 2020, compared to $310.8 million for the year ended December 31, 2019. Certain leaks were identified in the storage system of Solana in the first quarter of 2020. Based on our preliminary plan, we expect that we will need to replace some elements of the storage system, which have been written off and had an estimated net book value of approximately $48 million. Improvements and equipment replacements are expected to be required over time, with the exact scope and timing of works subject to review. The increase was also due to the increase in the impairment provision of ACT following IFRS 9. IFRS 9 requires impairment provisions to be based on the expected credit losses on financial assets rather than on actual credit losses. ACT recorded an additional $26.6 million impairment provision for the year ended December 31, 2020, following a worsening in its client's credit risk metrics, while for the year ended December 31, 2019 there was an impairment reversal of $3.2 million. In addition, in September 2020 we reduced the useful life of our Spanish solar assets from 35 to 25 years after COD, which increased our depreciation and amortization charges for the year ended December 31, 2020 by approximately $23.2 million compared to the same period from the previous year. These effects were partially offset by an impairment reversal in our wind assets in Uruguay for approximately $18.8 million after an impairment test in Cadonal and Palmatir.

Other Operating Expenses

The following table details our other operating expenses for the years ended December 31, 2020 and 2019:

Other operating expenses	Year ended December 31, 2020 $ in millions	% of revenue	2019 $ in millions	% of revenue
Raw materials	7.8	0.8%	9.7	1.0%
Leases and fees	2.6	0.3%	1.9	0.2%
Operation and maintenance	110.9	10.9%	116.0	11.5%
Independent professional services	40.2	4.0%	41.6	4.1%
Supplies	27.9	2.8%	25.8	2.6%
Insurance	37.6	3.7%	24.0	2.4%
Levies and duties	39.8	3.9%	34.8	3.4%
Other expenses	9.9	1.0%	8.0	0.8%
Total	**276.7**	**27.3%**	**261.8**	**26.0%**

"Other operating expenses increased by 5.7% to $276.7 million for the year ended December 31, 2020, compared to $261.8 million for the year ended December 31, 2019. The increase was mainly due to higher insurance premiums. Other operating expenses also increased due to the consolidation of new assets acquired, Chile PV 1 and Tenes. In addition, levies and duties have increased because at the end of 2018, the Spanish government granted a six-month exemption from the 7% electricity sales tax in our Spanish assets until April 2019, which reduced our costs in the first quarter of 2019. The increase was partially offset by lower operation and maintenance costs due to the internalization of the operation and maintenance services at our U.S. solar assets since August 2, 2019, as most of these expenses have been recorded in "Employee benefit expenses" since that date.

Operating Profit

As a result of the above-mentioned factors, operating profit decreased by 25.4% to $373.1 million for the year ended December 31, 2020, compared with $500.4 million for the year ended December 31, 2019.

Financial Income and Financial Expense

Financial income and financial expense	Year ended December 31, 2020 ($ in millions)	2019
Financial income	7.1	4.1
Financial expense	(378.4)	(408.0)
Net exchange differences	(1.4)	2.7
Other financial income, net	40.9	(1.1)
Financial expense, net	**(331.8)**	**(402.3)**

Financial Income

Financial income increased to $7.1 million for the year ended December 31, 2020, compared to $4.1 million for the year ended December 31, 2019, primarily due to $3.8 million of non-monetary

financial income resulting from the refinancing of the Cadonal project debt in the second quarter of 2020 (see Note 21 to our Consolidated Condensed Financial Statements).

Financial Expense

The following table details our financial expense for the years ended December 31, 2020 and 2019:

	Year ended December 31,	
	2020	2019
Financial expense	$ in millions	
Expenses due to interest:		
Loans with credit entities	(246.7)	(259.4)
Other debts	(69.6)	(89.3)
Interest rates losses derivatives: cash flow	(62.1)	(59.3)
Total	**(378.4)**	**(408.0)**

Financial expense decreased by 7.3% to $378.4 million for the year ended December 31, 2020, compared to $408.0 million for the year ended December 31, 2019.

Expenses due to interest on loans with credit entities decreased mainly due to a decrease in interest expenses on loans indexed to LIBOR and JIBAR, since the rates of reference were lower for the year ended December 31, 2020 compared to the previous year. This decrease was of approximately $24.5 million. Interest at Kaxu was also lower due to the depreciation of the South African rand against the US dollar. This decrease was partially offset by breakage costs in one of our corporate refinancings.

Expenses due to interest on other debt primary relates to interest expense on the notes issued by ATS, ATN, Solaben Luxembourg, Helios, interest on the 2019 Notes until May 2019, interest on the Green Exchangeable Notes and interest on Liberty's investment in Solana until August 2020. The decrease was due to the acquisition of Liberty's equity interest in Solana in August 2020. From an accounting perspective, Liberty's equity investment in Solana was recorded as a liability with interest accruing in Interest on other debt. The decrease was also due to the refinancing of the 2019 Notes with the proceeds of the Note Issuance Facility 2019, since interest for this facility is recorded under Loans from credit entities.

Interest rate losses on derivatives designated as cash flow hedges primarily relate to transfers from equity to financial expense when the hedged item impacts profit and loss. The increase was due to the decrease in LIBOR, which offset the decrease in interest on Loans from credit entities. This was partially offset by the cancellation of the legacy interest rate swaps which hedged the project debt from Helios 1 & 2 which was refinanced this year.

Other Financial Income/(Expense), Net

	Year ended December 31,	
	2020	2019
Other financial income/(expenses)	$ in millions	
Other financial income	162.3	14.2
Other financial losses	(121.4)	(15.3)
Total	**40.9**	**(1.1)**

Other financial income/(expense), net increased to a net income of $40.9 million for the year ended December 31, 2020 compared to a net expense of $1.1 million for the year ended December 31, 2019. For the year ended December 31, 2020, Other financial income includes a non-cash gain of approximately $145 million resulting from the acquisition of Liberty's equity interest in Solana, which was the primary reason for the increase. Liberty was the tax equity investor in Solana and although Liberty's investment was in shares, under IFRS it was recorded as a liability. In August 2020, we acquired Liberty's equity interest in Solana and recorded a gain relating to the difference between book value of Liberty's equity interest in Solana and the total price expected to be paid to Liberty.

The increase in other financial expenses was primarily due to a one-time loss of approximately $73.1 million, mostly non-cash caused by the refinancing of Helios 1 & 2. In the third quarter of 2020, we entered into a non-recourse, project debt financing for approximately €326 million, which refinanced the previous bank project debt with approximately €250 million outstanding. We cancelled the interest rate swaps hedging the old debt, which caused the reclassification from equity to the income statement of the accumulated impact of the mark-to-market of such derivatives for approximately $44.7 million. In addition, we recorded a $28.4 million loss for the difference between the accounting value and the nominal value of the old debt.

The increase in other financial expenses was also due to the mark-to-market of the derivative liability embedded in the Green Exchangeable Notes for approximately $16 million. As we have the option to settle the Green Exchangeable Notes in shares or in cash, the conversion option is recorded under IFRS as a derivative liability with changes in profit/(loss).

Other financial expenses also 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 decreased to $0.5 million in the year ended December 31, 2020 compared to $7.5 million in the year ended December 31, 2019. The decrease was primarily due to a decrease in Honaine's profits caused by higher deferred income taxes compared to the previous year.

Profit/(loss) Before Income Tax

As a result of the previously mentioned factors, we reported a profit before income tax of $41.8 million for the year ended December 31, 2020, compared to a profit before income tax of $105.6 million for the year ended December 31, 2019.

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, 2020, 2019 and 2018, are 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,	
	2020	2019
	$ in millions	
Profit before tax	41.8	105.6
Average statutory tax rate	25%	25%
Corporate income tax at average statutory tax rate	(10.4)	(26.4)
Income tax of associates, net	0.1	1.8
Differences in statutory tax rates	(0.1)	(7.1)
Unrecognised NOLS and deferred tax assets	(37.1)	(14.2)
Purchase of Liberty´s equity interest in Solana	36.4	-
Other Permanent differences	(8.9)	11.2
Other non-taxable income/(expense)	(4.7)	3.7
Corporate Income Tax	**(24.9)**	**(31.0)**

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 carry forwards, mainly in the UK entities, partially offset by the non-taxable gain recorded in the consolidated financial statements on the purchase of Liberty´s equity interest in Solana (see Note 16 of our Annual Consolidated Financial Statements).

For the years ended December 31, 2019 and 2018, the overall effective tax rate was different than the statutory rate of 25% and 30%, respectively, primarily due to unrecognized tax losses carry forwards, mainly in the UK entities and US entities.

Profit Attributable to Non-Controlling Interests

Profit attributable to non-controlling interests was $4.9 million for the year ended December 31, 2020 compared to $12.5 million for the year ended December 31, 2019. 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 and Tenes). The decrease in profit attributable to non-controlling interests was mainly due to lower income in Skikda, as a result of higher deferred income taxes compared to the previous year and a loss reported in Kaxu resulting from the unscheduled outage previously explained.

Profit / (Loss) Attributable to the Parent Company

As a result of the previously mentioned factors, profit attributable to the parent company was $12.0 million for the year ended December 31, 2020, compared to a profit of $62.1 million for the year ended December 31, 2019.

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, electric transmission and water. We report our results in accordance with both criteria.

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 on a consistent basis. It also uses it 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,			
	2020		2019	
Revenue by geography	**$ in millions**	**% of revenue**	**$ in millions**	**% of revenue**
North America	330.9	32.6 %	333.0	32.9%
South America	151.5	15.0 %	142.2	14.1%
EMEA	530.9	52.4 %	536.3	53.0%
Total revenue	**1,013.3**	**100.0 %**	**1,011.5**	**100.0%**

	Year ended December 31,			
	2020		2019	
Adjusted EBITDA by geography	**$ in millions**	**% of revenue**	**$ in millions**	**% of revenue**
North America	272.9	82.5%	305.1	91.6%
South America	120.0	79.2%	115.3	81.1%
EMEA	388.7	73.1%	390.8	72.9%
Adjusted EBITDA(1)	**781.6**	**77.1%**	**811.2**	**80.2%**

Note:

(1) Adjusted EBITDA is an Alternative Performance Measure. 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 from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in the Annual Consolidated Financial Statements. See "Presentation of Financial Information — Non-GAAP Financial Measures."

	Volume produced/availability Year ended December 31,	
	2020	2019
Volume by geography		
North America (GWh)(1)	3,908	3,397
North America availability(1)	102.1%	95.0%
South America (GWh)(2)	667	516
South America availability	100.0%	100.0%
EMEA (GWh)	1,243	1,413
EMEA availability	100.1%	101.2%

Note:

(1) Major scheduled maintenance overhaul held in Q1 and Q2 2019 in ACT, which reduced electric production, as per the contract. GWh produced includes 30% of the production from Monterrey since August 2, 2019

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

North America

Revenue remained stable at $330.9 million for the year ended December 31, 2020, compared to $333.0 million for the year ended December 31, 2019. Revenue decreased in our Efficient Natural Gas segment, primarily due to a one-time adjustment of approximately $6 million with no impact in cash recorded in ACT in the first quarter of 2019. Our ACT asset is accounted for under IFRIC 12 following the financial asset model, and a change in future operation and maintenance costs in 2019 increased the value of the asset, resulting in a one-time increase in revenue and Adjusted EBITDA of approximately $6 million. Revenue also decreased in ACT due to lower revenue in the portion of the tariff related to the operation and maintenance services, driven by lower operation and maintenance costs in 2020 and the progressive decrease in accounting revenue under the IFRIC 12 financial model. Revenue in our solar assets in North America increased by 4.2% mainly due to higher production in Mojave, compared to the year ended December 31, 2019. Adjusted EBITDA decreased by 10.6% to $272.9 million for the year ended December 31, 2020, compared to $305.1 million for the year ended December 31, 2019. The decrease was mainly driven by a decrease in

Adjusted EBITDA in our solar assets in North America. In the third quarter of 2019 we received $10 million from the EPC contractor under their contractual obligations with no corresponding amount in 2020. In addition, in 2020 operating expenses were higher in the U.S. mainly due to higher insurance premiums and larger operation and maintenance costs resulting mainly from higher major maintenance overhaul costs. Adjusted EBITDA in our Efficient Natural Gas segment also decreased mainly due to the decrease in revenue as previously explained. The Adjusted EBITDA margin decreased to 82.5% for the year ended December 31, 2020, compared to 91.6% for the year ended December 31, 2019 due to the events described above.

South America

Revenue increased by 6.6% to $151.5 million for the year ended December 31, 2020, compared to $142.2 million for the year ended December 31, 2019. The revenue increase was primarily due to the contribution of Chile PV 1, a solar asset recently acquired through the Chilean renewable energy platform created in the second quarter of 2020 and ATN Expansion 2, acquired in October 2019. Revenue also increased due to higher production in our wind assets. Adjusted EBITDA increased by 4.1% to $120.0 million for the year ended December 31, 2020, compared to $115.3 million for the year ended December 31, 2019 for the same reasons. Adjusted EBITDA margin decreased to 79.2% for the year ended December 31, 2020, compared to 81.1% for the year ended December 31, 2019, mainly due to lower than usual operation and maintenance expenses in our transmission lines in the first quarter of 2019.

EMEA

Revenue decreased by 1.0% to $530.9 million for the year ended December 31, 2020, compared to $536.3 million for the year ended December 31, 2019. This decrease was primarily due to lower production in Kaxu resulting from the unscheduled outage explained above. Repair costs and business interruption were covered by insurance, after customary deductibles and insurance proceeds are recorded in "Other operating income". The decrease in revenue was partially offset thanks to the contribution from Tenes, the water desalination plant that we started to fully consolidate in the second quarter of 2020. Adjusted EBITDA decreased by 0.6% to $388.7 for the year ended December 31, 2020 compared to $390.8 million for the year ended December 31, 2019 mostly due to the same reasons. Adjusted EBITDA margin remained stable at 72.9% for the year ended December 31, 2020 and 73.1% for the year ended December 31, 2019.

	Year ended December 31,			
	2020		2019	
Revenue by business sector	**$ in Millions**	**% of revenue**	**$ in millions**	**% of revenue**
Renewable energy	753.1	74.3%	761.1	75.2%
Efficient natural gas power	111.0	11.0%	122.3	12.1%
Electric transmission lines	106.1	10.5%	103.5	10.2%
Water	43.1	4.2%	24.6	2.4%
Total revenue	**1,013.3**	**100.0%**	**1,011.5**	**100.0%**

	Year ended December 31,			
	2020		2019	
Adjusted EBITDA by business sector	**$ in Millions**	**% of revenue**	**$ in millions**	**% of revenue**
Renewable energy	575.6	76.4%	603.7	79.3%
Efficient natural gas power	97.9	88.2%	107.5	87.9%
Electric transmission lines	84.6	79.7%	85.6	82.7%
Water	23.5	54.5%	14.4	58.5%
Adjusted EBITDA[1]	**781.6**	**77.1%**	**811.2**	**80.2%**

Note:

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 from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in the Annual Consolidated Financial Statements. See "Presentation of Financial Information—Non-GAAP Financial Measures."

	Volume produced/availability Year ended December 31,	
Volume by business sector	**2020**	**2019**
Renewable energy (GWh)[1]	3,244	3,235
Efficient natural gas power (GWh) [2]	2,574	2,090
Efficient natural gas power availability[3]	102.1%	95.0%
Electric transmission availability	100.0%	100.0%
Water availability	100.1%	101.2%

Note:

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

(2) Major scheduled maintenance overhaul held in Q1 and Q2 2019 in ACT, which reduced electric production, as per the contract. GWh produced includes 30% of the production from Monterrey since August 2, 2019

(3) Major overhaul held in Q1and Q2 2019 in ACT, as scheduled, which reduced the electric availability as per the contract with Pemex

Renewable Energy

Revenue decreased by 1.1% to $753.1 million for the year ended December 31, 2020, compared to $761.1 million for the year ended December 31, 2019. Adjusted EBITDA decreased by 4.7% to $575.6 million for the year ended December 31, 2020, compared to $603.7 million for the year ended December 31, 2019. The decrease in revenue was primarily due to lower production in Kaxu, as previously explained. This decrease was partially offset by an increase in revenue from our solar assets in North America mainly due to the higher production in Mojave and by the contribution of the recently acquired Chile PV 1. The decrease in Adjusted EBITDA was mainly due to the decrease in revenue and to a decrease of Adjusted EBITDA in our solar assets in North America mostly due to a one-off income of $10 million received in 2019 from the EPC contractor under their contractual obligations with no corresponding amount in 2020 and also due to higher operating expenses, as we previously discuss in our discussion for North America. Adjusted EBITDA margin decreased mainly due to the lower Adjusted EBITDA in our North American solar assets.

Efficient Natural Gas

Revenue decreased by 9.2% to $111.0 million for the year ended December 31, 2020, compared to $122.3 million for the year ended December 31, 2019, while Adjusted EBITDA decreased by 8.9% to $97.9 million for the year ended December 31, 2020, compared to $107.5 million for the year ended December 31, 2019. Adjusted EBITDA margin remained stable at 88.2% in the year ended December 31, 2020 compared to 87.9% in the year ended December 31, 2019. Revenue and Adjusted EBITDA decreased mainly due to an adjustment recorded in the first quarter of 2019 of approximately $6 million resulting from the application of IFRIC 12 (financial model), with no impact on cash in 2019 and with no corresponding amount in 2020. Our ACT asset is accounted for under IFRIC 12 following the financial asset model, and a decrease in 2019 in future operation and maintenance costs increased the value of the asset, causing the one-time increase of approximately $6 million in revenue and Adjusted EBITDA in 2019. Revenue also decreased in ACT due to lower revenue in the portion of the tariff related to operation and maintenance services, driven by lower operation and maintenance costs in 2020 and due to the progressive decrease in accounting revenue under IFRIC 12 financial model.

Electric Transmission Lines

Revenue increased by 2.6% to $106.1 million for the year ended December 31, 2020, compared to $103.5 million for the year ended December 31, 2019, while Adjusted EBITDA decreased by 1.1% to $84.6 million for the year ended December 31, 2020, compared to $85.6 million for the year ended December 31, 2019. The increase in revenue was mainly due to the contribution of ATN Expansion 2 acquired in 2019. The decrease in Adjusted EBITDA was mainly due to lower than usual operation and maintenance expenses in our transmission lines in the first quarter of 2019. Adjusted EBITDA margin decreased to 79.7% for the year ended December 31, 2020 compared to 82.7% for the year ended December 31, 2019 for the same reason.

Water

Revenue increased by 75.2% to $43.1 million for the year ended December 31, 2020, compared to $24.6 million for the year ended December 31, 2019. Adjusted EBITDA increased by 63.2% to $23.5 million for the year ended December 31, 2020, compared to $14.4 million for the year ended December 31, 2019. The increases were mainly due to the contribution from Tenes, the water desalination plant that we started to consolidate on May 31, 2020. Adjusted EBITDA margin decreased to 54.5% for the year ended December 31, 2020 from 58.5% for the year ended December 31, 2019 mainly due to the slightly lower Adjusted EBITDA margin in Tenes compared to Skikda.

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
- acquisitions of new companies, investments 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 "Item 3.D - Risk Factors" and other factors may also significantly impact our liquidity.

Liquidity Position

	Year ended December 31,	
Volume by business sector	**2020**	**2019**
	$ in millions	
Corporate liquidity		
Cash and cash equivalents at Atlantica Sustainable Infrastructure, plc, excluding subsidiaries	335.2	66.0
Revolving credit facility availability	415.0	341.0
Total Corporate liquidity	**750.2**	**407.0**
Liquidity at project companies		
Restricted cash [(1)]	279.8	373.6
Non-restricted cash	253.5	157.9
Total cash at project companies	**533.3**	**531.5**

Note:

(1) Restricted cash as of December 31, 2019 included cash classified as short-term financial investments for an approximately amount of $34.6 million.

Cash at the project level includes $279.8 million and $373.6 million of restricted cash balances as of December 31, 2020 and 2019 respectively. Restricted cash consists primarily of funds required to satisfy the requirements of certain project debt arrangements. In the case of Solana, part of the restricted cash is expected to be used for equipment replacements.

As of December 31, 2020, we had no amount drawn under the Revolving Credit Facility and $10 million of letters of credit were outstanding under the Revolving Credit Facility. Approximately $415 million were available under our Revolving Credit Facility. As of December 31, 2019, we had approximately $84 million outstanding and $341 million available under the Revolving Credit Facility.

The Company's liquidity position, cash flows from operations and availability under its revolving credit facility is adequate to meet the Company's financial capital commitments and debt obligations and dividend distributions to shareholders.

Credit Ratings

Credit rating agencies rate us and part of our debt securities. These ratings are used by the debt markets to evaluate a firm's 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.

The following table summarizes our credit ratings as of December 31, 2020. The ratings outlook is positive for S&P and stable in the case of 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 financings 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 Note Issuance Facility 2019, the Revolving Credit Facility, a credit line with a local bank and our commercial paper program.

- *Corporate Debt Agreements*
  - Green Exchangeable Notes

    On July 17, 2020, we issued $100 million aggregate principal amount of 4.00% Green Exchangeable Notes due 2025. On July 29, 2020, we issued an additional $15 million aggregate principal amount of the 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 earlier repurchased or redeemed by Atlantica or exchanged for Atlantica's ordinary shares (or a combination of cash and Atlantica's ordinary shares) at Atlantica's election, 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, in multiples of $1,000 principal amount, at the option of the noteholder. Upon exchange, the notes may be settled, at our election, into ordinary shares of Atlantica, cash or a combination of both. 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). 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 Note Issuance Facility 2019, the 2020 Green Private Placement and the Note Issuance Facility 2020.

The proceeds from the Green Exchangeable Notes were primarily used to finance the acquisition of new or ongoing assets or projects which meet certain eligibility criteria in accordance with our Green Finance Framework. The Green Exchangeable Notes comply with the Green Bond Principles and have a second party opinion by Sustainalytics.

- Note Issuance Facility 2020

On July 8, 2020, we entered into the Note Issuance Facility 2020, a senior unsecured euro-denominated financing with Lucid Agency Services Limited and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of approximately $171 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 on the notes issued under the Note Issuance Facility 2020 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 such 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 Note Issuance Facility 2019, the 2020 Green Private Placement and the Green Exchangeable Notes. The notes issued under the Note Issuance Facility 2020 are guaranteed on a senior unsecured basis

by our subsidiaries Atlantica Infrastructures, S.L.U., ABY Concessions Peru S.A., ACT Holding, S.A. de C.V., ASHUSA Inc., ASUSHI Inc. and Atlantica Investments Limited.

The proceeds from the notes issued under the Note Issuance Facility 2020 are expected to be used to finance the acquisition of new or ongoing assets or projects.

- 2020 Green Private Placement

On March 20, 2020 we entered into a senior secured, euro-denominated 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 $354 million), maturing in June 20, 2026. Interest on the notes issued under the 2020 Green Private Placement accrues at a rate per annum equal to 1.96%. If at any time the rating of such senior secured notes is below investment grade, the interest rate thereon would increase by 100 basis points until such notes are rated again 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 2019 and the Note Issuance Facility 2020. Our payment obligations under the 2020 Green Private Placement are guaranteed on a senior unsecured basis by our subsidiaries Atlantica Infrastructures, S.L.U., ABY Concessions Peru S.A., ACT Holding, S.A. de C.V., ASHUSA Inc., ASUSHI Inc. and Atlantica Investments Limited. The 2020 Green Private Placement is also secured with a pledge over the shares of the subsidiary guarantors, which collateral is shared with the lenders under the Revolving Credit Facility.

The proceeds of the 2020 Green Private Placement were primarily used to repay in full and cancel all series of notes issued under the Note Issuance Facility 2017. The 2020 Green Private Placement complies with the Green Bond Principles and has a second party opinion by Sustainalytics.

- Note Issuance Facility 2019

On April 30, 2019, we entered into the Note Issuance Facility 2019, a senior unsecured financing with Lucid Agency Services Limited, as agent, and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of the euro equivalent of $300 million. The notes under the Note Issuance Facility 2019 were issued on May 2019 and are due on April 30, 2025. Starting January 1, 2020, interest on the notes issued under the Note issuance Facility 2019 accrues at a rate per annum equal to the sum of 3-month EURIBOR plus a margin of 4.50%. The principal amount of the notes issued under the Note Issuance Facility 2019 was hedged with an interest rate swap, resulting in an all-in interest cost of 4.24%. The Note Issuance Facility 2019 provided that we may elect to, subject to the satisfaction of certain conditions, capitalize interest on the notes issued thereunder for a period of up to two years from closing at our discretion and we elected to capitalize such interest.

Our obligations under the Note Issuance Facility 2019 rank equal in right of payment with our outstanding obligations under the Revolving Credit Facility, the Note Issuance Facility

2020, the 2020 Green Private Placement and the Green Exchangeable Notes. The notes issued under the Note Issuance Facility 2019 are guaranteed on a senior unsecured basis by our subsidiaries Atlantica Infrastructures, S.L.U., ABY Concessions Peru S.A., ACT Holding, S.A. de C.V., ASHUSA Inc., ASUSHI Inc. and Atlantica Investments Limited. The proceeds of the notes issued under the Note Issuance Facility 2019 were used to prepay and subsequently cancel in full the 2019 Notes and for general corporate purposes.

- Revolving Credit Facility

  On May 10, 2018, we entered into a Revolving Credit Facility with a syndicate of banks and Royal Bank of Canada acting as administrative agent. Total limit is currently $425 million with maturity on December 31, 2022. As of December 31, 2020, we had no amount drawn under the Revolving Credit Facility, $10 million of letters of credit were outstanding and $415 million were available.

  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, the Note Issuance Facility 2019, the 2020 Green Private Placement, the Note Issuance Facility 2020 and the Green Exchangeable Notes. Our payment obligations under the Revolving Credit Facility are guaranteed on a senior unsecured basis by our subsidiaries Atlantica Infrastructures, S.L.U., ABY Concessions Peru S.A., ACT Holding, S.A. de C.V., ASHUSA Inc., ASUSHI Inc. and Atlantica Investments Limited. The Revolving Credit Facility is also secured with a pledge over the shares of the subsidiary guarantors, which collateral is shared with the holders of the notes issued under the 2020 Green Private Placement.

- Note Issuance Facility 2017

  On February 10, 2017, we entered into the Note Issuance Facility 2017, a senior secured note facility with a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of €275 million (approximately $336 million). On April 1, 2020, all series of notes issued under the Note Issuance Facility 2017 were repaid in full and cancelled with the proceeds of 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 $12.2 million) which is available in euros or U.S. dollars. On December 13, 2019, the maturity date was extended to December 13, 2021. Amounts drawn accrue interest at a rate per annum equal to the sum of 3-month EURIBOR plus a margin of 2% or LIBOR plus a margin

of 2%. As of December 31, 2020, €9.9 million (approximately $12.2 million) were drawn under this facility.

In addition, in December 2020, we entered into a credit facility with a local bank for up to €5 million (approximately $6.1 million). The maturity date is December 4, 2025. Amounts drawn down accrue interest at a rate per year equal to 2.50%. As of December 31, 2020, the total amount of the credit line was drawn down.

- 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 was extended for another twelve-month period on October 8, 2020. 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, 2020, we had €17.4 million (approximately $21.3 million) issued and outstanding under the Commercial Paper Program at an average cost of 0.67%.

- Covenants, restrictions and events of default

  The Note Issuance Facility 2020, the 2020 Green Private Placement, the Note Issuance Facility 2019 and the Revolving Credit Facility contain covenants that limit certain of our and the guarantors' activities. They 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 the cash available for distribution distributed in the previous four fiscal quarters in excess of certain thresholds could trigger a default under the Note Issuance Facility 2020, the 2020 Green Private Placement, the Note Issuance Facility 2019, the Revolving Credit Facility and the Green Exchangeable Notes. Additionally, we are required to comply with a leverage ratio of our indebtedness 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).

- *Project Debt Refinancing*

  In addition to our corporate debt, in 2020 we have closed three project debt financings or refinancings at the project level which represent additional sources of liquidity.

  - Green Project Finance

    On April 8, 2020, Logrosan entered into the Green Project Finance with ING Bank, B.V. and Banco Santander S.A. The new facility has a notional of €140 million of which 25% is progressively amortized over its 5-year term and the remaining 75% is expected to be refinanced at maturity. After considering transaction costs and reserves, the Green Project Finance has resulted in a net recap of approximately $143 million that we used to finance new investments in renewable assets (see "—Significant Events in 2020—Project Financing Activities")

- Helioenergy 1 & 2

  On July 10, 2020, we entered into a non-recourse project debt refinancing of Helioenergy by adding a new euro-denominated long dated tranche of debt from an institutional investor. After transaction costs, net refinancing proceeds (net "recap") were approximately $43 million (see "Significant Events in 2020—Project Financing Activities") .

- Helios 1 & 2

  On July 14, 2020, we entered into a senior secured note facility with a group of institutional investors for a total amount of €325.6 million ($397.7 million approximately). The proceeds of the new Helios project financing were used to fully prepay and cancel the previous bank mini-perm project debt with approximately €250 million outstanding and to cancel legacy interest rate swaps. After transaction costs and cancelation of legacy swaps, net refinancing proceeds (net "recap") were approximately $30 million. The refinancing has permitted an improvement in both cost and tenor. Interest has decreased from approximately 4.2% with spread step-ups to 1.90% and maturity has been extended from 2027 to 2037 (see " - Significant Events in 2020—Project Financing Activities").

Use of Liquidity and Capital Requirements

- Debt service

Principal payments on debt as of December 31, 2020, are due in the following periods according to their contracted maturities:

$ in millions	2021	2022	2023	2024	2025	Subsequent Years	Total
Project Debt	312.4	328.4	355.8	371.5	508.8[(1)]	3,360.7	5,237.6
Corporate Debt	23.6	-	2.0	2.0	448.1	517.9	993.7
Total Debt	**336.0**	**328.4**	**357.8**	**373.5**	**956.9**	**3,878.6**	**6,231.3**

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.

- 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	1,709.7	93.8	160.2	172.8	1,282.9
Accrued interest estimate during the useful life of loans	2,309.6	286.7	541.6	468.1	1,013.2

- 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.

Declared	Record	Paid	Amount (US$)
Feb 26, 2020	March 12, 2020	March 23, 2020	0.41
May 6, 2020	June 1, 2020	June 15, 2020	0.41
July 31, 2020	Aug 31, 2020	Sep 15, 2020	0.42
Nov 4, 2020	Nov 30, 2020	Dec 15, 2020	0.42
Feb 26, 2021	March 12, 2021	March 22, 2021	0.42

- Acquisitions

The acquisitions detailed in the section "Events during the period, 2020 acquisition" of this Consolidated Annual Report have been part of our use of liquidity in 2020 and are expected to be part of our use of liquidity in 2021.

- 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 Internal Audit and Risk 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 the ISO 31000 standard and on

common market practices. The analysis process is implemented in the following stages:

- Risk identification (ex-ante): identify causes that may turn into a risky situation, classifying those potential causes as natural, human, intentioned, accidental and technological.
- Risk assessment: evaluate the risk considering its potential frequency and impact.
- Risk management plan: risks have to be managed in order to mitigate the effects that they may cause. To prevent unexpected events, Atlantica's corporate team analyses potential unexpected risks in each of our geographies and defines a specific mitigation plan for each risk.

The Head of Internal Audit and Risk participates in identifying and monitoring risks with the Geographical Vice-Presidents. In addition, Internal Audit updates and agrees the Risk Map with Vice-Presidents, the Chief Financial Officer and the Chief Executive Officer. The Risk Map adopts a multidisciplinary approach to identify risks in different areas, assigning probabilities and measuring economic potential impact to propose action plans to further mitigate the main risks. This system allows the Company to identify different risk categories.

All risks are assessed at the subsidiary level, compiled, and analysed on a consolidated basis. Key conclusions are used by senior management to classify and prioritize risks and define mitigation plans, assigning responsibilities and deadlines within the organizations. Risks are re-assessed on a quarterly basis.

In addition, the Finance Department monitors market risks such as, interest rate and foreign exchange risk. Furthermore, the Finance Department is also responsible for monitoring and preventing liquidity risks.

The Company and its underlying assets are subject to a number of risks ranging from operating, regulatory, financial and their connection to Algonquin and Abengoa. Abengoa used to be Atlantica's larger shareholder until 2018 and is currently its largest operation and maintenance supplier. 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, heat or liquids stored under pressure and	In 2020 we met all our Health and Safety targets. 2020 is the sixth consecutive year we have reduced our key health and safety indicators: 2020 GFI: 5.0 and FWLI: 1.4 (see "Occupational Health and Safety"). - However, we continue to closely monitor all accidents and incidents and expect to set more ambitious targets.	- 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 a key feature of the Company's measure to mitigate the risk and has been in place since 2017. We regularly include new best practices based on lessons learnt from our peers, contractors and suppliers - In 2019 we developed and launched the Safety App for mobile devices for employees and subcontractors' workers.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
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. Therefore, it is the Company's responsibility to implement health and safety measures and procedures, which are also followed by 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 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.		- We refer to the section "Occupational Health and Safety" for a comprehensive description of our initiatives.
Risks related to our Business and our Assets **Credit risk** Not being able to collect our revenues. If any of the clients under these agreements are unable or unwilling to fulfil their related contractual obligations or if they refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, or if prices were re-negotiated under a bankruptcy situation, or if they delayed payments, our assets, liabilities, business, financial condition, results of operations and cash flow may be materially adversely affected.	- On January 29, 2019, PG&E, the off-taker for Atlantica with respect to the Mojave plant, filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of California. PG&E paid all invoices corresponding to the electricity delivered after January 28, 2019. A technical event of default was triggered under our Mojave project finance agreement in July 2019. On July 1, 2020, PG&E emerged from Chapter 11. The technical event of default under our Mojave project finance agreement, which was preventing cash distributions from Mojave to Atlantica, was cured and we made distributions from Mojave. - 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")	- 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 $89.9 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 the year 2020 we have maintained a pro-active approach and fluent dialogue with our

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
	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, the credit rating of Pemex, our client under the contract in our ACT asset, has also weakened in the last few years and is currently BBB from S&P, Ba2 from Moody's and BB- from Fitch. We have been experiencing significant delays in collections from Pemex since the second half of 2019.	client. - The diversification by geography and business sector helps to diversify credit risk exposure by diluting our exposure to a single client.
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 operation and maintenance services.	During 2020, our assets have generally performed fairly in line with expectations. Production has increased in our renewable energy assets and our transmission, efficient natural gas and water assets have maintained high availability levels. - However, in Solana, availability in the storage system was lower than expected in 2020 due to certain leaks identified in the storage system in the first quarter of 2020. Improvements and equipment replacements are required over time, and these have impacted production in 2020 and will continue to impact production in 2021, with the exact scope and timing of repairs subject to review. - Additionally, an unscheduled outage occurred in the first quarter of 2020 at Kaxu which reduced its production. Repair costs and business interruption were covered by insurance, after customary deductibles In addition, in recent years we have filed several insurance claims. Our property damage and business interruption policies have exclusions with respect to some equipment which, if damaged, could result in financial losses and business interruptions. Moreover, insurance market terms and conditions have been becoming more onerous over the last few years and insurance companies are	- 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 mitigation plans and best practices and share lessons learnt with other assets. - Risk-related training courses are regularly provided to our employees and subcontractors to improve their skills, identify new risk practices and report them to management. - Operation and maintenance is either carried out in-house or contracted with specialists. - Tracked down alternative O&M opportunities in the market. - On-going dialogue with project finance lenders. - On-going analysis of insurance

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
	requiring some companies in our sector to retain a portion of the overall risks instead of transferring 100% of those risks to the insurers. We have self-retained a portion of our own risks and may need to increase this percentage in the future. If equipment failed at one of our assets and this equipment was part of the insurance exclusions or if the event was part of the risks that we have retained, we would need to assume the repairs and business interruption costs. Furthermore, in some of our project finance arrangements and PPAs include specific conditions regarding insurance coverage that we may need to modify. 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. Also, 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, we would not be compliant 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. If insurance premiums were to increase in the future and/or if certain types of insurance coverage were to become unavailable or there was a further increase in deductibles for damages and/or loss of production, it could have a material adverse effect on our business, financial condition, results of operations and cash flows.	alternatives in the market.
Risks Related to Our Business and Our Assets: **Climate change** Our business may be adversely affected by an increased number of extreme and chronic weather events related to climate change.	Climate change is causing an increasing number of severe and extreme weather events, which are a risk to our facilities, including days of extremely high temperatures, severe winds and rains, hurricanes, droughts, fires, cyclones, hail and floods, among others. These risks include: - Rising temperatures are also increasing the frequency and intensity of droughts and risk of fire. For example, in California, the size and ferocity of fires has increased	- Our geographic VPs and our corporate Operations team monitor weather conditions closely and we have developed protocols to take protective measures when necessary. For example, if winds are forecasted, our solar fields are placed in a defence mode. - We have insurance in place which covers these types of events. - Atlantica has developed a risk analysis methodology based on the ISO 31000 and

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
	significantly in the past 20 years, which have also been very hot and dry years. California wildfires have been especially catastrophic, causing human fatalities and significant material losses. Our transmission lines, could cause fires. Therefore, they can create significant liabilities if the fire damages third parties. - Severe floods could damage our plants, especially our transmission lines or our generation assets. If an unexpected flood runs close to an existing transmission tower it could cause the fall of one or more transmission towers. Similarly, floods can damage the solar field in our solar plants. - Severe winds could cause damage in Atlantica's solar fields at our solar assets. - Severe droughts could result in water restrictions or in a deterioration to the properties of water. Droughts may affect the cooling capacity of our power projects. A deterioration of the quality of the water would have an impact on chemical costs in our water treatment plants within our generation facilities. - Storms with intense lightning activity could damage our plants, especially our wind assets. Our wind farms in Uruguay have already experienced some damages in the past and our assets could be affected again. Furthermore, components of our system, 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. In addition, our business may be adversely affected by rising mean temperatures caused by climate change. Rising temperatures could cause an increase in our operation and maintenance costs. Furthermore, a temperature rise could also have an impact on our wind facilities. Wind energy component is dependent on the air density among other factors. Our desalination plants could also be affected by a temperature increase that would imply higher consumption of chemicals used for operational purposes	on common market practices. - We use a risk map which adopts a multidisciplinary approach to identify risks in different areas.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
Risks Related to the COVID-19 Pandemic **The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and continues to spread in our key markets. The COVID-19 virus continues to evolve rapidly, and its ultimate impact is uncertain and subject to change.** COVID-19 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 emerged as a pandemic during 2020. - Our operation and maintenance employees may be affected by COVID-19. Our operation and maintenance suppliers may also be affected by COVID-19 and the broader economic downturn. In addition, 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' employees from operating the plant. - COVID-19 has caused and may continue to cause travel restrictions and significant disruptions to global supply chains. A prolonged disruption could limit the availability of certain parts required to operate our facilities and adversely impact the ability of our operation and maintenance suppliers. 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 addition, measures taken by governments are causing a slowdown of broad sectors of the economy, a general reduction in demand, including demand for commodities and a negative impact on prices of commodities, including electricity, oil and gas. In Spain, revenue received by our assets under the existing regulation depend to some extent on market prices for the sale of electricity. During 2020, electricity market prices have been lower than in previous years. - The global outbreak also caused significant disruption and volatility in the global financial markets, including the market price of our shares, especially in March and April 2020. Debt and equity markets could continue experiencing similar disruptions in the upcoming months since COVID-19 continues to have an impact on markets. A prolonged period of illiquidity and disruptions in the equity and credit markets could limit our ability to refinance our debt maturities and to finance our potential acquisitions and execute on our growth	- We established a COVID-19 committee with members of Atlantica's management team. The committee meets at least three times per week (or daily when necessary) to take actions based on the analysis of critical information. - We have reinforced safety measures at all of our assets while we continue to provide a reliable service to our clients - We have implemented the use of additional protection equipment, reinforced access control to our plants, reduced contact between employees, changed shifts, tested employees, identified and isolated cases and potential cases together with their close contacts and taken additional measures to increase safety measures for our employees and operation and maintenance suppliers' employees working at our assets. - We have required all employees to work remotely when their work can be done from home and suspended all non-essential travel. We have implemented protocols to decide which offices to maintain open and with what limitation, depending on the number of cases and other health indicators in each specific region. - We have increased the purchase of spare parts and equipment required for operations, in order to manage potential disruptions in the supply chain - We have also reinforced our physical and cyber-security measures We continue to monitor the situation closely at all of our assets and offices to take additional action if required.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
	strategy. - Reduced demand and low prices persisting over time could cause delays in collections, a deterioration in the financial situation of our clients or their bankruptcy. - 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.	
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 44.2% 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. AAGES and Algonquin are related parties and may have interests that differ from our interests, including with respect to the types of acquisitions made, the timing	No significant change	- Any transaction between us and AAGES or Algonquin (including the acquisition of any ROFO assets or any co-investment with AAGES 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.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
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.		
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 and obtained approval for a second restructuring in July 2019 and Abengoa S.A. has recently filed for insolvency again . The project financing arrangement for Kaxu 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. On February 22, 2021, Abengoa S.A. (the holding company) filed for insolvency proceedings in Spain. In addition, we have current and future collection rights with certain subsidiaries of Abengoa. Moreover, 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. Abengoa and its subsidiaries provide operation and maintenance services for many of our assets. We cannot guarantee that Abengoa and/or its subcontractors will be able to continue performing with the same level of service 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 Abengoa cannot continue performing current services at the same prices, we	On May 19, 2020, Abengoa announced that it was working on a new viability plan that would include new financing under a COVID-19 mitigation program in Spain, as well as renegotiation of certain existing debt with suppliers and lenders. Within this process on August 18, 2020 Abengoa filed pre-insolvency proceedings for the individual company Abengoa, S.A. According to public communications to the Spanish securities market regulator, Abengoa believes this filing should not affect the restructuring plan for which Abengoa is currently seeking approval from its creditors. On February 22, 2021, Abengoa S.A. 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 insolvency filing by the individual company Abengoa S.A. in February 2021 represents a theoretical event of default under the Kaxu project finance agreement for which we do not yet have a waiver . Although we do not expect the Kaxu's project debt lenders to accelerate the debt or take any other action, a cross-default scenario, if not cured or waived, 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. We are negotiating a waiver from the creditors and/or contractual modifications to permanently remove the cross-default provision. 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	- During 2020 we have updated our contingency plans. We believe we can replace Abengoa as operation and maintenance supplier with alternative suppliers or by internalizing these services. - In addition, in 2019 we reduced our exposure to Abengoa as our main O&M supplier by acquiring ASI Operations. - In December 2020, we obtained a waiver from Kaxu's project debt lenders in which they committed not to take any action until December 31, 2021 with respect to any potential cross-defaults with Abengoa for the pre-insolvency filing of August 2020. This waiver does not cover the new theoretical cross-default triggered by Abengoa S.A. insolvency filing in 2021 or cross-defaults arising from future potential insolvency events by Abengoa. In addition, we are negotiating a waiver from the creditors and/or contractual modifications to permanently remove the cross-default provision. We cannot guarantee that the Abengoa situation will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
may need to renegotiate contracts and pay higher prices or change the scope of the contracts. This could also cause us to change suppliers or to pay higher prices or change the level of services. A deterioration in the financial situation of Abengoa or the implementation of a new viability plan may also result in a material adverse effect on Abengoa's and its subsidiaries' obligations, warranties and guarantees, and indemnities covering, for example, potential tax liabilities for assets acquired from Abengoa, or any other agreement. In addition, Abengoa agreed to indemnify us for any penalty claimed by third parties resulting from any breach in Abengoa's representations. Considering the current financial situation of Abengoa, we cannot guarantee that these indemnities will be maintained in the future. 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.	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	- As a result of the PG&E Chapter 11, a technical event of default was triggered under our Mojave project finance agreement in July 2019 and the asset was not able to make distributions in 2019. The technical event of default was cured in 2020 after PG&E emerged from Chapter 11 and we could make distributions from Mojave in 2020. - The Kaxu project financing arrangement contains cross-default provisions related to Abengoa (see previous risk).	- In December 2020, we obtained a waiver from Kaxu's project debt lenders in which they committed not to take any action until December 31, 2021 with respect to any potential cross-defaults with Abengoa for the pre-insolvency filing of August 2020. This waiver does not cover cross-defaults arising from future potential insolvency events by Abengoa . In addition, we are negotiating a waiver from the creditors and/or contractual modifications to permanently remove the cross-default provision. - Reporting and monitoring of covenants in each contract.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
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.		- Management and specialized compliance and legal teams constantly tracking any change.
Risks Related to Our Indebtedness: **Liquidity Risk and Access to capital** Not being able to meet our payment 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. In the past, global capital and credit markets have experienced 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.	- COVID-19 caused significant disruption and volatility in the global financial markets, especially in March and April 2020. Capital markets were closed for some time. Debt and equity markets could continue experiencing similar disruptions in the upcoming months as COVID-19 continues to have an impact on markets. A prolonged period of illiquidity and disruptions in the equity and credit markets could limit our ability to refinance our debt maturities and to finance our potential acquisitions and execute on our growth strategy. During the year 2020 we have refinanced some of our corporate debt agreements, extending maturities. We have also issued new long-term financing to finance our growth plan.	- Appropriate cash management to ensure appropriate levels of cash: Cash on hand as of December 31, 2020, was $335.2 million at the corporate level plus $415 million available under our revolving credit facility. - In 2020 we closed several corporate financings with private investors and in the capital markets, including an equity issuance, proving our access to different sources of liquidity. - In 2020 we also closed several project debt refinancings, allowing us to raise cash from our existing portfolio to finance investments and acquisitions. - 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 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.
Risks Related to Our Indebtedness **Interest rate and foreign currency exchange rate** Increases in rates would raise our finance expenses at project companies or corporate level. Revenue and expenses of our solar assets in Spain and our solar asset in South Africa are denominated in euros and South African Rands, respectively. Depreciation in the value of euro or South	No material changes.	- With regard to our assets, revenue, debt and most of the expenses are generally denominated in the same currency, creating a natural hedge. - Our solar power plants in Spain 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 Spanish assets after deducting euro-denominated

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
African rand against U.S. dollar may have a negative impact on our operating results and our cash available for distribution.		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 months on a rolling basis. - Over 90% of our total interest risk exposure is fixed or hedged.
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 complete acquisitions on favourable 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 AAGES' and Algonquin's ability to present us with investment opportunities. AAGES 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. AAGES 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 AAGES or Algonquin.	- In recent years competition to acquire renewable assets has increased. Some of our competitors for investments are much larger than us, with substantially greater resources. These companies 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 financial or human 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 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	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 in many of our assets and the expansion of current assets, particularly our transmission lines, to which new assets can be connected. We have closed two expansions to our existing transmission lines: ATN Expansion 1 and ATN Expansion 2 and are actively working on similar opportunities. In 2020 we closed the acquisition of the tax equity partner's equity ownership in Solana. - 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 have also entered into and intend to enter into agreements or partnerships with developers or asset owners to acquire assets. We also invest directly and through investment vehicles with partners in assets under development or construction. In 2020 we reached an agreement for the acquisition of Calgary District Heating, a district heating asset in Calgary. We also created a renewable energy platform in Chile with financial partners and reached an agreement to acquire Coso, a 135 MW renewable asset in California. Coso is the third largest geothermal plant in the US and provides base load renewable energy

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
	recently announced for the acquisition of an asset and investments in projects under development in Colombia.	to the California ISO. - We also expect to acquire assets from or co-invest with our partners including AAGES and Algonquin. In December 2020 we announced that we had reached an agreement with Algonquin to acquire a 20 MW solar plant in Colombia. Closing is expected to occur in mid-2021.
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 January 31, 2020, the U.K. ceased to be part of the European Union and entered into a transition period to, among other things, negotiate an agreement with the EU on the future terms of the United Kingdom's relationship with the European Union. On December 24, 2020, both parties announced that a trade agreement had been reached (the "Trade Agreement"), which was passed by both houses of the British parliament on December 30 and given Royal Assent on December 31, 2020, which ended the transition period. 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, economic relations between the U.K. and the EU will now be on more restricted terms than existed previously. Moreover, the Trade Agreement does not incorporate the full scope of the services sector, and certain businesses such as banking and finance face a more uncertain future. At this time, we cannot predict the impact that the Trade Agreement and any future agreements between the U.K. and the EU will have on our business. We continue to evaluate our own risks and uncertainty related to Brexit to better navigate the changes in the U.K.-EU market. The terms of the Trade Agreement once implemented, and other possible terms we cannot anticipate, could adversely affect our business, financial condition, results of operations and cash flows.	- Management and specialized compliance teams continuously track any potential change. - Support of reputable external tax lawyers and consultants with proven expertise in legal and tax potential implications and mitigating actions.
Risks Related to Regulation **International operations including in emerging markets.**	- No material changes during the year.	- 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

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
We operate our activities in a range of international locations, including North America (Canada, the United States and Mexico), South America (Peru, Chile and Uruguay), and EMEA (Spain, Algeria and South Africa), and we may expand our operations to certain core countries within these regions. Accordingly, we face a number of 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 favourable 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.		South Africa represent always a small portion of our portfolio. - 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 $89.9 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.
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 operate. Uncertainty or changes to any such	- No significant changes during the year.	- 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

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
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.		annually by an external third party.
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 addition, our future tax liability may be greater than expected if we do not use	- On June 29, 2020, California's Governor signed AB 85, suspending California Net Operating Losses ("NOL") utilization and imposing a cap on the amount of business incentive tax credits companies can utilize, effective for tax years 2020, 2021 and 2022. During these years, Mojave will not be able to use its NOLs to offset its state tax, which is set at approximately 8.9%. The years 2020 to 2022 will not be considered in the calculation of NOLs expiration, resulting in a	- Management and specialized teams with broad experience. - Engagement with local authorities on tax matters. - Support of reputable external tax consultants with proven expertise in each jurisdiction.

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
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.	suspension rather than a cancellation or shortening of the period of utilization of these NOLs. We expect to utilize the accumulated NOLs from 2022 onwards. However, we expect AB 85 will have a negative impact, which we estimate in the range of $6 to $7 million per year in distributions expected from Mojave from 2021 to 2023. - In 2019, the Internal Revenue Service in the U.S. also issued proposed regulations for the calculation of built-in gains and losses under Section 382. If enacted and depending on its final outcome, this new regulation may significantly limit our annual use of pre-ownership change U.S. NOLs in the event a new ownership change occurs after the new rule is in place. - On December 31, 2020, the congress of Spain approved the General Budget Law for 2021. The new Law has introduced new limitations in certain incentives and deductions of the Corporate Income Tax for 2021 onwards. The most relevant modification contemplates a reduction in the tax exemption on dividends and capital gains received from affiliates from 100% to 95%. Despite the new limitation, we do not expect a significant impact on cash flows from our Spanish solar assets in the upcoming years. - 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. - In addition, some countries where we	

Risk / Impact	Assessment of Change in Risk Year-on-Year	Mitigation of Risk
	operate, including the U.S. and South Africa, could implement tax reforms the content of which is largely unknown currently. These potential tax reforms could have a negative impact on our financial condition, results of operations and cash flows.	

Financial Risk Management

Interest Rates

We incur significant indebtedness at the corporate and asset level. The interest rate risk arises mainly from indebtedness with 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, 2020, approximately 92% of our project debt and approximately 100% of our corporate debt has either 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 bears a spread over EURIBOR or LIBOR.

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 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 Spain have their revenue and expenses denominated in euros, and Kaxu, our solar plant in South Africa, has its revenue and expenses denominated in South African rand. Financing of projects 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 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 Spanish assets. We hedge the exchange rate for the distributions from our Spanish assets 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. In subsidiaries with functional currency other than the U.S. dollar, assets and liabilities are translated into U.S. dollars using end-of-period exchange rates. Revenue, expenses and cash flows are translated using average rates of exchange. Fluctuations in

the value of the South African rand in relation to the U.S. dollar may also affect our operating results.

Credit Risk

On January 29, 2019, PG&E, the off-taker for Atlantica in relation to the Mojave plant, filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Northern District of California. On July 1, 2020, PG&E emerged from Chapter 11.

The credit rating of Eskom has weakened 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 solar plant Kaxu 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 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 $89.9 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 addition, Pemex's credit rating has also weakened and is currently BBB from S&P, Ba2 from Moody's and BB- from Fitch. We have been experiencing significant delays in collections from Pemex since the second half of 2019.

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

Sustainability underpins our strategy and represents one of Atlantica's key values

At Atlantica, 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.

As scientists continue to warn about a shifting climate throughout the world, extreme weather events make global headlines and new regulatory changes are implemented to transition towards

a decarbonized economic model. Companies face increasing , pressure to manage the risks and opportunities that arise from climate change.

Climate change and Environmental, Social and Governance (ESG) are becoming more important criteria for shareholders and investors. Many investors have already incorporated climate change into their investment analysis. Companies are selecting suppliers taking into consideration the environmental impact of their products or services and, customers are proactively and voluntarily looking to improve their ESG and climate change commitment.

Atlantica's strategy focuses on climate change solutions in the power and water sectors, we see sustainability and climate change as a growth opportunity for us. We intend to be part of the solution to climate change. Our long-term strategy reflects this. We are committed to investing in renewable energy assets, transmission and transportation infrastructure, storage and natural gas as enablers of the energy transition.

Sustainability is one of our five core values and for us, it represents a holistic approach that includes operational, health and safety, ESG and financial performance. We believe that by investing in sustainable sectors and managing our assets sustainably, we will create more value over time for all our stakeholders. We have set targets to:

1. Maintain over 80% of our adjusted EBITDA including unconsolidated affiliates generated from low-carbon footprint assets such as renewable energy, storage, transportation and transmission infrastructure and water assets.

2. Reduce our emission rate per unit of energy generated by 10% by 2030.

Atlantica produces clean electricity, desalinated water and provides electricity transmission in a safe, reliable and environmentally responsible way. We focus mainly on greenhouse (GHG) gas emissions, water and waste management, health and safety, human capital and governance.

In December 2020, the Carbon Disclosure Project (CDP) issued Atlantica's 2020 climate change rating. It rated us "A-", a score which corresponds to leading companies on environmental transparency and action.

In January 2021, Atlantica was recognized as one of the World's 100 Most Sustainable Corporations in the 17th edition of the Global 100 Most Sustainable Companies Index, issued annually by Corporate Knights. Atlantica ranked #12 in the Global 100 index and #2 in Power Generation.

Bloomberg updated Atlantica's ESG evaluation and issued a 69-point scoring, thus recognising Atlantica among the best in its sector.

Also Bloomberg included Atlantica in its Gender-Equality Index (GEI). The GEI includes 380 companies across 11 sectors and 44 countries and regions. It measures disclosure and gender equality using indicators across five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand.

In February 2021, Sustainalytics updated its rating on Atlantica's ESG factors. Atlantica was rated in the ESG Risk Rating assessment as the top company within both the renewable power production and the broader utility industry, and in the top 1% in the global rating universe, improving its score versus last year.

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. By joining the UNGC, businesses, as primary drivers of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

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 intend to make the UNGC and its principles an integral part of the Company's strategy, culture and day-to-day operations.

Atlantica is committed to orient its action 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 UNGC disclosure, which is available on our website.

In December 2020, the Board updated and issued several key documents following our long-term strategy:

- Compliance documents, for example, Code of Conduct and the Supplier Code of Conduct.
- Health and Safety Policy.
- Environmental Policy.
- Biodiversity Policy.
- Community Development and Involvement Policy.
- Asset Management Policy.
- Board Diversity and Inclusion Policy (new)
- Stakeholder Policy (new).

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

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. The EU taxonomy regulation entered into force on July 12, 2020. Reporting is not mandatory for Atlantica, but we have decided to provide initial information for business sectors where we have concluded our analysis.

Atlantica reporting on sustainable economic activities: 2020 revenues, EBITDA and investment

	Revenues	EBITDA	Investment
Taxonomy aligned: Renewable (solar, wind and hydro) contributing to climate change mitigation	74.3%	73.6%	97.4%*
Under analysis	14.7%**	13.8%**	2.6%**
Total	$1,013.3 million	$781.6 million	$302 million

* Includes 2020 investments in Solana and Chile PV1.

** We are analysing if our transmission and transportation infrastructure and, desalination water plants are compliant to the EU taxonomy.

Environmental Dimension

Atlantica's Environmental and Quality Management System is ISO 14001 and ISO 9001 compliant. These standards cover the management and acquisition of contracted assets. In 2020, we migrated our system based on OHSAS 18.001 to the new standard ISO:45001 health and safety requirements. Our certifications, obtained for the first time in 2015, are valid until May 2021. An external third party (DNV GL) audits our Environmental and Quality Management System annually.

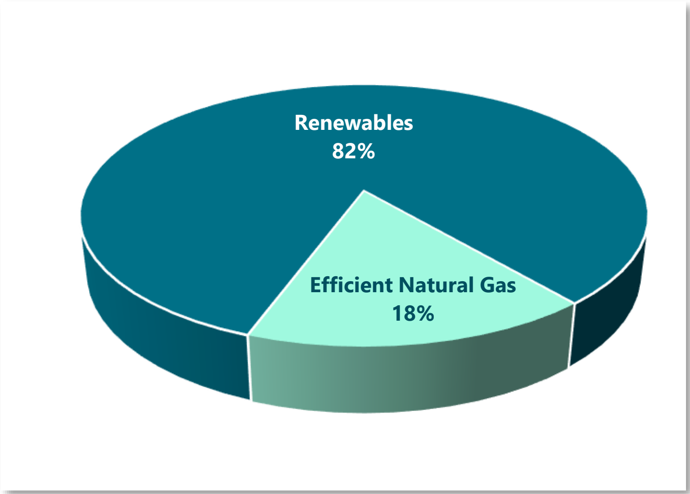
The Company's management system guarantees that we comply not only with our own policies, but also with the regulations in force in each of the markets in which we operate. In this sense, we measure and monitor the environmental impact of our activities and we analyse plans to reduce our emissions, water usage and waste.

We perform annual internal audits on our assets to ensure compliance with our best practices and to promote continuous improvement. These audits focus on a broad range of asset management areas, including the environmental aspects. They review the operational, maintenance, health and safety, and environmental indicators, and compliance and reporting requirements. We aim for total compliance with our best practices. In 2020, we had 13 of our assets audited, which resulted in recommendations for 179 improvement actions. We are currently implementing action plans to reach the internal standards required.

Greenhouse Gas Emissions

Atlantica complies with the U.K. Climate Change Act 2008 for greenhouse gas emissions ("GHG") reporting and with the Commission Regulation (EU) No 601/2012. We followed the operational control approach to calculate the emissions data presented in this section using emissions generated in the annual periods ending December 31, 2019 and 2020.

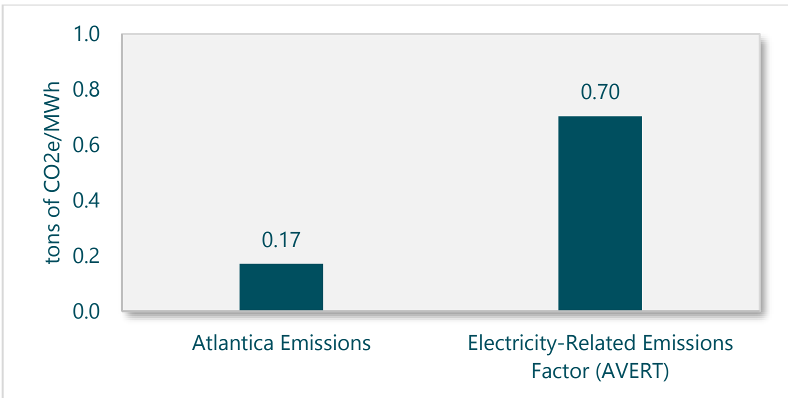
Our focus on renewables and sustainable technologies allows us to have lower GHG emissions rates per unit of electricity produced than traditional utilities whose portfolio is mainly based in fossil fuels. As of December 31, 2020 approximately 82% of our installed capacity relates to renewable assets and 18% refers to ACT and Monterrey, our efficient natural gas plants in Mexico.



Installed Capacity in Generation Assets, MW

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

In 2020 we avoided emissions of approximately 5.4 million tons of equivalent CO_2, compared with a 100% fossil fuel-based generation. In 2019, we helped avoid up to 4.7 million tons of equivalent CO_2 compared with a 100% fossil-fuel based generation plant. We base these calculations on the "Greenhouse Gas Equivalencies Calculator" and the Avoid Emissions and Generation Tool (AVERT), U.S. national weighted average CO_2 marginal emission rate, published on the United States Environmental Protection Agency website, which converts reductions of kilowatt hours into avoided units of carbon dioxide emissions.



Comparison of Atlantica's GHG emission ratio and fossil fuel generation GHG emissions ratio

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

- Scope 1: 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.

External auditors have verified Scope 1 emissions from our solar plants in Spain and scope 1 and 2 emissions from our efficient natural gas asset. These externally verified emissions represent approximately 90% of Atlantica's Scope 1 and 2 emissions, and 62% of total emissions. The verification includes information used for its calculation, such as emission factors and activity data. In addition, during the first quarter of 2021 we expect to audit 100% of our 2020 Scope 1, 2 and 3 GHG emissions. This would be our first complete GHG emissions verification.

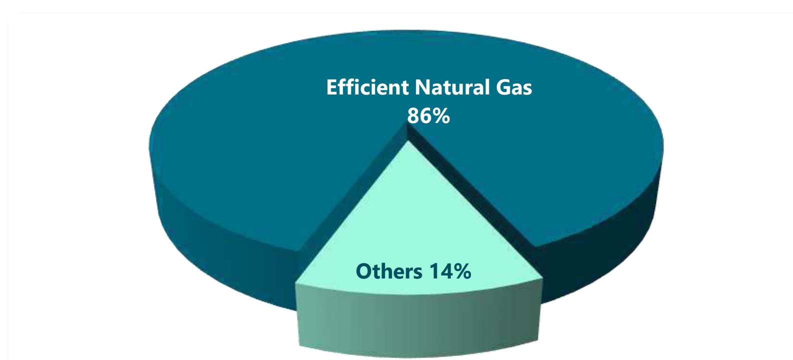
We use the operational control approach to calculate the emissions based on the criteria defined by the GHG Protocol. Our reported emissions include emissions of methane (CH_4), and nitrous oxide (N_2O) as CO_2 equivalents. We use the GHG inventories conversion factors indicated by the organizations listed below:

- Intergovernmental Panel on Climate Change (the "IPCC").
- United States Environmental Protection Agency (the "EPA").
- 2020 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[1] 5.0 database. We also used the (i) fuel consumption activity data and (ii) emission factors disclosed at WTT DEFRA 2020[2] to calculate Scope 3 emissions.

Approximately 86% of the total GHG emissions generated in 2020 come from our natural gas plants in Mexico.

Following U.K. GHG regulation disclosure, GHG emissions generated in the U.K. were less than 0.001% in both 2020 and 2019.



GHG Emissions by Technology

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

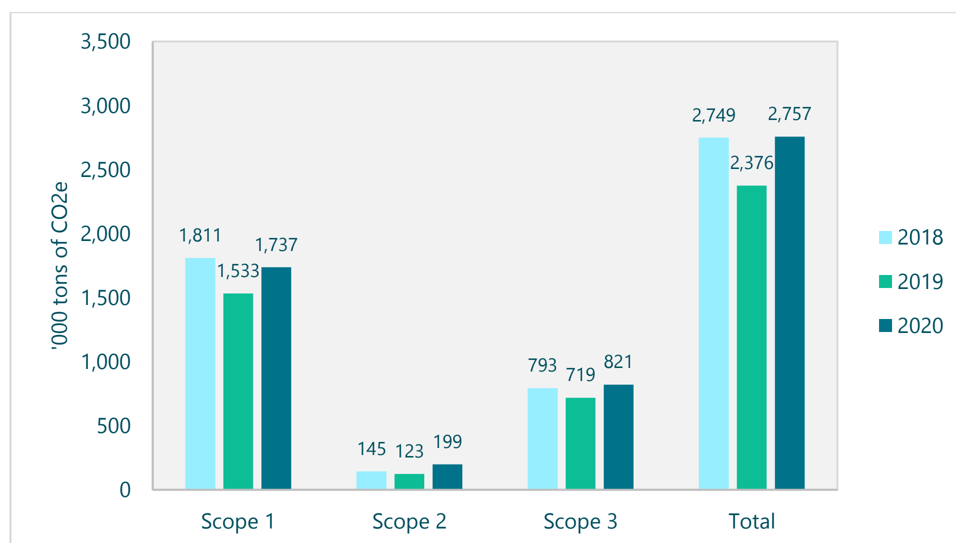
[2] WTT DEFRA 2018 stands for "Department of Environment Food and Rural Affairs", GHG conversion factors from resource extraction, production and delivery.

Atlantica is committed to promote a low-carbon generation in our portfolio. We plan to reduce our carbon emissions footprint by investing in additional renewable energy assets. Our Board of Directors is committed to maintaining over 80% of our Adjusted EBITDA including unconsolidated affiliates, generated from low-carbon footprint assets. This includes our renewable energy, storage, transmission infrastructure and water assets.

Given that our largest business sector since Atlantica's incorporation is renewable energy, our GHG emissions have always been significantly lower than those of a company generating electricity from fossil fuel sources. Scope 1 emissions from our generation assets were 0.17 tons of CO_2 per MWh of electricity produced in 2020, compared to approximately 0.71 tons of CO_2 per MWh in a 100% fossil fuel-based generation.

Reducing emissions is significantly more challenging for a renewable energy company like us than, for a traditional utility with a portfolio largely based on fossil fuel generation transitioning progressively to renewables. Our aim is to reduce our emission rate per unit of energy generated by 10% by 2030.

The graph below represents our GHG emissions in 2020,2019 and 2018:

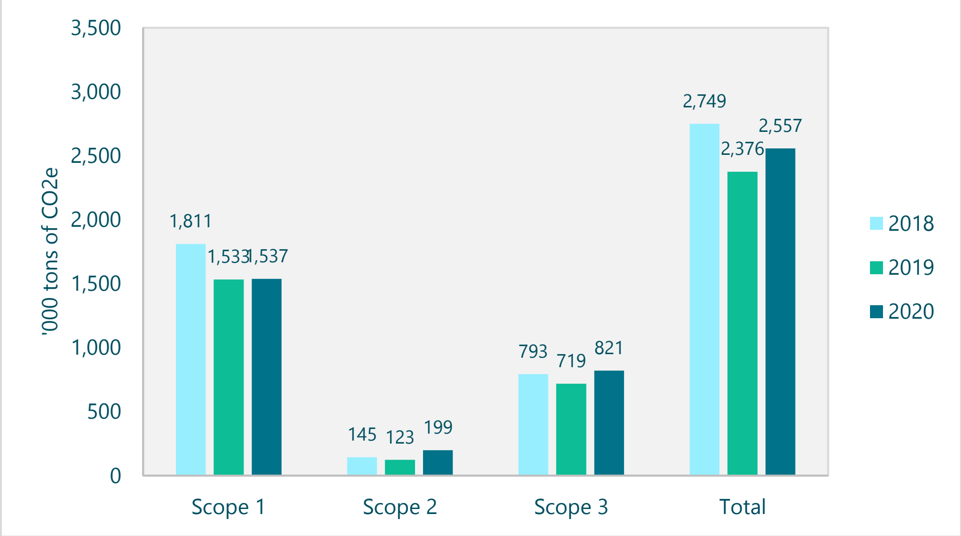


GHG Emissions Breakdown by Scope

Total CO_2 equivalent emissions generated by the Company in 2020 reached 2,757 thousand tons, compared to 2,376 thousand tons in 2019 and 2,749 thousand tons in 2018. This 17% GHG emissions increase was mainly because of the major overhaul of our efficient natural gas asset in 2019. As a result, in 2019 natural gas consumption, production and emissions were lower. In 2018, ACT operated at partial load for a higher number of hours at the request of our client, decreasing the plant's efficiency and increasing gas consumption to generate energy. A tolling agreement exists for this asset, according to which we receive water and natural gas from the client and in return for electricity and steam.

In 2020, as part of our commitment to sustainability, Atlantica analysed several initiatives to mitigate some of our GHG emissions. As a result, we offset 200,000 tons of Scope 1 CO_2 emissions

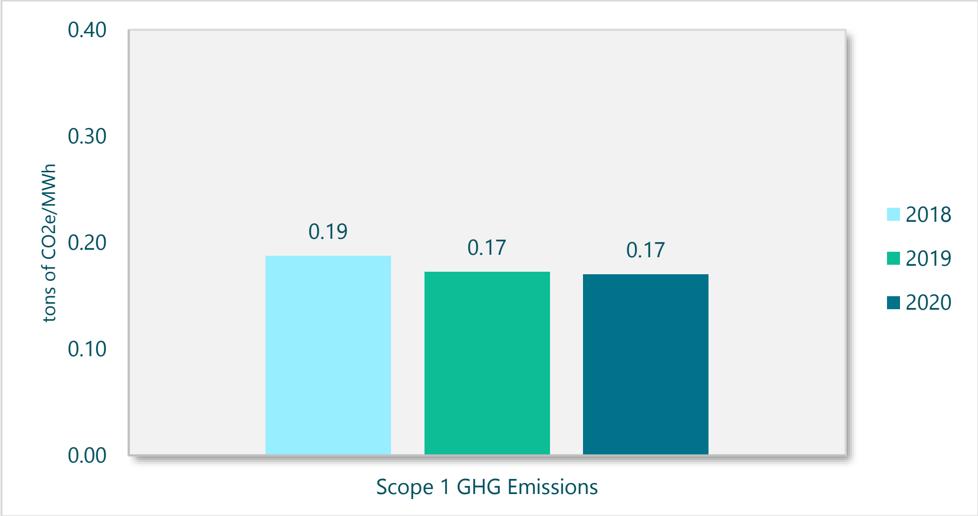
through Voluntary Carbon Credits. The graph below represents our adjusted GHG emissions in 2020, 2019 and 2018.



GHG Emissions Breakdown by Scope Including Offset GHG Emissions

The GHG emissions compensation initiative has resulted in a 7% decrease compared to 2020. We believe this initiative highlights our climate aim and further shows Atlantica's commitment to sustainability.

GHG Emissions Rate per Unit of Energy Generated



GHG Emission Ratio per Unit of Energy Generated by Scope[3]

The rate of equivalent tons of CO_2emissions per energy generation was 0.17 in 2020 and 2019. We calculated this ratio using generation assets (renewable energy and efficient natural gas). In 2020,

[3] The ratio has been calculated considering electric and thermal energy generated by our efficient natural gas plant

new renewable generation assets helped to maintain the GHG emissions rate per unit of energy generated at 0.17 tons of CO_2e/MWh. In 2019, our efficient natural gas plant had a major overhaul. As a result, production and emissions were lower. In 2018, ACT operated at partial load for a higher number of hours at the request of our client. This decreased the plant's efficiency and increased gas consumption, generating higher emissions.

Air Quality

Regarding non-GHG emissions, Atlantica generates very low NOx (excluding N_2O) and SOx and does not generate any particulate matter (PM10), lead (Pb) or mercury (Hg). Our efficient natural gas plants in Mexico generate most of these emissions.

In 2020 our non-GHG emissions were 455 tons of NOx and 0.72 tons of SOx. In 2019 our NOx and SOx emissions were lower mainly because of major overhaul of our efficient natural gas asset, ACT, which resulted in lower production and, lower emissions.

Tons	2020	2019
NOx	455	366
SOx	0.72	0.67

Water Management

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

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.

1. Power Generation

Renewable Energy Assets

Our renewable energy segment uses water in its power generation process. Atlantica mainly uses 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.

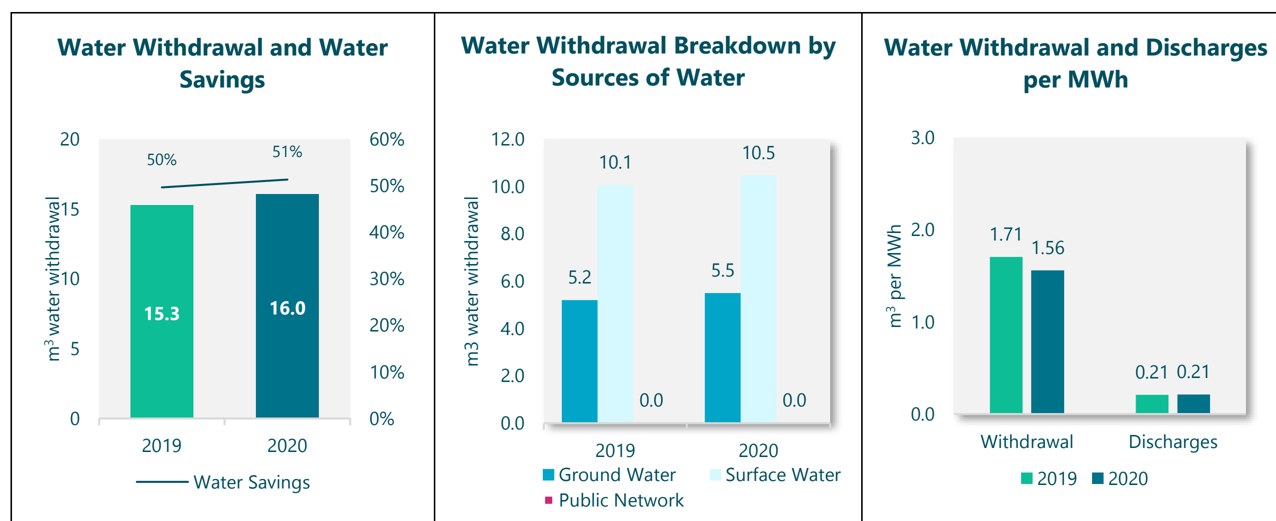
For example, we have implemented an air-dry cooling system, instead of cooling towers, to refrigerate the condensers in one of our solar plants. This plant is in an area of water scarcity and this system reduces the demand for water.

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 requested Pemex, the client, based on the expected levels of efficiency.

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

The following charts set out water management key performance indicators (KPIs) for power generation assets for 2020 and 2019:



We have revised 2019 water KPIs disclosure to include ACT our efficient gas plant in our reporting even if in this asset the water is supplied by our client, Pemex, and returned in the form of steam.

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, which represents a reduction of the water used in our operations compared to the previous year. In 2019, we withdrew 11.0 million cubic meters of water and returned 1.9 million cubic meters (17%) back to the source. Independent external laboratories periodically test the quality of the water returned to the environment. The 10.7 million cubic meters represents 49% of the limits allowed by our water permits. The difference between the water permit limits and actual water withdrawn represents water savings.

Also in 2020, Pemex withdrew and supplied 5.4 million cubic meters of surface water to ACT. In 2019, Pemex withdrew and supplied 4.3 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 Pemex. Water withdrawn was 1.1 million cubic meters lower in 2019 because of

ACT's major overhaul, which resulted in lower production and water withdrawal. Oppositely, water withdrawal in relative terms (m^3 per MWh) was higher in 2019. This was mainly because of the major overhaul, which had a higher impact on production than on water intake.

In 2020, the increase in groundwater is mainly because of higher production at our renewable energy assets. The surface water increase is mainly driven by higher production at ACT.

2. Water Desalination

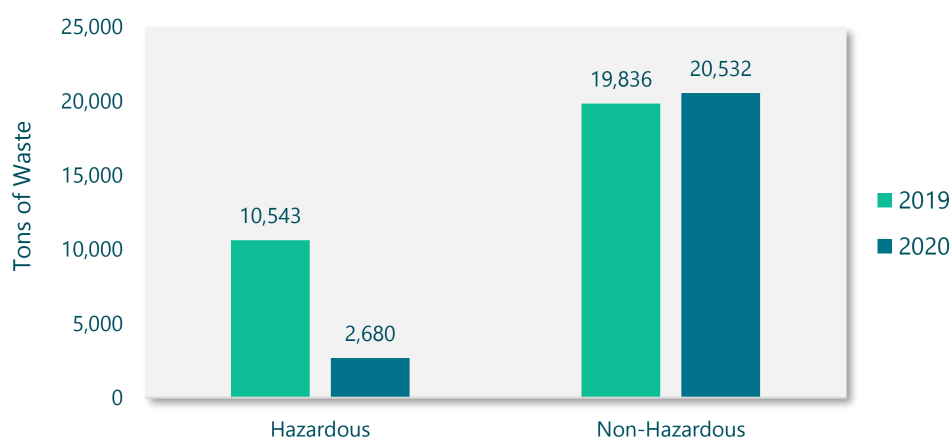
Some parts of the world are suffering from ongoing drought which, combined with a water supply that is unfit for human consumption, can foster disease and death. Water scarcity also affects food production. The desalination of sea water provides a climate-independent source of drinking water.

In 2020 our water segment included three desalination plants, compared to two in 2019. We withdraw sea water for desalination as specified in the concession agreements for our three desalination plants.

In 2020, we withdrew 330.3 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. We produced 144.3 million cubic meters of desalinated water and returned 185.9 million cubic meters (56%) back to the sea. In 2019, we withdrew 228.7 million cubic meters and returned 127.5 million cubic meters (56%) back to the sea. 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 concession agreements for the consumption needs of approximately 3 million people.

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. We define waste that does not contain substances that are potentially harmful to human health or the environment as non-hazardous waste. Atlantica is committed to reduce waste and has a comprehensive waste management system with controls in place.



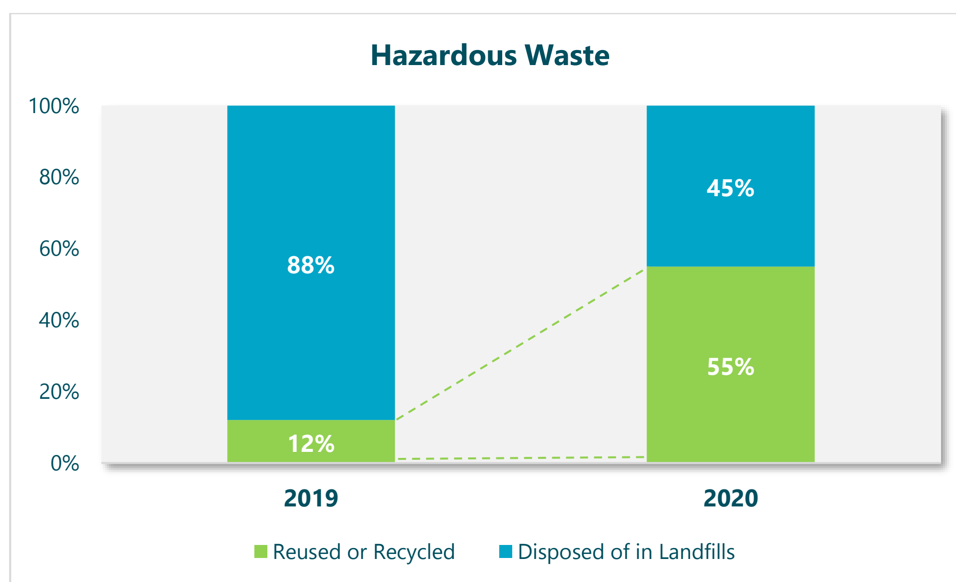
Our target in relation to waste goes beyond legal compliance. We have a firm commitment to reducing the generation of waste from our operations.

In 2020, hazardous waste was considerably lower than in 2019, mainly because of the measures implemented to control hazardous waste generation in some of our plants.

In 2019, an environmental accident at one of our solar assets in Spain explains mostly why the amount of hazardous waste generated was higher compared to the following year. We undertook all necessary measures to minimize its impact, informed the public authorities, performed a root-cause analysis, implemented corrective actions to remediate contaminated soils, thus reducing the impact and, internally sharing the lessons learnt.

Non-hazardous waste concerns the wastewater treatment plants and the reuse of wastewater before discharge. In 2020, non-hazardous waste increased by 3.5% mainly because of non-contaminated soil generated by our water ponds.

That same year, we reused or recycled 55% of the total hazardous waste generated and disposed of the remaining 45% in landfills. Reusability and recycling initiatives significantly reduced our generated hazardous waste. In 2019, we reused or recycled 12% of the total hazardous waste generated and disposed of the remaining 88% in landfills.



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 2020, Atlantica consumed 9,287 GWh of energy. In 2019, we consumed 8,131 GWh of energy. The difference is

mainly due to ACT, the asset had a major overhaul in 2019 resulting in lower production and total energy consumption.

Energy Consumption

In GWh	2020	2019
Consumption of Fuel	8,545	7,546
Consumption of Purchased Electricity for own use	448	276
Consumption of Self-Generated Renewable Energy	294	309
Total Energy Consumption	**9,287**	**8,131**

Following U.K. energy consumption regulation disclosure, energy consumption generated in the U.K. was less than 0.001% in both 2020 and 2019.

Human Rights

We are committed to conduct our business in a manner that respects the rights and dignity of our employees and everyone who is affected by our activities. 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. Employment practice at Atlantica and the professional activities of its employees and executives are governed by the UN's Universal Declaration of Human Rights and its protocols, UN/ILO international agreements on social rights, and the principles of the UNGC.

Freedom of association is a human right recognised and defined by international declarations and conventions. Workers' rights of collective bargaining over their terms and conditions of work is also an internationally recognized human right. Workers are not to be intimidated or harassed in the exercise of their right to join or refrain from joining any organisation.

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 (see page 61 for more information on the UNGC).

Atlantica's Code of Conduct includes a section on human and labour Rights. The Company does not tolerate discrimination against anyone based on any personal characteristic, such as ethnicity, 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, promoting equality and working to create an inclusive workforce. Atlantica seeks to provide a climate of confidence where employees can raise issues. We encourage employees to report any unacceptable behaviour.

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.

Besides our Code of Conduct, we also have a Supplier Code of Conduct that was amended and approved by the Board of Directors in December 2020. Atlantica has a firm commitment to operate at the highest standards of corporate conduct. We collaborate with third parties who operate under principles similar to those set out in our Code of Conduct. We set our requirements in our contractual arrangements with suppliers.

Finally, 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.

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 judgment 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 behaviours 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 2020 and 2019, 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 targets, departmental targets and individual targets.
4. Long-term incentive plan for management.

We offer six categories of training to our employees to improve distinct sets of skills, integrate them into Atlantica's team and culture, and as a measure to keep talented employees:

- All new employees must attend our "Introduction to Atlantica" course during their induction period. In addition, all the employees receive training about our compliance policies and management policies
- We offer soft management-skills courses to improve negotiation, team-working, team-building, decision-making, leadership and communication, among other skills.
- Our training plans also include technical knowledge courses specific to different technical fields.
- We offer several language courses to our employees to allow them to operate effectively in an international setting.

- Health and safety are to our culture and philosophy. As a result, we offer several training courses to both our employees and O&M personnel to reinforce it.

As of December 31, 2020 and 2019, Atlantica offered over 100 different training programs to its employees. The employee agrees on the definitive training program with his or her manager and, the Human Resources department. In 2020, employees completed on average 33 hours of training compared to 49 in 2019. The COVID-19 pandemic is the primary reason for this reduction.

The table below shows the average number of employees for the years 2020 and 2019 on a consolidated basis:

Average Number of Employees by Geography	**2020**	**2019**
North America	237	112
South America	46	41
EMEA	54	55
Corporate	104	98
Total	**441**	**306**

Average Number of Employees by Category*	**2020**	**2019**
Management	17	19
Middle Management**	94	69
Engineers and Graduates	132	119
Assistants and Professionals	20	17
Asset Operations Employees	178	82
Total	**441**	**306**

Average Number of Employees by Gender	**2020**	**2019**
Male	325	211
Female	116	95
Total	**441**	**306**

(*) In 2020 we redefined our employee categories. We revised the 2019 classification following the 2020 updated employee category classification.
(**) 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.

The increase in the average number of employees as of December 31, 2020 as compared to December 31, 2019 was primarily driven by the internalization of our operation and maintenance activities in the United States. In August 2019 we acquired ASI Operations, the company providing operation and maintenance services to our U.S. solar assets. This subsidiary added 199 new employees, approximately 90% of whom were men, with 155 employed in operation and maintenance.

In 2020, 116 out of 441 average employees were women, representing 26% of the Company's personnel. In 2019, 95 out of 306 employees were women, or 31% of the total headcount.

If we exclude our operation and maintenance employees, in 2020 39% of Atlantica's average number of employees were women.

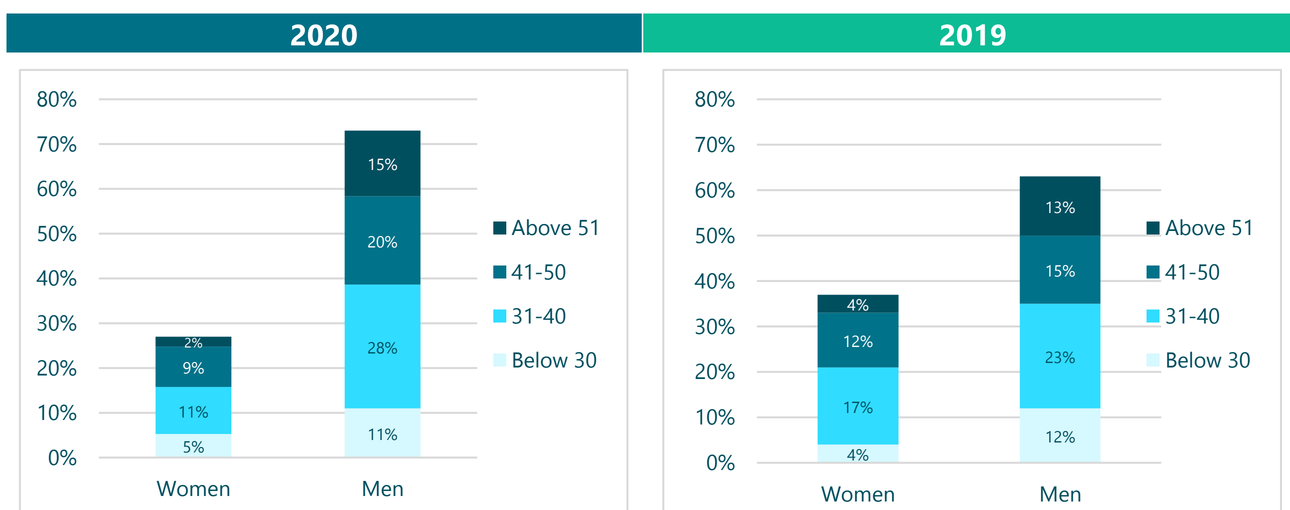
The table below shows the percentage of women at the Board of Directors, management level (without including middle management level and without including directors) and over total number of employees as of December 31, 2020 and 2019:

	2020	2019
Women at the Board of Directors	25%	0%
Women at Management Level	24%	21%
Women at Atlantica	27%	26%

Atlantica's objectives include removing barriers and empowering women, ensuring we offer women the same career development opportunities as men. The Company expects to disclose its gender remuneration gap in 2021. We did not receive any communication regarding potentially discriminatory incidents in 2020 or 2019.

In 2020 our consolidated employee benefit expense was $54.45 million, of which $47.2 million comprised wages and salaries, $3.7 million social security costs incurred by the Company, and other expenses. In 2019 our consolidated employee benefit expense was $32.2 million, of which $27.6 million comprised wages and salaries, $3.0 million to social security costs incurred by the Company and, other expenses. The increase was primarily due to the internalization of operation and maintenance services at our U.S. solar assets, following the acquisition of ASI Operations in August 2019.

The graphs below summarize the age and gender diversity of our people as of December 31, 2020 and 2019:



The table below presents our key management team in 2020 and 2019:

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

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 promote diversity and provide a work environment free from discrimination, intimidation and harassment where everyone can take part in the business's success and where all employees are valued for the distinctive skills and experience they bring to the Company.

We believe that for our people to reach their full potential, and for our teams to work effectively and efficiently, a collaborative environment and a positive corporate culture are essential. Such an environment fosters innovation and creativity, thus enhancing our performance and the Company's ability to meet our stakeholders' expectations.

In 2020 the Board approved a new Board Diversity Policy to further recognize and embrace the benefits of having a diverse Board as part of the Company's long-term strategy. Our Diversity and Inclusion Policy and the new Board Diversity Policy are available on our website (www.atlantica.com).

Also in 2020, we completed Bloomberg's Gender-Equality questionnaire for the first time. In January 2021, Bloomberg informed us they had selected Atlantica to be part of their Gender-Equality Index (GEI).

We believe Bloomberg's GEI helps bring transparency to gender-related practices and policies at publicly listed companies by increasing the breadth of ESG data available to investors. The GEI scoring method measures gender equality using indicators across five areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and

pro-women brand. In 2021, the GEI includes 380 companies across 11 sectors and 44 countries and regions.

In October 2020 we carried out an employee climate survey. Participation was approximately 80% and the general engagement with the Company was 77%, above the average for similar organizations. Atlantica scored highly in several areas, including our COVID-19 response, employees' overall experience in the Company and satisfaction with their immediate manager/supervisor. This survey helped us to identify certain areas for improvement. Management has prepared action plans for those areas.

Our People

We believe that by providing a good working environment for our employees, and by enhancing social and professional development we will keep and attract valuable employees. Employees are a core component of our present and future success. We have in-place performance assessments, skills training programs and high potential (HIPO) employee programs, all aimed at talent retention and development.

Our values and Code of Conduct set out what we expect of all our people. The honesty, integrity and sound judgment 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.

We use a platform, called Meta4 as our global system for human resources management. Meta4 is accessible to all Atlantica employees. It is an interactive tool that allows employees to access and manage their development, performance reviews, benefits, compensation, work-time planning, etc.

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 and values and 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.

During 2020, we had an employee voluntary turnover of 7.5%, which decreased from 11.1% in 2019. If we exclude the effect of our operation and maintenance employees, our employee voluntary turnover would have been 4.2% in 2020.

In terms of prolonged absences, 21 of our employees took parental leave in 2020, of which 14 were men and 7 were women, and 26 employees enjoyed parental leave in 2019 (15 men and 11 women). In both years, all employees returned to work.

At Atlantica, we offer a remuneration package that includes monetary and non-monetary compensation. In 2020 and 2019, 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 human resources department receives remuneration data from two separate external consultants for certain positions detailed by position and 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 fruit at our offices and subsidizing fitness.

In 2020, we implemented 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 identified and isolated cases and potential cases together with their close contacts and taken additional measures to increase safety procedures for our employees and operation and maintenance suppliers' employees working at our assets. 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 the number of cases and other health indicators in each specific region. We continue to monitor the situation closely at all assets and offices and are ready to take additional action if and when required.

To date, we have not experienced material operational or financial impacts as a result of COVID-19.

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 2020 we focused our efforts on mitigating the impact of COVID-19. We donated PPE and basic supplies such as food and beverages to local governmental agencies in certain communities in South America and EMEA. 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 publicly available on our website (www.atlantica.com).

COVID-19 Pandemic

The COVID-19 pandemic is an unprecedented event that has affected many of our key markets. This situation requires and will continue to require us to adapt to changing events.

At Atlantica, our priority has always been to guarantee the safety of all our employees, contractors and partners working at our premises. In February 2020, following our Crisis Management procedure, 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. The aim was and continues to be, to monitor the situation at each location and take all necessary actions to manage the risks affecting our employees, operations and stakeholders. In 2020, we held 142 COVID-19 Committee meetings. As a result, we implemented health and safety measures at all our assets, which enabled us to operate and provide a reliable service to all our clients, with no disruptions to availability or production because of COVID-19.

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

- Members of Atlantica's management team formed a COVID-19 Committee, which meets at least three times per week (or daily when necessary) and takes measures based on the analysis of the following critical information:
  - Developments in COVID-19 data in countries and regions where we are present.
  - Positive cases among employees and subcontractors (monitored and tracked).
  - New regulations issued by governments (measures include implementing such regulations, where appropriate). The Committee approves all necessary measures without delay.
- We devised and implemented safety initiatives such as purchasing PPE and making its at our assets mandatory, and advising all employees to download COVID-19 apps in countries where such tools are available.
- We developed and implemented COVID-19 protocols at all our assets and work centres. These include:
  - Symptom monitoring procedures: daily body temperature measurement, identification of COVID-19 symptoms, etc.

- Monitoring COVID-19 cases in our workforce, tracing close-contacts and implementing quarantine protocols.
- Using mobile tracking devices at our assets where possible to identify close contacts of positive COVID-19 and implement quarantines
- Defining a protocol to open or close offices and establish maximum occupation capacity based on the average number of cases in the last seven days per one million inhabitants in the specific area and on the percentage of tested people who result in positive cases. Where offices have re-opened, we have applied strict safety measures.
- Making remote-working a priority.
- Restricting travel unless absolutely necessary.
- Implementing preventive safety measures such as the mandatory use of masks, social distancing, regular hand washing, etc.
- Placing information panels with rules and key information in our corporate offices and assets, installing protective screens on all desks and intensive cleaning.
- Stocking PPE.
- Implementing access control protocols for external subcontractors and visitors.
- Implementing a COVID-19 testing policy.
- Enhancing heating, ventilation and air conditioning systems in our offices following health agencies' requirements and recommendations.

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 2020, we migrated our system based on OHSAS 18.001 to the new health and safety standard ISO:45001.

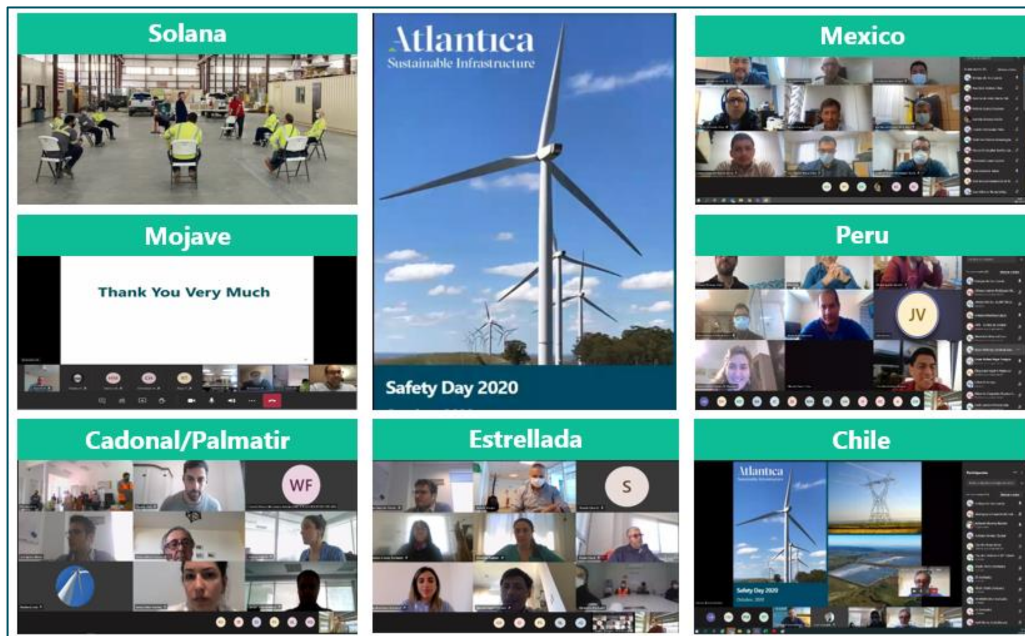
In addition, we perform periodic health and safety audits of our operation and maintenance suppliers to monitor compliance with legal regulations, contractual requirements and our safety best practices.

Health and Safety Best Practices

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 2020, we implemented the following new best practices:

1. Safety Culture

- "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 2020 we held our Safety Day online. Over 450 employees of Atlantica and our subcontractors took part. We honoured 23 employees with awards for their commitment to safety.



2020 Safety Day Pictures

2. Subcontractors Health and Safety Performance Checks

- We developed and implemented a new procedure to monitor subcontractors' health and safety practices. The goal is to identify areas for improvement and implement action plans agreed with our subcontractors.

3. Access to Safety Information

- We placed enhanced user-friendly panels with key health and safety procedures in strategic locations at our assets.
- We placed enhanced user-friendly panels with hazardous chemicals safety facts at our plants where chemicals are used.

Safety App

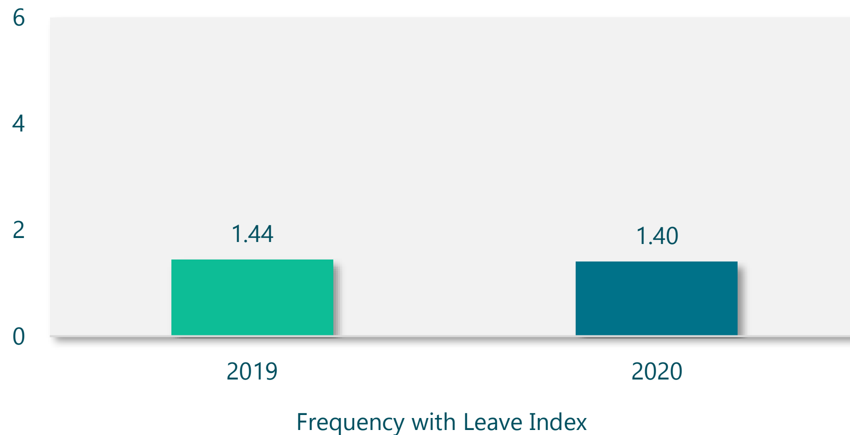
In 2019 Atlantica developed and launched a new mobile safety app for our employees and those of our subcontractors. We implemented this user-friendly tool to raise safety awareness among our employees and subcontractors in all our assets. It provides valuable information on safety rules, information on the use of PPE during hazardous activities, emergency instructions and first aid procedures. The app also serves as an important communication channel with internal and external employees working in our assets to improve safety through lessons learned. In 2020 we implemented several enhanced functionalities and continued to promote its use.

In addition, the app promotes risk awareness through an interactive quiz module. Regular questions testing "how much do you know about safety?" allow users to test their safety knowledge. In late 2020 we started developing a new "Walk and Talk" module. We expect to have it fully operational before June 30, 2021.

Health and Safety Rates

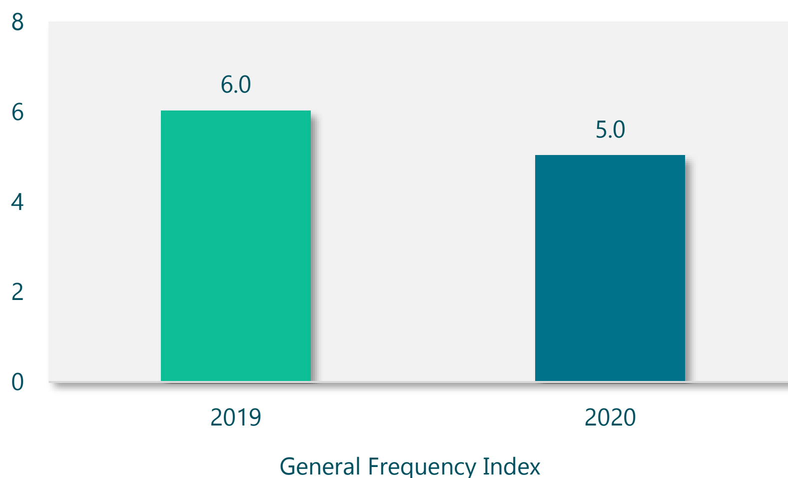
The fatality rate has been zero, and we have recorded no major injuries since our incorporation.

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 2020 at 1.40, representing approximately a 3% decrease compared to 2019.



Frequency with Leave Index

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 2020 at 5.0, representing approximately a 20% improvement compared to 2019.



General Frequency Index

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 those of our contractors. Because this helps us identify risks and implement adequate preventive measures, the higher the rate is, the better.

In 2020 our TRDI improved thanks to the enhanced risk identification processes and communication 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

As of December 31, 2020, 65% of our assets had achieved more than 1,000 days without lost time accidents and 80% over 500 days without lost-time accidents.

In 2021, 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 one of our core values, which prevails over the rest. We continuously strive for the highest standards of business conduct, safety and professionalism even if it means making tough choices. We are committed to complying with all rules and regulations.

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

The Company has adopted a Code of Conduct to reinforce our commitment to integrity and compliance. The Code of Conduct applies to all directors, officers and employees of Atlantica Sustainable Infrastructure plc and each of its subsidiaries. We also make our best efforts to introduce the code in our associate non-controlled companies where possible given Atlantica ´s level of participation. 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.

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.

Our Code of Conduct requires the highest standards for honest and ethical conduct and explicitly states that we do not tolerate bribery or corruption in any of its forms. 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.

In particular, Atlantica's 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 and 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. Payments of this nature are strictly against Atlantica's policy even if the refusal to make them may cause Atlantica to lose business. In 2020, we published Atlantica's anti-bribery and anti-corruption policy on our website. Atlantica's Code of Conduct prohibits political involvement of any kind on the Company's behalf. 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 2020 and 2019, neither Atlantica nor any of its subsidiaries made any financial or political contributions in-kind to political organisations, political campaigns, lobbyists or lobbying organizations 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.

Atlantica's Code of Conduct

"We always do what is right. We continuously strive for the highest standards of business conduct, safety, professionalism and governance even if it means making tough choices. We undertake to comply with all rules and regulations.

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.

The Company has adopted a Code of Conduct to reinforce our commitment to integrity and compliance. 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 of Conduct applies to all directors, officers and employees of Atlantica and each of its subsidiaries. We also make our best efforts to introduce the code in our associate non-controlled

companies where possible and reasonable given Atlantica ´s level of participation.

The Code of Conduct is available on our website and is accepted by all our employees annually. In addition, we organize training on our management policies, which includes our Code of Conduct.

Our Code of Conduct encompasses our high standards of integrity and includes principles on:

- ✓ Personal and business integrity: conflicts of interest, bribery and corruption, travel, entertainment and gifts, insider trading;
- ✓ Human and labour rights: dignity and respect, equality and diversity, occupational health and safety, forced labour, appropriate age, fair wages, right to form and/or join trade unions, environmental sustainability;
- ✓ Corporate assets and financial integrity: accounting and reporting, anti-money laundering, confidentiality and information security, protection of assets.

The Code of Conduct also includes information on the channels available to report or communicate a breach of the Code.

The Board of Directors approved the Code of Conduct in December 2020.

Sustainable Suppliers

At Atlantica, we are committed to operating to the highest standards of corporate conduct and we also seek to work with third parties who operate under principles similar to those set in the Code of Conduct. We expect our suppliers to sign and adhere to our Supplier Code of Conduct and 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 therefore pledge to work with those suppliers to help them comply.

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

Atlantica has implemented a risk identification process to evaluate and approve the engagement of suppliers. This process comprises: (1) an internal and external supplier homologation process and, (2) an annual internal assessment aimed at monitoring our key suppliers' activities. The internal homologation process determines the eligibility of a potential new supplier based on our internal policies. We perform part of the external homologation process through a third party, Ecovadis, a third party. This company focuses on the potential suppliers' activities regarding : (i) the 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 2020 and 2019 we certified suppliers representing approximately 51% of the Company's annual expenses through Ecovadis.

Anti-Slavery and Human Trafficking Statement

Atlantica published its anti-slavery and human trafficking statement under the Modern Slavery Act, 2015, which can be found on www.atlantica.com. The statement outlines the steps taken by the

Company to address the risk of slavery and human trafficking occurring within its operations and supply chains.

Given our business, we believe the risk of modern slavery is low. However, we do not intend to be complacent and will continue to work to improve our policies and procedures to ensure slavery and human trafficking does not take place anywhere in our supply chain.

Our main suppliers are large operation and maintenance corporations with robust corporate policies 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 in our Code of Conduct. We consider the risk of modern slavery and/or human trafficking in our supply chain and procurement processes to be very low based on Atlantica's risk identification process to evaluate and approve the engagement of suppliers and the suppliers' adherence to our Supplier Code of Conduct,.

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. We undertake to make the UNGC and its principles an integral part of the strategy, culture and day-to-day operations of Atlantica and our suppliers.

We further provide our employees, shareholders and others with the Whistle Blower Channel (available at www.atlantica.com), 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.

Atlantica has a zero-tolerance approach to modern slavery. We are proud of the effective steps we have taken to combat slavery and human trafficking that allow us to confirm that no incidents of modern slavery were reported or identified during 2020.

We also provided training in 2020 to members of senior management as part of our annual training 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.

All employees must read, understand and commit to follow our corporate governance policies.

Our Board of Directors approved the Anti-Slavery and Human Trafficking Statement in 2020.

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 he/she considers, 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.

In December 2020, the Board approved a new Stakeholder Policy aimed at building and strengthening relationships based on trust with stakeholders to minimize reputational risk, improve operational efficiency via smooth collaboration with them, and gain respectability and credibility. Through this policy Atlantica commits to: (i) engaging with stakeholders to obtain inputs that can be helpful as we execute on our strategy, and (ii) doing its best to gain the stakeholders' trust.

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 inputs that can be helpful as we execute our strategy.

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

	Face-to-face meetings* video or phone calls	ESG Report**	Website Content*	Whistleblower Channel	Social Media*	Internal Intranet Communi-cations*	Earning Presentations with Q&A***	Internal Training* with Q&A
Employees	▲	▲	▲	▲	▲	▲		▲
Suppliers	▲	▲	▲	▲	▲			
Customers	▲	▲	▲	▲	▲			
Business Partners	▲	▲	▲	▲	▲			
Local Communities	▲	▲	▲	▲	▲			
Investors	▲	▲	▲	▲	▲		▲	

(*) Regular or on as-needed basis. (**) ESG Report issued on an annual basis. (***) Quarterly Earnings Presentations

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. We 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 working in our assets and at our work centres. We promote a safe operating culture across Atlantica and encourage a preventive culture in the operation and maintenance activities of our assets as described in our corporate health and safety policy available at www.atlantica.com. Health and safety KPIs are discussed at all Board meetings.

At Atlantica, we are convinced that the diversity of our workforce is an asset that enriches the Company. 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.

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.

In addition, our CEO updates Atlantica's employees on the main priorities in open sessions with Q&A at least twice a year and feedback is actively encouraged. Our senior management participates in our "Atlantica's Management Model" training to discuss with all employees our long-term strategy and our business model, Atlantica's recent milestones, our growth strategy and our values, policies and procedures. An informal and open environment is promoted to foster discussions with the employees in groups of less than 20 people. Feedback is encouraged and employees are able to express their ideas and concerns. The feedback is analysed and shared with Atlantica's management in monthly management meetings. Action plans are defined and one or several managers are assigned the responsibility for their implementation.

The key metrics followed by the Board are among others:

		2020	2019
Health and Safety	General Frequency Index[4]	5.0	6.0
	Frequency with Leave Index[5]	1.4	1.4
	Near Misses Unsafe Acts and Unsafe Conditions Frequency Rate	1,197	1,177
Employee	Turnover	7.5%	11.1%
	Average Annual Training (in hours)	33	49
Percentage of Women	At Management Level	24%	21%
	Over Total Number of Employees	27%	26%

For further information we refer to the "Occupational Health and Safety" and "Employees" sections in this Strategic Report.

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.

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 Director 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 2020 include:

- More than 125 meetings with existing and potential investors.
- Attendance at 19 investor conferences and roadshows.

Investors can contact our Director 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 receives 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.

---

[4] Total Recordable Incident Rate (TRIR) 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.

[5] General Frequency Index (GFI) 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 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 2020, we updated our Environmental Policy and reiterated our goals. We are committed to maintaining over 80% of our adjusted EBITDA including unconsolidated affiliates generated from low-carbon footprint assets including renewable energy, transportation and transmission infrastructure and water assets and, to reduce our emission rate per unit of energy generated by 10% by 2030 (vs. 2018 base). Our Board takes into consideration these targets while making decisions, including capital allocation.

In addition, 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 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. As a result, in 2020 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 are suffering and will continue to suffer the consequences of COVID-19. As such, in 2020 we focused most of our efforts on mitigating COVID-19 impacts. We donated personal protection equipment (PPE) and basic supplies such as food and beverages to local governmental agencies in certain local communities in South America and EMEA. 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:

		2020	2019
At least 80% of adjusted EBITDA including unconsolidated affiliates coming from low carbon footprint assets		87.3%	86.7%
GHG Emissions	Scope 1	1,737 thousand tons of CO_2	1,533 thousand tons of CO_2
	Scope 2	199 thousand tons of CO_2	123 thousand tons of CO_2
	Scope 3	821 thousand tons of CO_2	719 thousand tons of CO_2
	Total	2,757 thousand tons of CO_2	2,376 thousand tons of CO_2
	Scope 1 GHG Emission Rate per Unit of Energy Generated	0.17 tons of CO_2/MWh	0.17 tons of CO_2/MWh
Water Management in Power Generation	Withdrawal	1.56 m^3 per MWh	1.71 m^3 per MWh
	Discharges	0.21 m^3 per MWh	0.21 m^3 per MWh
Waste Management	Hazardous waste	2,680 tons of waste	10,618 tons of waste
	Non-hazardous waste	20,532 tons of waste	19,836 tons of waste
Community Investment and Development		Investments focused on mitigating COVID-19 pandemic consequences	Investments focused on improving communities' infrastructure

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 2020 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, we have control over the asset. In other cases, such as Honaine or Monterrey, we are a minority partner and we do not manage the projects' day-to-day operations. In all these situations, our geographical 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:

	2020	2019
Percentage of suppliers verified in terms of total costs	>51%	>51%
Adherence to Atlantica's Supplier Code of Conduct	~100%	~100%

Our Customers

We own a portfolio of sustainable infrastructure with 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 Geographical 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 2020, the main decisions relate to our strategy going forward and asset acquisitions.

Investments and Acquisitions

In 2020, our Board analysed and approved different investment and acquisition opportunities proposed by our Investment Committee:

- The creation of a renewable energy platform in Chile, together with financial partners. Atlantica owns approximately a 35% stake and has a strategic investor role. The first investment was the acquisition of Chile PV 1, a 55 MW solar PV plant in operation since 2016. In 2020, the Board also approved the acquisition of Chile PV 2, a 40 MW PV plant, in operation since 2017.
- The acquisition of the tax equity investor interest in Solana. Liberty was the tax equity investor in Solana. Total equity investment is expected to be approximately $290 million of which $272 million has already been paid. The total price includes a deferred payment and a performance earn-out based on the average annual net production of the asset in the four calendar years with the highest annual net production during the five calendar years of 2020 through 2024.
- The acquisition of Calgary District Heating, a district heating asset in Canada for a total equity investment of approximately $20 million, in operation since 2010. The asset has availability-based revenue with inflation indexation and 20 years of weighted average contract life. Closing is expected by mid-2021 subject to customary conditions precedent and regulatory approvals.
- The acquisition of La Sierpe, a 20 MW solar asset in Colombia for a total equity investment of $23 million. Closing is expected to occur after the asset reaches the commercial operation date which is expected to occur by mid-2021. Closing is subject to customary conditions precedent and regulatory approvals. Additionally, the Board approved to co-invest with Algonquin in additional solar plants in Colombia with a combined capacity of approximately 30 MW to be developed and built by AAGES.
- 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 ISO. It has PPAs signed with three investment grade off-takers, with a 19-year average contract life. Closing is subject to customary regulatory approvals and is expected to occur during the first half of 2021. Total investment is expected to be approximately $170 million, including approximately $130 million for the equity and $40 million expected to be invested in reducing project debt.

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 2020 the Board approved several corporate debt financings:

- The 2020 Green Private Placement for €290 million, maturing in 2026, which was primarily used to repay the Note Issuance Facility 2017.
- The Note Issuance Facility 2020 for a total amount of approximately $171 million which is denominated in euros (€140 million), maturing in 2027, which is expected to be used to finance investments and acquisitions.
- The Green Exchangeable Notes for a total amount of $115 million, maturing in 2025, which were used to finance the acquisition of new or ongoing assets or projects which meet certain eligibility criteria in accordance with our Green Finance Framework.

In addition, the Board approved an equity issuance for approximately $300 million gross proceeds. The transaction included an underwritten public offering of 5,069,200 ordinary shares and a private placement under which Algonquin purchased 4,020,860 ordinary shares in order to maintain its 44.2% equity interest in the Company.

When approving these financings, the Board took into consideration our strategic growth plan and how it affects 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 2020, the Board decided to pay total dividends of $1.66 per share to our shareholders in quarterly dividends, a 6% 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 took into account available cash, available liquidity under our financing arrangements and investment plans of the Company. The Directors also considered the net liability position of the Company.

While deciding 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 on their going concern assessment covering the period to 31 March 2022. 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 26, 2021 and signed on its behalf by Santiago Seage, Director and Chief Executive Officer.

Director and Chief Executive Officer

Santiago Seage

February 26, 2021

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, 2020.

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 dividend, 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 2020 were:

Declared	Record	Paid	Amount (US$)
Nov 4, 2020	Nov 30, 2020	Dec 15, 2020	0.42
July 31, 2020	Aug 31, 2020	Sep 15, 2020	0.42
May 6, 2020	June 1, 2020	June 15, 2020	0.41
Feb 26, 2020	March 12, 2020	March 23, 2020	0.41
		Total	**1.66**

On February 26, 2021, our Board of Directors approved a dividend of $0.42 per share which is expected to be paid on March 22, 2021 to shareholders on the record as of March 12, 2021.

On May 11, 2018, the Company's Annual General Meeting approved a redemption of the share premium account of the Company that intended to reduce the share premium account by $ 500,000 thousand and increase distributable reserves (capital reserves) by the same amount. Pursuant to the Companies Act 2006, the Company's capital reduction is effective upon confirmation of the reduction by the High Court. High Court confirmation of the capital reduction was obtained on May 7, 2019. In addition, no interim financial statements showing sufficient distributable reserves were filed with Companies House. Both these matters mean dividends paid since the second half of 2018 were made otherwise than in accordance with the Companies Act 2006. Note 7 of the Financial Statements of the Parent Company for the year ended December 31, 2019 described the amendment made to the share premium account and capital reserve account as of December 31, 2018. To remedy the potential consequences of the dividend payments indicated in the preceding paragraph, a special resolution was approved at the Annual General Meeting in May 2020 to authorise the appropriation of distributable reserves to the payment of the said dividends and release any claims the Company may have in connection with the said dividends against shareholders and directors (the "Directors' Release"). The Directors Release is a related party transaction under IFRS. The overall effect of the special resolution was to put all parties in the position, so far as possible, in which they would have been, had the said dividends been paid in full compliance with the Companies Act 2006.

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 Note Issuance Facility 2019, 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 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.

On May 9, 2019, Algonquin and the Company entered into an Enhanced Cooperation Agreement and Algonquin and into a subscription agreement pursuant to which, among other things, the Company agreed to permit Algonquin to acquire, and Algonquin agreed to purchase, 1,384,402 ordinary shares, representing approximately 1.4% of the issued and outstanding ordinary shares. On May 22, 2019, Algonquin announced that they had completed the purchase of the 1.4% stake. After giving effect to such purchase, Algonquin was the beneficial owner of 42,942,065 ordinary shares, representing approximately 42.3% of the issued and outstanding Ordinary Shares. On May 31, 2019, Algonquin entered into an accelerated share purchase transaction with Morgan Stanley & Co. LLC, pursuant to which on the same date AAGES acquired 2,000,000 ordinary shares for a total price of $53,750,000.

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. Additionally, 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 is the beneficial owner of 48,962,925 ordinary shares, representing 44.2% of the issued and outstanding ordinary shares.

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	44.2%
Morgan Stanley Investment Management Inc.[(2)]	5,918,853	5.5%
BlackRock Inc.[(3)]	5,864,325	5.5%

Notes:

(1) This information is based solely on the Schedule 13D filed with the U.S. Securities and Exchange Commission on January 7, 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, 2021 by Morgan Stanley, corporation incorporated under the laws of Delaware. The registered address of Morgan Stanley is 1585 Broadway New York, NY 10036.

(3) This information is based solely on the Schedule 13G filed on February 2, 2021 by BlackRock Inc., a corporation incorporated under the laws of Delaware. The registered address of BlackRock is 55 East 52nd Street, New York, NY 10055.

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 $12 million to $14 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 44.2% 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., and Director and Chair of the Governance Committee of Olympia Financial Group*	Yes	2	★			✓
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.

Daniel Villalba, who was the Chair of the Board during 2020 did not stand for re-election at the 2020 Annual General Meeting. In that meeting, the directors standing for re-election were not re-elected. The Board of directors appointed five new directors to serve on the Board until Atlantica's next Annual General Meeting of shareholders, expected to be held in May 2021.

The directors, who served throughout the year 2020, 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 Interim Chair of the Board	Appointed on May 5, 2020.
Andrea Brentan	Director, Independent	Appointed on June 23, 2017, and not re-elected on May 5, 2020.
Robert Dove	Director, Independent	Appointed on June 23, 2017, and not re-elected on May 5, 2020.
Christopher Jarratt	Director	Director: appointed March 12, 2018, elected on May 11, 2018. Resigned on October 9, 2020.
Francisco J. Martinez	Director, Independent	Appointed on June 23, 2017, and not re-elected on May 5, 2020.
Ian Robertson	Director	Appointed March 12, 2018, elected on May 11, 2018 resigned on April 28, 2020.
Jackson Robinson	Director, Independent	Appointed June 13, 2014, and elected on June 23, 2017, and not re-elected on May 5, 2020.
Daniel Villalba	Director and Chair of the Board, Independent	Chair of the Board: appointed on November 27, 2015. Director, independent: appointed June 13, 2014, re-elected June 23, 2017. Resigned on May 5, 2020.

On February 13, 2020 the Special Committee that had been created on February 13, 2019, announced that it had concluded the review of the Company's strategic alternatives by reaffirming the Company's current strategy as a leader in sustainable infrastructure.

Membership and Attendance

The table below outlines membership and attendance to our board during 2020

Director	Membership		Role	Attendance / Eligible to attend (1)
	From	To		
William Aziz[2]	May 2020	n/a	Director, Independent	10/10
Arun Banskota[3]	April 2020	n/a	Director	10/10
Debora Del Favero[2]	May 2020	n/a	Director, Independent	10/10
Brenda Eprile[2]	May 2020	n/a	Director, Independent	10/10
Michael Forsayeth[2]	May 2020	n/a	Director, Independent	10/10
Santiago Seage	Dec' 2018	n/a	Director and Chief Executive Officer	15/15
George Trisic[3]	Oct' 2020	n/a	Director	3/3
Michael Woollcombe[2]	May 2020	n/a	Director, Independent and Interim Chair of the Board	10/10
Andrea Brentan[4]	June 2017	May 2020	Director, Independent	5/5
Robert Dove[4]	June 2017	May 2020	Director, Independent	5/5
Christopher Jarratt[3]	Mar 2018	Oct 2020	Director	12/12
Francisco J. Martinez[4]	June 2017	May 2020	Director, Independent	5/5
Ian Robertson[3]	Mar 2018	Apr 2020	Director	3/4
Jackson Robinson[4]	June 2014	May 2020	Director, Independent	5/5
Daniel Villalba[5]	June 2014	May 2020	Director, Independent and Chair of the Board	5/5

(1) Does not include matters approved by Director's Written Resolution.
(2) Mr. William Aziz, Mrs. Debora Del Favero, Mrs. Brenda Eprile, Mr. Michael Forsayeth, Mr. Michael Woollcombe, joined the Board of Directors on May 5, 2020 as independent non-executive Directors.
(3) Mr. Arun Banskota and Mr. George Trisic joined the Board of Directors on April 28, 2020 and October 9, 2020, respectively, replacing Mr. Ian Robertson and Mr. Christopher Jarratt who resigned on April 28, 2020 and October 9, 2020. respectively.
(4) Mr Andrea Brentan, Mr. Robert Dove, Mr. Francisco J. Martinez and Mr. Jackson Robinson were not re-elected to be members of the Board of Directors on May 5, 2020.
(5) Mr. Daniel Villalba resigned as Director and Chair of the Board of Directors on May 5, 2020.

Senior management attend meetings by invitation of the Board.

2020 Key Activities

In 2020, the Board of Directors held 15 meetings and adopted six written resolutions.

Major areas of focus of the Board during 2020 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.

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 subsidiary 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 2020 nor 2019.

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 programme, 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 have been our principal accountants providing the audit services to the Company during 2020. 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.

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 26, 2021, our Board of Directors approved a dividend of $0.42 per share which is expected to be paid on or about March 22, 2021 to shareholders of record on March 12, 2021.

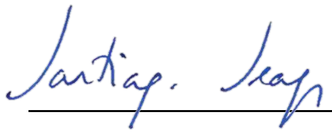
On December 11, 2020 we closed an underwritten public offering of 5,069,200 ordinary shares, including 661,200 ordinary shares sold pursuant to the full exercise of the underwriters' over-allotment option, at a price of $33 per new share. Additionally, Algonquin purchased 4,020,860 ordinary shares in a private placement in order to maintain its equity interest in the Company. The private placement closed on January 7, 2021. Gross proceeds of the public offering and the private placement were approximately $300 million, which we intend to use to finance growth opportunities and for general corporate purposes after deducting underwriting discounts, commissions and offering expenses.

On January 6, 2021 we closed our second investment through the energy platform in Chile with the acquisition of Chile PV 2, a 40 MW PV plant. Total equity investment for this new asset was approximately $5.0 million.

In January 2021 we reached an agreement to increase our equity stake from 15% up to 100% in Rioglass, a multinational manufacturer of solar components. We have closed the acquisition of a 42.5% equity stake, for which we paid $7 million. In addition, we have an option to acquire the remaining 42.5% in the same conditions until September 2021, and after that date the seller has an option to sell the 42.5% also in the same conditions. We intend to find partners to co-invest in the company, as such we expect to classify the investment as held for sale in our Consolidated Financial Statements.

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. Although the Company has contingency plans in place, including a potential change of supplier and/or internalization, in the short term it expects the operation and maintenance services being provided by Abengoa subsidiaries to continue to be provided by its current supplier. Currently, Atlantica does not expect any material impact in the accounting value of its concessional assets as a result of the insolvency filing of Abengoa S.A. The insolvency filing by the individual company Abengoa S.A. represents a potential event of default under the Kaxu project finance agreement (Note 1 to the Consolidate Financial Statements).

This report was approved by the Board of Directors on February 26, 2020 and signed on its behalf by Santiago Seage, Director and Chief Executive Officer.



Director and Chief Executive Officer

Santiago Seage

February 26, 2021

Audit Committee Report

Chair's Introduction

Following the Company's annual meeting in May 2020, a new audit committee was appointed comprised of entirely new members. Shortly after our appointment we received an orientation on:

- Atlantica's financial reporting process and team.
- The 2020 internal audit plan, progress and team, including the approach to assessing the effectiveness of internal controls and risk management processes.
- The external auditor's 2020 audit plan including key audit risk areas.

Regarding interim financial statements prepared subsequent to our appointment, the committee actively challenged the reports from management and the external auditor focusing on significant accounting issues and judgements to determine whether Atlantica's financial reporting is fair, balanced and understandable. At our third quarter meeting we reviewed the Company's risk matrix and discussed the ranking and velocity of several risks facing the company as well as the current mitigation strategies with the Chief Financial Officer and Head of Internal Audit.

In the fall of 2020, the committee developed a broader committee mandate, which was subsequently approved by the Board of Directors. In addition, the committee prepared a revised written policy for approving non-audit services provided by the external auditor.

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.

Membership and Attendance

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	2/2
William Aziz	May 2020	n/a	Director, Independent. Financial Expert	2/2
Michael Forsayeth	May 2020	n/a	Director, Independent. Financial Expert	2/2
Mr. Francisco J. Martinez	June 2017	May 2020	Director, Independent and Chair of the Audit Committee. Financial Expert	2/2
Mr. Jackson Robinson	June 2014	May 2020	Director, Independent	2/2
Mr. Daniel Villalba	June 2014	May 2020	Director, Independent	2/2

Notes:

(1) Does not include matters approved by the Audit Committee's Written Resolutions.

All members of the committee are independent non-executive directors in accordance with the definition provided by Rule 5605 of the NASDAQ Stock Market ("NASDAQ") and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the United States Securities Exchange Act of 1934, as amended.

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 important issues.

There were four committee meetings in 2020 with 100% attendance on the part of all committee members. Regular attendees at the meetings include the Chief Financial Officer, the Head of Accounting and Consolidation, the Head of Internal Audit, the Head of Investor Relations and the External Auditors.

Mandate of the Audit Committee

In November 2020, the Board of Directors approved new Terms of Reference for the Audit Committee. The committee is a standing committee of the Board, established to assist the Board in fulfilling its oversight responsibilities with respect to:

- The Company's accounting and financial reporting processes and audits of its financial statements,
- The integrity including the completeness, appropriateness, and accuracy of the Company's financial reporting and certain other information provided to shareholders,
- The Company's risk assessment and risk management processes, including the assessment of significant financial and accounting risk exposures and all the actions taken to mitigate these risks,
- The effectiveness of systems implemented and maintained by the Company to manage those risks, in particular with regard to internal controls and critical information systems relating to financial reporting,
- Compliance with legal and regulatory requirements, and the encouragement of legal and ethical conduct, associated directly or indirectly with accounting and financial reporting matters; the independence and qualifications of the external auditors; and the performance of the Company's internal audit function and external auditors.

The approved Terms of Reference for the Audit Committee are available on the website of the Company (www.atlantica.com).

2020 Key Activities

Financial Reporting

The committee oversees the integrity of the Company´s financial reporting process to ensure that the information provided to shareholders and other stakeholders is fair, balanced and

understandable and provides all the information necessary to assess the Company´s financial position, recent performance, cashflows and future prospects.

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, the clarity of the disclosure, compliance with relevant legal and financial reporting standards and the application of accounting policies and judgements.

In its review of financial reporting, the committee focused on the accounting policies, significant judgements and estimates used in preparing the financial statements, as well as the disclosures provided. Particular attention was paid to the following significant issues in the 2020 financial reporting:

1. Recoverability of Contracted Concessional Assets.
2. Covenants Compliance.
3. Credit Risk monitoring of certain off takers / customers.
4. Change in the useful life of the solar plants in Spain.
5. The effects of COVID 19 on the business. and
6. Significant one-off transactions, including acquisitions, partnerships and other significant agreements, etc.

The previous committee considered the 2019 Annual Report (UK Annual Report) and Form 20-F and assessed whether the reports were fair, balanced and understandable and provided their assessment to the full board prior to board approval of these reports.

External Audit

➢ *Assessing Audit Risk*

A detailed audit plan was prepared by the external auditor and reviewed by the committee. The plan outlines the audit strategy for 2020 and the key audit risks to be addressed, including:

- The consistency of management's judgements and estimates,
- Responding to the risk of material misstatements through substantive testing and data analytics,
- Effect of Covid-19 on the company's internal controls and financial reporting processes, and any related modifications,
- Credit risk of certain significant power off-takers / customers,
- Recoverability assessment of contractual concessional assets,
- Expected credit losses on significant receivables,
- Risks related to material acquisitions/transactions,
- Management override of controls.

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 Effectiveness*

In order to assess the auditor's performance, management undertook a survey which compromised questions in the following areas:

- Communication and availability
- Technical knowledge
- Added value
- Deadline achievements
- Daily interaction

The results of the survey indicated that most regions were quite satisfied with the performance of the external auditors. There were some areas for improvement noted which appear to be attributable to 2019 being the first year EY is in the role of external auditor. None of the improvement areas impacted the effectiveness of the audit. The results of the survey were discussed with EY for consideration in their 2020 audit approach.

The committee 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 through:

- Reviewing the annual audit plan and discussing the approach proposed with the engagement partners,
- Reviewing progress against the plan throughout the year and discussing any issues that have arisen with management and the external auditor,
- Discussing any revisions to the plan when they are made,
- Discussing the results of the external auditors' work on the interim and annual financial statements prior to committee approval and recommendation to the board,
- Reviewing the results of the auditor effectiveness survey and discussing with the external auditor.

On the basis of this assessment, the committee has concluded that the appropriate quality is being provided for the services rendered. The audit team has the dedication, expertise, as well as the independence and objectivity necessary to fulfil their responsibilities to shareholders.

➢ *Assessing Auditor Reappointment and Independence*

EY and its firm members were initially appointed and approved as external auditor of Atlantica at the AGM held on May 11, 2018. The committee is responsible for overseeing the remuneration of the external auditor and for negotiating fees for both audit and non-audit services. The committee approves all services contracted with the external auditor.

In November 2020, the committee approved a revised policy to safeguard the independence and objectivity of external auditors. In general, the external auditor may be engaged to provide services only if their independence and objectivity are not impaired. The committee considered it appropriate to establish the Pre-Approval Policy for Audit and Non-audit services rendered by the Statutory Auditor. According to this Policy, audit services, audit-related services, certain tax services

and certain other services are pre-approved by the committee under certain limits. All other services must be approved explicitly by the committee. For non-audit services, the accumulated annual fees must remain below the threshold of 70% of the annual audit services fees.

The Policy also includes a list of SEC's prohibited non-audit services. This list sets forth several services that the SOX Act and the SEC have specifically identified as services that may not be performed by the Company's external auditor.

All services performed by EY have been approved by the committee. All fees received by EY in 2020 have been approved by the committee.

In thousand USD	EY	Others	Total
Audit Fees	1,391	54	1,445
Audit-Related Fees*	516	-	516
Tax Fees	502	-	502
All Other Fees	15	-	15
Total	**2,424**	**54**	**2,478**

(*) Audit-Related Fees include US$212 thousand paid to EY during 2020 in relation to our major shareholder's capital market transactions. The full amount was reimbursed by the shareholder.

Internal Audit

In accordance with the committee's terms of reference, it is responsible for the supervision of the Internal Audit function.

In particular, the committee:

- Approves the Internal Audit Plan for the year and discusses the risk assessment underlying the plan's development,
- Reviews the progress of the Internal Audit Plan on a quarterly basis and discusses any significant issues with the Head of Internal Audit,
- Reviews the results of particular internal audits, and discusses the main findings and recommendations with the Head of Internal Audit,
- Reviews and monitors management's responsiveness to the internal auditor's findings and recommendations,
- Meets regularly with the Head of Internal Audit.

The Internal Audit Department is responsible for conducting audits in the areas of:

- Integrated audits (financial audit, internal control and anti-fraud procedures),
- Financial risk management (e.g. covenants compliance, financial ratio reviews, etc.),
- Due diligence (e.g. acquisitions),
- Forensic (e.g. supplier and potential partner analysis),
- Internal control procedures and activities to prevent fraud and corruption, (e.g. the US Foreign Corrupt Practices Act and the UK Bribery Act),

- Fraud risk assessment procedures performed in order to detect fraud and breaches of regulation, together with related findings and recommendations for improvement,
- Other (e.g. management policy reviews).

At each committee meeting, progress on Internal Audit's plan is reviewed with the Head of Internal Audit including significant findings from audits done in the quarter, as well as management's progress on addressing previously identified deficiencies.

Risk Management

During the year, the risks posed by Covid-19 and the company's response was discussed at each regularly scheduled board meeting. In addition, the committee discussed Covid-19 risks with the CFO and external auditor at the regularly scheduled committee meetings. Fortunately, given the nature of the company's business and the steps management took early on in the pandemic, the impact on the Company's business has been negligible.

The committee reviewed the company's risk matrix and discussed the following risks and associated mitigation plans with management at the third quarter committee meeting:

- Cybersecurity,
- Major health and safety and environmental accidents,
- Climate change related incidents,
- O&M suppliers risk,
- Insurance coverage exclusions,
- Failure of critical equipment,
- Solar field underperformance

The committee reviews regular reports from Internal Audit on risk management processes throughout the year. The findings are discussed with the Head of Internal Audit, including progress made on addressing previously identified weaknesses.

Corporate Governance

On an annual basis the committee considers whether any changes should be made to how it operates. This year the committee adopted a new audit committee calendar of activities to help plan annual activities and meeting agendas. It reflects the requirements for audit committees of NASDAQ listed companies, as well as common best practices. The tool covers more than 80 actions or responsibilities and their frequency in the following areas:

- Financial management and reporting, accounting policies and procedures
- General business planning
- Risk management
- Independent Auditor
- Internal Audit
- Whistleblower procedures
- Other matters and governance

Whistleblowing

The committee is responsible for 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 allegations received are managed by the Compliance Committee according to a specific Fraud Response Protocol. All main procedures performed, conclusions and proposed corrective measures are communicated to the committee.

The Board has a zero-tolerance policy for corruption. Atlantica´s Code of Conduct contains guidelines for conducting the Company's business with the highest standards of business ethics. Atlantica also has a Supplier Code of Conduct which ensures that all its suppliers and service providers are also operating with the highest standards of business ethics.

The Group'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, 2020. 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 and remuneration policy will each be submitted to a vote by shareholders at the Annual General Meeting in May 2021.

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 parts of the Directors' Remuneration Report that are subject to audit are indicated in the report. 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 2020. 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 the applicable law, with the aim of attracting and retaining highly skilled professional and managerial resources and aligning the interests of management with the priority 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.

In 2020 the Compensation Committee held three meetings and 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 for 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 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 will be payable in 2021. In 2019, most of the objectives defined for the Chief Executive Officer's variable bonus were met or exceeded and a bonus corresponding to 100.7% of the target variable compensation was paid in 2020.

Shareholders will be asked to approve the remuneration policy at our Annual General Meeting to be held in May 2021. The Company is seeking shareholder approval for changes to the current remuneration policy that includes new share ownership requirements applicable to directors receiving remuneration from the Company and executives, a Deferred Restricted Share Unit Plan ("DRSU Plan") for non-executive directors, and the implementation of an incentive compensation recoupment, or clawback policy. See further detail in the "Changes to the current remuneration policy section" below.

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

Single Total Figure of Remuneration for Each Director (Audited)

Since April 2019 each independent non-executive director is entitled to receive annual compensation of $150.0 thousand. In addition, Chair of the Board and Chairs of the committees of the board are entitled to receive additional compensation as detailed in the table below. Furthermore, since May 2020 non-independent non-executive directors are also entitled to be compensated on the same terms as we compensate independent non-executive directors. In 2020, non-independent non-executive directors declined compensation.

The following table sets out the fee schedule for 2020 and 2019:

Business In thousands of U.S. Dollars	**2020**	**2019**	
		From April 2019 to December 2019	From January 2019 to March 2019
Annual Director Retainer			
Non-Executive Director	150.0	150.0	134.0
Annual Committee Chair Retainer			
Chair of the Board	75.0	75.0	61.0
Chair of the Audit Committee	15.0	15.0	15.0
Chair of the Nominating and Corporate Governance Committee	10.0	10.0	10.0
Chair of the Compensation Committee	10.0	10.0	10.0

The table below summarizes the directors who received remuneration during the year ended December 31, 2020, 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[1]		Total Fixed Remuneration		Total Variable Remuneration		Total	
Name	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
William Aziz[2]	106.7		-	-	-	-	106.7	0.0	-	-	106.7	0.0
Debora Del Favero[2]	106.7		-	-	-	-	106.7	0.0	-	-	106.7	0.0
Brenda Eprile[2]	110.0		-	-	-	-	110.0	0.0	-	-	110.0	0.0
Michael Forsayeth[2]	100.0		-	-	-	-	100.0	0.0	-	-	100.0	0.0
Santiago Seage[3]	756.8	727.7	996.4	957.7	770.9	-	756.8	727.7	1,767.3	957.7	2,524.1	1,685.4
Michael Woollcombe[2]	150.0		-	-	-	-	150.0	0.0	-	-	150.0	0.0
Andrea Brentan[4]	56.3	146.0	-	-	-	-	56.3	146.0	-	-	56.3	146.0
Robert Dove[4]	60.0	155.9	-	-	-	-	60.0	155.9	-	-	60.0	155.9
Francisco J. Martinez[4]	61.9	161.0	-	-	-	-	61.9	161.0	-	-	61.9	161.0
Jackson Robinson[4]	60.0	155.9	-	-	-	-	60.0	155.9	-	-	60.0	155.9
Daniel Villalba[4]	84.4	217.5	-	-	-	-	84.4	217.5	-	-	84.4	217.5
Total	**1,652.8**	**1,564.0**	**996.4**	**957.7**	**770.9**	**-**	**1,652.8**	**1,564.0**	**1,767.3**	**957.7**	**3,420.1**	**2,521.7**

[1] Long-term Incentive Awards includes Long-term Incentive Plan (LTIP) and Special One-Off Plan.

[2] Mr. William Aziz, Mrs. Debora Del Favero, Mrs. Brenda Eprile, Mr. Michael Forsayeth and Mr. Michael 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.

[3] The CEO's compensation is approved in Euros. It has been converted to U.S. dollars for presentation purposes, at the average exchange rate of each year, which is 1.14 $/€ in 2020 and 1.12 $/€ in 2019.
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). In 2019, the CEO's total pay amounted to €1,505.5 thousand ($1,685.4 thousand). Fixed salary amounted to €650.0 thousand ($727.7 thousand) and annual bonus to €855.5 thousand ($957.7 thousand). In 2019 no amount vested under long-term incentive awards.[4] Mr. Daniel Villalba, Mr. Robert Dove, Mr. Francisco J. Martinez and Mr. Jackson 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. Andrea Brentan was a director until May 5, 2020.

In 2020, the Remuneration Report has been 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.

The CEO's compensation is approved in Euros and has been converted to U.S. Dollars using the average exchange rate of 2020 and 2019 for each of the years. Except for Santiago Seage, all directors served only part of 2020 (see Directors' Report).

None of the directors received any pension entitlement and/or taxable benefits in 2020 or 2019.

Only directors who received remuneration are included in the table above. Non-independent, non-executive directors were entitled, following the Annual General Meeting held on May 5, 2020, to the same compensation as independent non-executive directors, but declined any compensation. In 2019, non-independent, non-executive directors were not entitled to receive compensation.

In June 2020, one-third of the CEO's one-off plan share 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 cash payment has been included in the Single Total Figure of Remuneration table above.

	One-Third of Restricted Stock Units (RSUs)	Price on Vesting Date	Total Cash Payment ($'000)
One-Off Plan	14,535	27.97 USD	430.3 USD

In addition, on June 20, 2020, one-third of the CEO's share options awarded under the LTIP vested. These options were not exercised, hence not paid. The vested options have been included in the Single Total Figure of Remuneration table above, valued at the share price on the vesting date.

LTIP	One-Third of Share Options	Price on Vesting Date	LTIP Exercise Price per Option	Amount Vested ($'000)
2019	40,693	27.97 USD	19.60 USD	340.7 USD

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.

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 will be payable in 2021.

	Percentage weight	Achievement
CAFD[6] – Equal or higher than the CAFD budgeted in the 2020 budget	40%	96%
EBITDA – Equal or higher than the EBITDA budgeted in the 2020 budget	15%	102%
Close accretive acquisitions for the Company	20%	110%
Achieve health and safety targets - (Frequency with Leave / Lost Time Index below 3.5 and General Frequency Index below 11.0) based on reliable targets and consistent measure metrics	10%	110.03%
Implement the succession plan	15%	100%

In 2019, 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 100.7% of the target variable compensation, which was paid in 2020.

The Chief Executive Officer's maximum potential bonus could be 120% of such bonus, approximately $1,164 thousand (€1,020 thousand).

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

---

[6] 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.

Deferred Restricted Share Unit Plan (DRSU Plan)

As we explain in our remuneration policy below, the Company is seeking shareholder approval to establish a DRSU Plan for non-executive directors to promote a greater alignment of interests between directors and shareholders, by providing 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 plan, on an annual basis and prior to commencement of the remuneration period, the Company shall determine the amount or percentage of the director's annual fee payable through DRSUs.

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. 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, or 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.

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 2020, he accrued $996.4 thousand as a bonus payment in accordance with his service agreement, payable in 2021. In 2019, Mr. Seage accrued $957.7 thousand in accordance with his service agreement, which was paid in 2020.

Scheme interests awarded during 2020:

LTIP	Number of Restricted Stock Units	Number of Share Options	Face Value* ($'000)	Performance Criteria
2020	33,641	103,842	1,180	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 2020, under the LTIP, 33,641 restricted stock units were awarded to the CEO, which will vest on the third anniversary of the grant date. In addition, 103,842 stock options were awarded, which vest one third per year, starting on the first anniversary of the grant date.

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. The stock options are not subject to performance vesting.

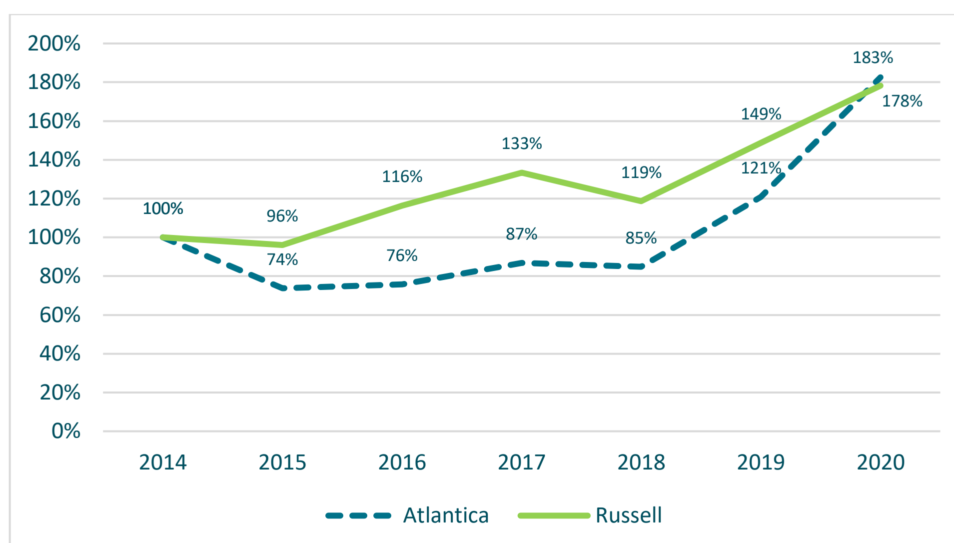
A description of type of the interest awarded and the basis on which the award is made is provided in the Remuneration Policy section below.

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 2020 compared with the total shareholder return 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.

Total shareholders return (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[(1)]	Total Pay[(2)] ($ 000)	Bonus		Long-Term Incentive Awards[(3)]	
		Percentage of Target	Amount of Bonus[(4)] ($ 000)	Percentage of Maximum	Value ($ 000)
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[(5)]	-	-	-	-
2014	174.1	-	-	-	-

(1) 2014 to 2019 amounts have been revised and converted from Euros to U.S. Dollars using annual each year average exchange rates, following 2020 updated directors' compensation disclosure in U.S. Dollars.

(2) The CEO's compensation is approved in Euros. It has been converted to U.S. dollars for presentation purposes. The total pay received by the CEO in thousands of Euros was €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.

(3) Long-Term Incentive Awards includes LTIP and Special One-Off Plan.

(4) Amount of bonus accrued by the Company at year-end and paid the next year. For example: In 2019, the Company accrued $957.7 thousand of the bonus paid to the Chief Executive Officer in 2020.

(5) 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 since late November 2015. Meanwhile, Mr. Garoz held that position between May and November 2015, when he left the Company.

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

The table below sets out the percentage change between 2019 and 2020 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 Group as a whole, excluding the Chief Executive Officer.

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

Notes:
This is the first year in which this reporting requirement is applicable for the Company. Over subsequent years this will build up to a rolling five-year period.
Except for Santiago Seage, all directors served only part of 2020 (see Directors' Report).
None of the directors received any pension entitlement and/or taxable benefits in 2020 or 2019.
Only directors who received remuneration are included in the table above.
n/a: Non-applicable.

[1] Long-term Incentive Awards includes Long-term Incentive Plan (LTIP) and Special One-Off Plan.

[2] Mr. William Aziz, Mrs. Debora Del Favero, Mrs. Brenda Eprile, Mr. Michael Forsayeth and Mr. Michael Woollcombe joined the Board of Directors on May 5, 2020 as independent non-executive Directors, hence there is no percentage change between 2019 and 2020.

[3] Mr. Daniel Villalba, Mr. Robert Dove, Mr. Francisco J. Martinez and Mr. Jackson 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 has been calculated on a full-time equivalent basis, 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.

[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 2020 and 2019. 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 €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.

[6] 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 2020	Amount in 2019(1)	Difference
Spend on Pay for All Employees(2)	54.5	32.2	22.3
Total Remuneration of Directors	3.4	2.5	0.9
Dividends Paid	168.8	159.0	9.8

(1) 2019 amounts have been revised and converted from Euros to U.S. Dollars, following 2020 updated directors' compensation disclosure in U.S. Dollars.
(2) 2019 Spend on Pay for All Employees has been revised to include wages and salaries, social security costs and other staff costs (see Note 24 to our Annual Consolidated Financial Statements).

The Company has not made any share repurchases during 2020 or 2019.

The average number of employees in 2020 in Atlantica was 441 employees, compared to 306 employees in 2019.

The $22.3 million increase in spend on pay and the increase in the average number of employees is mostly due to the acquisition of ASI Operations in August 2019. This subsidiary, that performs the operation and maintenance services to the Solana and Mojave plants, added 199 new employees. 2020 was the first complete year with these U.S. employees in our workforce.

The $0.9 million increase in total remuneration of directors is mainly due to the vesting in June 2020 of one-third of the CEO's One-Off Plan and one third of his share options awarded under the LTIP. No units or shares vested in 2019 under our LTIP.

Directors' Shareholdings (Audited)

The following table includes information with respect to beneficial ownership of our ordinary shares as of December 31, 2020 and by each of our current directors and executive officers, as well as their connected persons.

Directors not included in the table below do not hold shares and are not required to comply with minimum share ownership requirements as they do not receive remuneration from the Company.

	Shares	Share Units(1)	Investment Value ($000's)(2)	Minimum Share Ownership Requirement	Compliance With Policy(3)
Santiago Seage	20,000	109,700	4,926	6 times fixed compensation	✓
William Aziz	2,500	-	95	3 times annual compensation	On track
Brenda Eprile	2,500	-	95	3 times annual compensation	On track
Michael Forsayeth	1,600	-	61	3 times annual compensation	On track
Michael Woollcombe	-	-	-	3 times annual compensation	On track
Debora Del Favero	-	-	-	3 times annual compensation	On track

(1) Includes vested and non-vested Share Units as of December 31, 2020. LTIP share units subject to 5% minimum Total Shareholder Return Performance Stock Unit.
(2) Assuming a share price of $37.98 as of December 31, 2020.
(3) 5-year window 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, 2020 109,700 share units, convertible into shares in the future and 225,562 options, out of which 40,693 options vested, but were not exercised. As of December 31, 2019, he held 90,593 share units, convertible into shares in the future and 122,080 options. No options vested in 2019.

Minimum Share Ownership

On February 26, 2021, the Board of Directors adopted 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 Plan, 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:

- 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 2020 nor 2019. The policy for termination remuneration is detailed under the section "Policy on payments for loss of office" of this report.

Statement of Implementation of Policy in 2020

The targets for bonuses are detailed under the section "Remuneration Policy" of this report. The current policy was approved at our 2020 Annual General Meeting, held in May 2020.

For 2021, the bonus measures for the remuneration of the Chief Executive Officer, will focus on four areas: financial targets, value creating growth/investments, health and safety and management of relationships with key shareholders and partners

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 2021 the bonus objectives are:

	Percentage Weight
CAFD – Equal or higher than the CAFD budgeted in the 2021 budget	40%
EBITDA – Equal or higher than the EBITDA budgeted in the 2021 budget	15%
Close accretive acquisitions for the Company	20%
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%
Management of relationships with key shareholders and partners	15%

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 2020, 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, 2020 all members of the Compensation Committee are independent, non-executive directors. The Compensation Committee held three meetings in 2020.

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
Christopher Jarratt	Mar 2018	Oct 2020	Director	2/2
Andrea Brentan	June 2017	May 2020	Director, Independent	1/1
Jackson Robinson	June 2014	May 2020	Director, Independent	1/1

On May 5th, 2020, the directors William Aziz and Debora Del Favero were appointed as new members of the Compensation Committee. Mr. Aziz is the Chair of the Compensation Committee. Mr. Jarratt resigned as member of the Board of Directors on October 9th, 2020. Since then, all committee members are independent, non-executive directors.

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 Human Resources, 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.

2020 Key Activities

In 2020, 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 the 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 has the responsibility to propose 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 new remuneration policy including LTIP awards. The long-term incentive plan permits the granting of share options and restricted stock units to the executive team of the Company. The LTIP applies to approximately 13 executives and the Board of Directors also proposed to include 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 2020 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 2020 Annual General Meeting, votes in relation to the Directors' Remuneration Report, excluding the directors' remuneration policy, for the year ended December 31, 2019 were as follows:

	Remuneration Report	
	Number of votes	%
For	70,538,902	95.6
Against	3,282,483	4.4
Withheld*	89,653	-

In addition, votes at the 2020 Annual General Meeting in relation to the directors' remuneration policy for the year ended December 31, 2019 were as follows:

	Remuneration Policy	
	Number of votes	%
For	65,176,545	88.3
Against	8,614,159	11.7
Withheld*	120,334	-

* 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 2020 Annual General Meeting, held in May 2020. Shareholders will be asked to approve the remuneration policy at our 2021 Annual General Meeting to be held in May 2021.

Changes to the current remuneration policy:

a) Share Ownership Requirements

On February 26, 2021, the Board approved a share ownership requirement applicable to directors receiving remuneration from the Company and executives (see the Directors' Shareholdings section). 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.

b) Deferred Restricted Share Unit Plan (DRSU Plan) for Non-Executive Directors

The Company is seeking shareholder approval to establish a DRSU Plan for non-executive directors to promote a greater alignment of interests between directors and shareholders, by providing 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 plan, on an annual basis and prior to

commencement of the remuneration period, the Company shall determine the amount or percentage of the director's annual fee payable through DRSUs.

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 the ordinary shares. 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.

c) Clawback Policy

The Company is seeking shareholder approval to implement 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.

The application of this clawback policy to our CEO is a change to our remuneration policy approved by the Compensation Committee.

d) The Company is seeking shareholder approval to modify the Long Term Incentive Plan so that awards are granted as restricted stock units only. Prior to the 2021 Annual General Meeting, awards under the LTIP have been granted in restricted stock units representing 75% of the Award Value and share options representing 25% of the Award Value. If shareholder approval is obtained for the amendment of the Long Term Incentive Plan, awards will be granted as restricted stock units, and the restricted stock units will be granted with the same vesting

conditions as they are currently: units vest on the third anniversary of the grant date, subject to an annual TSR of at least a 5% yearly average over such 3-year period.

The current remuneration policy is as follows:

Non-Executive Directors:

For non-executive directors, independent and non-independent directors, the Company's policy is to compensate in cash 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.

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 $976 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. Special one-off plan in 2019 for 50% of 2019 salary + bonus.	Granted as 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. 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.

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

LTIP

In April 2018, the Board of Directors approved the implementation of a remuneration policy including LTIP awards. The purpose of this 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.

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 (in each case, "Award Value"). The award will be granted in restricted stock units.

Main Terms of the LTIP	Restricted Stock Units
Nature	Conditions shall be based on continuing employment (or other service relationship) and achievement of a minimum 5% average annual TSR.
Exercisability and Vesting Period	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.

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 special one-off plan in-place that grants stock units to certain members of the management and certain members of middle management[7], consisting of approximately 25 managers including the Chief Executive Officer. The value of the award was defined as 50% of 2019

[7] 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.

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.

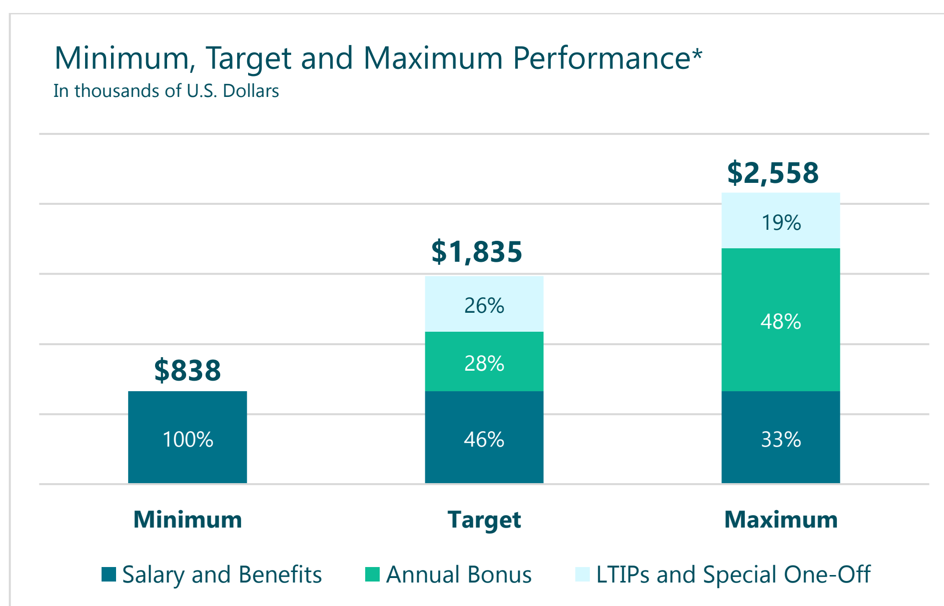
None of the non-executive directors receive bonuses, long-term incentive awards, pension or other benefits in respect of their services to the Company.

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 clawback policy is a change to the current remuneration policy, hence subject to approval at our 2021 Annual General Meeting to be held in May 2021.

Chief Executive Officer Remuneration Policy

The Compensation Committee approved a fixed remuneration of €690 thousand ($838 thousand) for the Chief Executive Officer for 2021, a 4% increase versus 2020.

Total remuneration of the only executive director for a minimum, target and maximum performance in 2021 is presented in the chart below.



* Minimum, target and maximum performance has been converted to U.S. dollars for presentation purposes, at the exchange rate as of February 23, 2021, which was 1.22 $/€.

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 LTIP and one-off plans vesting in 2021 at face value, using share price at grant date for units and option value at grant date for options.
- Maximum: fixed remuneration, plus maximum annual bonus and LTIP and one-off plans vesting in 2021 at face value, using share price at grant date for units and option value at grant date for options.

In addition, if we assume a 50% appreciation of the share price with respect to the grant date, maximum remuneration for 2021 including vesting long-term awards would be approximately $3,059 thousand.

For 2021, the bonus measures for the remuneration of the Chief Executive Officer, will focus on four areas: financial targets, value creating growth/investments, health and safety, and management of relationships with key shareholders and partners.

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 2021 bonus objectives are disclosed in 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 a participation in the LTIP.

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.

The Company agreed with certain executives with strategic and key responsibilities in the Company ("Key Managers"), including the Chief Executive Officer, 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.

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.

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, based on a performance appraisal, set a target remuneration, as a general rule, 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 2021.

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 the 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 lead independent director/chair of the Board and the chair of each committee receive additional fees.	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, following the Annual General Meeting held on May 5, 2020, to the same compensation as independent non-executive directors.

On February 26, 2021, the Board approved a share ownership requirement applicable to directors receiving remuneration from the Company and executives. 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. The Company is seeking shareholder approval to compensate its remunerated directors via a mix of cash and DRSUs. On an annual basis and prior to commencement of the remuneration period, the Company shall determine the amount or percentage of the director's annual fee payable through 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 Changes to 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 2021 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 and the remuneration policy will be submitted to a vote of shareholders at the Annual Shareholders' Meeting in 2021.

Approval

This report was approved by the Board of Directors on February 26, 2021 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 26, 2021

Directors' Responsibilities Statement

The directors are responsible for preparing the Consolidated Annual Report and the Consolidated Financial Statements in accordance with applicable 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. 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 of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgments and accounting estimates that are reasonable and prudent,
- State whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business,
- In preparing the group financial statements, International Accounting Standard 1 requires that directors:
  - Properly select and apply accounting policies,
  - 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
  - Make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibility Statement

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

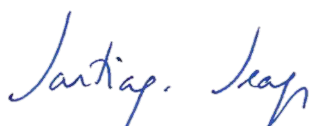
The Consolidated Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole,

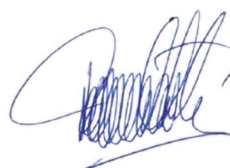
The Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and

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 26, 2021 and is signed on its behalf by:

By order of the Board





Director and Chief Executive Officer	Chief Financial Officer
Santiago Seage	Francisco Martinez-Davis
February 26, 2021	February 26, 2021

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 2020 and of the group's profit for the year then ended;

- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;

- 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 2020 which comprise:

Group	**Parent company**
Consolidated Balance Sheet as at 31 December 2020	Balance Sheet as at 31 December 2020
Consolidated Income Statement for the year then ended	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 9 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006. 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 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 only and does not include these non-recourse project level finance arrangements. The corporate forecast incorporates the cash flows from the Parent and all holding and investment entities within the Group, as well as dividends 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 2022.

- 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 assessed the reasonableness of the budgets by analysing the historical performance of the operating assets and by comparing 2020 actual data to 2020 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 sought a waiver (forbearance) before the Balance Sheet date, as described in Note 1. We confirmed the contracted revenues through our revenue testing.

- We recalculated the Group’s performance against financial covenants as at 31 December 2020 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 over a period of 13 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 4 components and audit procedures on specific balances for a further 21 components. In addition, we selected 3 components where we performed specified procedures. • The components where we performed full, specific or specified audit procedures accounted for 86% of Earnings before interest and tax (EBIT), 90% of Revenue and 67% of Total contracted concessional assets.
Key audit matter	• Recoverability assessment of contracted concessional assets
Materiality	• Overall group materiality of $21m which represents 5% of group EBIT.

An overview of the scope of the parent 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 and changes in the business environment when assessing the level of work to be performed at each company.

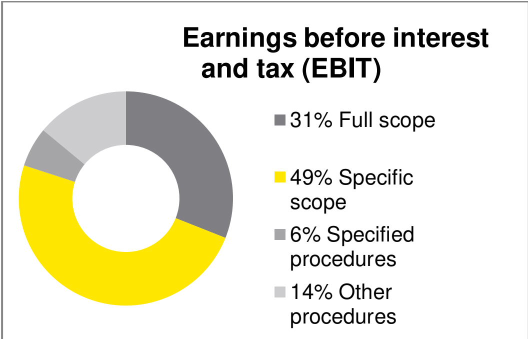
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 70 reporting components of the Group, we selected 28 components covering entities within the UK, Spain, Mexico, USA, Peru, South Africa and Uruguay, which represent the principal business units within the Group.

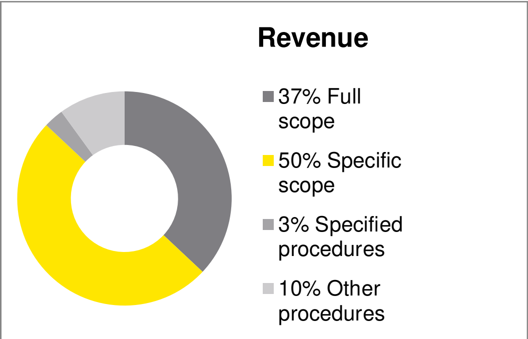
Of the 28 components selected, we performed an audit of the complete financial information of 4 components ("full scope components") which were selected based on their size or risk characteristics. For 21 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the consolidated financial statements either because of the size of these accounts or their risk profile. For the remaining 3 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.

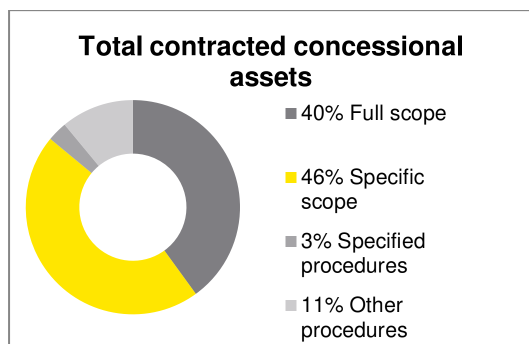
The reporting components where we performed audit procedures accounted for 86% (2019: 89%) of the Group's Earnings before interest and tax (EBIT), 90% (2019: 91%) of the Group's Revenue and 89% (2019: 92%) of the Group's Total contracted concessional assets. For the current year, the full scope components contributed 31% (2019: 46%) of the Group's Earnings before interest and tax (EBIT), 37% (2019: 42%) of the Group's Revenue and 40% (2019: 46%) of the Group's Total contracted concessional assets. The specific scope components contributed 49% (2019: 43%) of the Group's Earnings before interest and tax (EBIT), 50% (2019: 49%) of the Group's Revenue and 46% (2019: 46%) of the Group's Total contracted concessional 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 3 locations to perform specified procedures over adjustments made in relation to the impairment of the carrying amounts of intangible assets or goodwill, and procedures over a new debt facility issued in the year.

Of the remaining 42 components that together represent 14% of the Group's EBIT, none are individually greater than 4% of the Group's EBIT. 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 3 components to perform specified procedures 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 Group audit team includes members from both the UK and Spain. Members of the Group audit team in both jurisdictions worked together as an integrated team. The UK Senior Statutory Auditor planned to visit Spain but this was cancelled due to travel restrictions imposed as a result of COVID-19. In order to compensate for the UK members of the Group team's lack of physical presence in Spain and the ability to perform the planned site visit, the following compensating procedures were performed:

- The UK audit team members were in ongoing communication, including planning and closing calls and video conferences;
- The Spanish audit team members, including the Spanish Senior Auditor, travelled to Atlantica's Corporate office in Spain at various points during the year, the details of which have been shared with the UK members of the Group team;
- Both partners attended certain Audit Committee meetings virtually during the course of the audit and concluded on key judgements; and
- There was no decrease in the extent of interactions between the UK and Spanish members of the Group audit team.

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. Of the 4 full scope components, significant audit procedures were performed on 3 of these directly by the primary audit team. For the 21 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 government guidance issued by the UK and other 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 ($8,155 million value of risk, PY comparative $8,161 million) Refer to the Audit Committee Report (section 11 pages 17 and 18); Accounting policies (Note 2 of the Consolidated Financial Statements page 162); and Note 6 of the Consolidated Financial Statements (page 190). At December 31, 2020, the Company's revenues, totalling $1,013 million, were derived exclusively from its assets across a range of different geographies. The most significant assets and technologies of the Company are renewable energy, efficient natural gas, transmission lines and water assets. As described in Note 6 to the consolidated financial statements, these assets are referred to as "contracted concessional assets", totalling $ 8,155 million at December 31, 2020, which are primarily classified as intangible assets or as financial assets, depending on the nature of the payment entitlements established in the agreement. Revenue derived from the Company's contracted	We obtained an understanding of the Company's process related to the recoverability assessment of the Company's contracted concessional assets. We evaluated the design and tested the operating effectiveness of the controls for identifying and evaluating potential impairment indicators or triggering events. To test the Company's impairment indicators identified for all contracted concessional assets, our audit procedures included, among others, validating the inputs and assumptions used by management by comparing actual energy generated versus budget, obtaining updates on regulatory matters on all significant locations and evaluating the financial situation of the off-takers. For those assets where triggering events were present (Solana (US Asset) and certain assets in Spain and Uruguay), we evaluated the design and tested the operating effectiveness of controls over the current year impairment calculation, including	Based on the audit procedures performed, we conclude that the review of the impairment indicators analysis performed by management is appropriate. For Solana (US Asset) and certain assets in Spain, no impairment charges were identified through our testing and we consider it appropriate that no impairment charges were recorded for Solana and the assets in Spain. With regards to the Uruguayan assets, an impairment reversal was identified by management and recorded for $18.8 million. Based on the evidence obtained and the audit procedures performed we consider that the impairment reversal 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
concessional assets are governed by power purchase agreements ("PPAs") with the Company's customers, known as "off-takers" or by regulation. As indicated in Note 2 to the consolidated financial statements, the Company reviews its contracted concessional assets for impairment indicators whenever events or changes in circumstances ("triggering events") 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 along with certain assets located in Uruguay and Spain. The Company's recoverability assessment related to the contracted concessional assets involves significant judgment in determining whether a triggering event occurred and, if an event did occur, in the assumptions used by management in the determination if an impairment should be recorded or reversed. The main inputs considered when evaluating the triggering events include the performance of the plants in relation to external conditions such as weather and technology changes, as well as legal and tax changes and financial conditions, among others. As indicated in Note 6, significant assumptions which required substantial judgement or estimation used in the impairment calculations of the	management's review of the significant assumptions used. As part of our audit procedures, we assessed the appropriateness of the main inputs used in the cash flow projections by comparing the future performance of the assets to their historical production and evaluating the consistency of the actual incomes and costs versus budget for the year 2020, as well as the adequacy of the related disclosures in the Company's financial statements. For the discount rate, we involved our specialists to assist us in recalculating and developing a range of discount rates, which we compared to those used by the Company. Finally, we also developed an independent sensitivity analysis through the performance of various stress tests on the primary assumptions used by management, including energy generation and discount rates used in the models.	

Risk	Our response to the risk	Key observations communicated to the Audit Committee
assets referred above, include: discount rates and projections considering real data based on energy generation, contract terms, and changes in both, projected energy selling prices and costs.		

In the prior year, our auditor's report included a key audit matter in relation to the determination of distributable reserves. In the current year, this has been removed as a key audit matter. The issue related to distributions being declared and paid by management from August 2018 until June 2019 which were not in compliance with the Companies Act 2006 requirements. There are no new issues in relation to this matter in the current year.

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 (2019: $25 million), which is 5% (2019: 5%) of earnings before interest and tax (EBIT). We believe that EBIT provides us with the best assessment of the requirements of the users of the financial statements.

We determined materiality for the Parent Company to be $29 million (2019: $32 million), which is 2% (2019: 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% (2019: 50%) of our planning materiality, namely $17m (2019: $12.5m). We have set performance materiality at this percentage having considered the nature, the number and the impact of audit differences identified in 2019 as well as the overall control environment. This is an increase from 50% in the prior year where there were additional complexities associated with a first year audit.

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 $7m (2019: $2m to $6m).

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 $1.1m (2019: $1.2m), 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 139, 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 there is 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 138, 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
01 March 2021

Consolidated Financial Statement

Consolidated Income Statement

Amounts in thousands of U.S. dollars

	Note (1)	For the year ended December 31, 2020	2019
Revenue	4	1,013,260	1,011,452
Other operating income	20	99,525	93,774
Employee benefit expenses	24	(54,464)	(32,246)
Depreciation, amortization, and impairment charges	6	(408,604)	(310,755)
Other operating expenses	20	(276,666)	(261,776)
Operating profit		**373,051**	**500,449**
Finance income	21	7,052	4,121
Finance expenses	21	(378,386)	(407,990)
Net exchange differences	21	(1,351)	2,674
Net other finance (expenses)/income	21	40,875	(1,153)
Net finance costs		**(331,810)**	**(402,348)**
Share of profit of associates carried under the equity method	7	510	7,457
Profit before income tax		**41,751**	**105,558**
Income tax expense	18	(24,877)	(30,950)
Profit for the year		**16,874**	**74,608**
Profit attributable to non-controlling interests		(4,906)	(12,473)
Profit for the year attributable to owners of the Company		**11,968**	**62,135**
Weighted average number of ordinary shares outstanding (thousands) - basic	22	101,879	101,063
Weighted average number of ordinary shares outstanding (thousands) - diluted	22	103,392	101,063
Basic earnings per share (U.S. dollar per share)	22	0.12	0.61
Diluted earnings per share (U.S. dollar per share)	22	0.12	0.61

(1) Notes 1 to 26 are an integral part of the consolidated financial statements

All results are derived from continuing operations.

Consolidated Statement of Other Comprehensive Income

Amounts in thousands of U.S. dollars	Note (1)	Year Ended December 31, 2020	Year Ended December 31, 2019
Profit for the year		**16,874**	**74,608**
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges		(26,272)	(81,713)
Less: reclassification adjustments for gains transferred to profit or loss	9	58,381	55,765
Exchange differences on translation of foreign operations		(9,947)	(22,284)
Income tax relating to items that may be reclassified subsequently to profit or loss		(8,698)	6,147
Other comprehensive income/(loss) for the year net of tax		**13,464**	**(42,085)**
Total comprehensive income for the year		**30,322**	**32,523**
Total comprehensive income attributable to:			
Owners of the Company		25,711	20,094
Non-controlling interests		4,627	12,429

(1) Notes 1 to 26 are an integral part of the consolidated financial statements

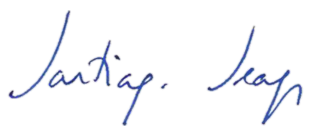
Consolidated Balance Sheet

Amounts in thousands of U.S. dollars	Note (1)	As of December 31, 2020	As of December 31, 2019
Assets			
Non-current assets			
Contracted concessional assets	6	8,155,418	8,161,129
Investments carried under the equity method	7	116,614	139,925
Financial investments	8	89,754	91,587
Deferred tax assets	18	152,290	147,966
Total non-current assets		**8,514,076**	**8,540,607**
Current assets			
Inventories		23,958	20,268
Trade and other receivables	11	331,735	317,568
Financial investments	8	200,084	218,577
Cash and cash equivalents	8&12	868,501	562,795
Total current assets		**1,424,278**	**1,119,208**
Total assets		**9,938,354**	**9,659,815**
Equity			
Share capital	13	10,667	10,160
Share premium	13	1,011,743	1,011,743
Capital reserves	13	881,745	889,057
Other reserves	9	96,641	73,797
Accumulated currency translation reserve	13	(99,925)	(90,824)
Accumulated deficit	13	(373,489)	(385,457)
Equity attributable to the Company	13	1,527,382	1,508,476
Non-controlling interests	13	213,499	206,380
Total equity		**1,740,881**	**1,714,856**
Non-current liabilities			
Long-term corporate debt	14	970,077	695,085
Long-term project debt	15	4,925,268	4,069,909
Grants and other liabilities	16	1,229,767	1,658,867
Derivative liabilities	9	328,184	298,744
Deferred tax liabilities	18	260,923	248,996
Total non-current liabilities		**7,714,219**	**6,971,601**
Current liabilities			
Short-term corporate debt	14	23,648	28,706
Short-term project debt	15	312,346	782,439
Trade payables and other current liabilities	17	92,557	128,062
Income and other tax payables		54,703	34,151
Total current liabilities		**483,254**	**973,358**
Total equity and liabilities		**9,938,354**	**9,659,815**

(1) Notes 1 to 26 are an integral part of the consolidated financial statements

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 26 February 2021.

They were signed on its behalf by:



Director and Chief Executive Officer

Santiago Seage

February 26, 2021

Consolidated Statement of Changes in Equity

Amounts in thousands of U.S. dollars	Share Capital	Share Premium	Capital Reserves	Other reserves	Accumulated Deficit	Accumulated currency translation differences	Total equity attributable to the Company	Non-controlling interest	Total equity
Balance as of January 1, 2020	**10,160**	**1,011,743**	**889,057**	**73,797**	**(385,457)**	**(90,824)**	**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 /(loss)	-	-	-	22,844	-	(9,101)	13,743	(279)	13,464
Total comprehensive income/(loss)	-	-	-	22,844	11,968	(9,101)	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**	**(373,489)**	**(99,925)**	**1,527,382**	**213,499**	**1,740,881**
Balance as of January 1, 2019	**10,022**	**1,981,881**	**48,059**	**95,011**	**(449,274)**	**(68,315)**	**1,617,384**	**138,728**	**1,756,112**
Profit for the year after taxes	-	-	-	-	62,135	-	62,135	12,473	74,608
Change in fair value of cash flow hedges	-	-	-	(27,947)	1,682	-	(26,265)	317	(25,948)
Currency translation differences	-	-	-	-	-	(22,509)	(22,509)	225	(22,284)
Tax effect	-	-	-	6,733	-	-	6,733	(586)	6,147
Other comprehensive income /(loss)	-	-	-	(21,214)	1,682	(22,509)	(42,041)	(44)	(42,085)
Total comprehensive income/(loss)	-	-	-	(21,214)	63,817	(22,509)	20,094	12,429	32,523
Capital increase (Note 13)	138	29,862	-	-	-	-	30,000	-	30,000
Amherst Island (Note 7)	-	-	-	-	-	-	-	92,303	92,303
Reduction of Share Premium (Note 13)	-	(1,000,000)	1,000,000	-	-	-	-	-	
Distributions (Note 13)	-	-	(159,002)	-	-	-	(159,002)	(37,080)	(196,082)
Balance as of December 31, 2019	**10,160**	**1,011,743**	**889,057**	**73,797**	**(385,457)**	**(90,824)**	**1,508,476**	**206,380**	**1,714,856**

(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 2020	2019
Profit for the year		**16,874**	**74,608**
Non-monetary adjustments			
Depreciation, amortization and impairment charges	6	408,604	310,755
Finance costs	21	315,151	405,634
Fair value losses on derivative financial instruments	21	15,308	(613)
Shares of (profits)/losses from associates	7	(510)	(7,457)
Income tax	18	24,877	30,950
Other non-monetary items		(21,633)	(37,432)
Profit for the year adjusted by non-monetary items		**758,671**	**776,445**
Variations in working capital			
Inventories		(4,590)	(1,343)
Trade and other receivables	11	(790)	(71,505)
Trade payables and other current liabilities	17	(9,771)	(36,533)
Financial investments and other current assets/liabilities		(18,061)	(3,970)
Variations in working capital		**(33,212)**	**(113,351)**
Income tax paid		(16,425)	(23)
Interest received		5,148	10,135
Interest paid		(275,961)	(309,625)
Net cash provided by operating activities		**438,221**	**363,581**
Acquisitions of subsidiaries and entities under equity method	5&7	2,453	(173,366)
Investments in contracted concessional assets*	6	(1,361)	22,009
Distribution from entities under the equity method	7	22,246	30,443
Other non-current assets/liabilities		(29,198)	2,703
Net cash (used in) / provided by investing activities		**(5,860)**	**(118,211)**
Proceeds from Project debt	15	603,949	5,860
Proceeds from Corporate debt	14	678,651	352,966
Repayment of Project debt	15	(621,691)	(282,255)
Repayment of Corporate debt	14	(502,042)	(320,815)
Dividends paid to Company´s shareholders	13	(168,659)	(159,002)
Dividends paid to Non-controlling interests	13	(22,944)	(29,239)
Purchase of Liberty´s equity interest in Solana	16	(266,850)	-
Non-controlling interests capital contribution	7	-	92,303
Capital increase	13	162,246	30,000
Net cash used in financing activities		**(137,340)**	**(310,182)**
Net increase / (decrease) in cash and cash equivalents		**295,021**	**(64,812)**
Cash and cash equivalents at beginning of the year	12	562,795	631,542
Translation differences cash and cash equivalents		10,685	(3,935)
Cash and cash equivalents at the end of the year	12	**868,501**	**562,795**

* Includes proceeds for $7.4 million and $22.2 million for the years ended December 31, 2020 and 2019, 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 that owns, manages and invests in renewable energy, storage, efficient natural gas, electric transmission lines and water assets focused on North America (the United States, Mexico and Canada), South America (Peru, Chile and Uruguay) and EMEA (Spain, Algeria and South Africa).

The Company is incorporated in the United Kingdom under the Companies Act. The Company is a public Company limited by shares and is registered in England and Wales. The address of the registered office is Great West Road, Brentford TW8 9DF, Greater London (United Kingdom). The Company is the ultimate parent company of the Group.

Atlantica's shares began trading on the NASDAQ Global Select Market under the symbol "ABY" on June 13, 2014. The symbol changed to "AY" on November 11, 2017.

Algonquin Power & Utilities ("Algonquin") is the largest shareholder of the Company and currently owns a 44.2% stake in Atlantica. 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 2019, the Company completed the following acquisitions:

- On May 24, 2019, Atlantica and Algonquin formed Atlantica Yield Solutions Canada Inc. ("AYES Canada"), a vehicle to channel co-investment opportunities in which Atlantica holds the majority of voting rights. AYES Canada's first investment was in Amherst Island, a 75 MW wind plant in Canada owned by the project company Windlectric, Inc. ("Windlectric"). Atlantica invested $4.9 million and Algonquin invested $92.3 million, both through AYES Canada, which in turn invested those funds in Amherst Island Partnership ("AIP"), the holding company of Windlectric.

- On August 2, 2019, the Company closed the acquisition of ASI Operations LLC ("ASI Ops"), the company that performs the operation and maintenance services to Solana and Mojave plants. The consideration paid was $6 million.

- On August 2, 2019, the Company closed the acquisition of a 30% stake in Monterrey, a 142 MW gas-fired engine facility ("Monterrey") and paid $42 million for the total investment.

- On October 22, 2019, the Company closed the acquisition of ATN Expansion 2 from Enel Green Power Perú, for a total equity investment of approximately $20 million, controlling the asset from this date.

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 approximately a 35% stake and has a strategic investor role. The first investment was the acquisition of a 55 MW solar PV plant in an area with excellent solar resource ("Chile PV I"). This asset has been in operation since 2016 demonstrating a good operating track record while selling its production in the Chilean power market. 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"). This asset started commercial operation in 2017 and its revenue is partially contracted. 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 to sign 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) under the Abengoa ROFO Agreement for the acquisition of Befesa Agua Tenes, a holding company which owns a 51% stake in Ténès Lilmiyah SpA ("Tenes"), a water desalination plant in Algeria. The Company paid in January 2019 an advance payment of $19.9 million. Closing of the acquisition was subject to conditions precedent which were not fulfilled. In accordance with the terms of the share purchase agreement, the advance payment was converted into a secured loan to be reimbursed by Befesa Agua Tenes, together with 12% per annum interest, through a full cash-sweep of all the dividends to be received from the asset. In October 2019, the Company received a first payment of $7.8 million through the cash sweep mechanism. On May 31, 2020, the Company entered into a new $4.5 million secured loan agreement with Befesa Agua Tenes, in addition to the initial one granted in 2019. The aggregate amount owed at that date, including interest accrued, was $14.0 million. This new loan agreement is expected to be reimbursed by Befesa Agua Tenes, together with 12% per annum interest, through a full cash-sweep of all the dividends to be received from the Tenes asset. The new agreement signed with Abengoa provides Atlantica with a majority at the board of directors of Befesa Agua Tenes and control over the asset.

On August 17, 2020, the Company closed the acquisition of Liberty's equity interest in Solana. Liberty was the tax equity investor in the Solana project. Total equity investment is expected to be approximately $290 million of which $272 million has already been paid. Total price includes a deferred payment and a performance earn-out based on the average annual net production of the asset in the four calendar years with the highest annual net production during the five calendar years of 2020 through 2024 (Note 16).

In October 2020, the Company reached an agreement to acquire Calgary District Heating (Calgary District Energy Centre), an approximately 55 MWt district heating asset in Canada for a total equity investment of approximately $20 million. Calgary District Heating has been in operation since 2010 and represents the first investment of the Company in this sector, which is recognized as a key measure for cities to reduce emissions by the UN Environment Program. The asset provides heating services to a diverse range of government, institutional and commercial customers in the city of Calgary. Closing is subject to customary conditions precedent and regulatory approvals and is expected by mid-2021.

In December 2020, the Company reached an agreement with Algonquin to acquire La Sierpe, a 20 MW solar asset in Colombia for a total equity investment of $23 million. Closing is expected to occur after the asset reaches commercial operation date which is expected to occur by mid-2021. Closing is subject to customary conditions precedent and regulatory approvals. Additionally, the Company agreed to co-invest with Algonquin in additional solar plants in Colombia with a combined capacity of approximately 30 MW to be developed and built by AAGES, a joint venture between Algonquin and Abengoa designed to invest in the development and construction of contracted clean energy and contracted water infrastructure assets.

In December 2020, the Company reached an agreement to acquire Coso, a 135 MW renewable asset in California. Coso is the third largest geothermal plant in the US and provides base load renewable energy to the California ISO. Coso has signed PPAs with three investment grade offtakers, with a 19-year average contract life. Closing is subject to customary regulatory approvals and is expected to occur during the first half of 2021. Total investment is expected to be approximately $170 million, including approximately $130 million for the equity and $40 million that would be invested to reduce project debt.

In January 2021, the Company reached an agreement to increase its equity stake from 15% to 100% in Rioglass, a multinational manufacturer of solar components. The Company has closed the acquisition of 42.5% of the equity for $7 million. In addition, the Company has an option to acquire the remaining 42.5% in the same conditions until September 2021, and after that date the seller has an option to sell the 42.5% also in the same conditions. The Company intends to find partners that would co-invest in Rioglass.

The following table provides an overview of the main concessional assets the Company owned or had an interest in as of December 31, 2020:

Assets	Type	Ownership	Location	Currency(9)	Capacity (Gross)	Counterparty Credit Ratings(10)	COD*	Contract Years Left(14)
Solana	Renewable (Solar)	100%	Arizona (USA)	USD	280 MW	A-/A2/A-	2013	23
Mojave	Renewable (Solar)	100%	California (USA)	USD	280 MW	BB-/WR/BB	2014	19
Chile PV I	Renewable (Solar)	35%(8)	Chile	USD	55 MW	N/A	2016	N/A
Solaben 2 & 3	Renewable (Solar)	70%(1)	Spain	Euro	2x50 MW	A/Baa1/A-	2012	17/16
Solacor 1 & 2	Renewable (Solar)	87%(2)	Spain	Euro	2x50 MW	A/Baa1/A-	2012	16/16
PS10 & PS20	Renewable (Solar)	100%	Spain	Euro	31 MW	A/Baa1/A-	2007& 2009	11/13
Helioenergy 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2011	16/16
Helios 1 & 2	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2012	16/17
Solnova 1, 3 & 4	Renewable	100%	Spain	Euro	3x50	A/Baa1/A-	2010	14/14/15

	(Solar)				MW			
Solaben 1 & 6	Renewable (Solar)	100%	Spain	Euro	2x50 MW	A/Baa1/A-	2013	18/18
Seville PV	Renewable (Solar)	80%(6)	Spain	Euro	1 MW	A/Baa1/A-	2006	15
Kaxu	Renewable (Solar)	51%(3)	South Africa	Rand	100 MW	BB-/Ba2/ BB-(11)	2015	14
Palmatir	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB- (12)	2014	13
Cadonal	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB- (12)	2014	14
Melowind	Renewable (Wind)	100%	Uruguay	USD	50 MW	BBB/Baa2/BBB-	2015	15
Mini-Hydro	Renewable (Hydraulic)	100%	Peru	USD	4 MW	BBB+/A3/BBB+	2012	12
ACT	Efficient natural gas	100%	Mexico	USD	300 MW	BBB/ Ba2/ BB-	2013	12
Monterrey	Efficient natural gas	30%	Mexico	USD	142 MW	Not rated	2018	18
ATN (13)	Transmission line	100%	Peru	USD	379 miles	BBB+/A3/BBB+	2011	20
ATS	Transmission line	100%	Peru	USD	569 miles	BBB+/A3/BBB+	2014	23
ATN 2	Transmission line	100%	Peru	USD	81 miles	Not rated	2015	12
Quadra 1 & 2	Transmission line	100%	Chile	USD	49 miles/ 32 miles	Not rated	2014	14/14
Palmucho	Transmission line	100%	Chile	USD	6 miles	BBB+/Baa1/ A-	2007	17
Chile TL3	Transmission line	100%	Chile	USD	50 miles	A+/A1/A-	1993	Regulated
Skikda	Water	34.2%(4)	Algeria	USD	3.5 M ft3/day	Not rated	2009	13
Honaine	Water	25.5%(5)	Algeria	USD	7 M ft3/ day	Not rated	2012	17
Tenes	Water	51%(7)	Algeria	USD	7 M ft3/ day	Not rated	2015	19

(1) Itochu Corporation, a Japanese trading company, holds 30% of the shares in each of Solaben 2 and Solaben 3.
(2) JGC, a Japanese engineering company, 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. owns the remaining 16.83%.
(5) Algerian Energy Company, SPA owns 49% of Honaine and Sacyr Agua, S.L. owns the remaining 25.5%.
(6) Instituto para la Diversificación y Ahorro de la Energía ("Idae"), a Spanish state owned company, 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 I is indirectly held by financial partners through the renewable energy platform of the Company 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 (Administración Nacional de Usinas y Transmisoras Eléctricas) is unrated.
(13) Including the acquisition of ATN Expansion 1 & 2.
(14) As of December 31, 2020.
(*) Commercial Operation Date.

The project financing arrangement of Kaxu 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 restructuring process and the pre-insolvency filing by the individual company Abengoa S.A. in August 2020 represented a theoretical event of default under the Kaxu project finance agreement. In December 2020, the Company obtained a waiver from Kaxu's project debt lenders, which waived any potential cross-defaults with Abengoa for the pre-insolvency filing of August 2020, until December 31, 2021, but the waiver did not cover potential future cross-default events. The insolvency filing by the individual company Abengoa S.A. on February 22, 2021 represents a theoretical event of default under the Kaxu project finance agreement (Note 25). Although the Company does not expect the acceleration of debt to be declared by the credit entities, Kaxu does not have contractually from this date, 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 not unconditional. Thus, the total debt of Kaxu, which amounts to $355 million as of December 31, 2020 (Note 15), may be presented as current in the consolidated financial statements of the Company as of March 31, 2021 in accordance with International Accounting Standards 1 ("IAS 1"), "Presentation of Financial Statements", if the cross-default is not cured or waived. The Company is negotiating a waiver from the creditors and/or contractual modifications to permanently remove the cross-default provision.

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. The COVID-19 virus continues to evolve rapidly, and its ultimate impact is uncertain and subject to change. Governmental authorities have imposed or recommended measures or responsive actions, including quarantines of certain geographic areas and travel restrictions.

Main risks and uncertainties identified by the Company, which may result in a material adverse effect on its business, financial condition, results of operations and cash flows, are:

- COVID-19 may affect the operation and maintenance employees of the Company as well as suppliers of operation and maintenance. Furthermore, COVID-19 has caused travel restrictions and significant disruptions to global supply chains. A prolonged disruption could limit the availability of certain parts required to operate the facilities of the Company and adversely impact the ability of its operation and maintenance suppliers. If the Company were to experience a shortage of or inability to acquire critical spare parts, it could incur significant delays in returning facilities to full operation.

- Slowdown of broad sectors of the economy, a general reduction in demand, including demand for commodities and a negative impact on prices of commodities, including electricity, oil and gas. The global outbreak also caused significant disruption and volatility in the global financial markets, especially from the end of February until the end on May 2020, including the market price of the shares of the Company. Debt and equity markets have also been affected and there have been weeks with a very low number of new debt and equity issuance transactions. Interest rates for new issuances and spreads with respect to treasury yields increased significantly. Although the revenue of the Company is generally contracted or regulated, clients may be affected by a reduced demand, lower commodity prices and the turmoil in the credit markets. A reduced demand and low prices persisting over time could cause delays in collections, a deterioration in the financial situation of the clients of the Company or their bankruptcy.

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. Furthermore, the Company has adopted additional precautionary measures intended to mitigate potential risks to its employees, including temporarily requiring all employees to work remotely when their work can be done from home, and suspending all non-essential travel. The Company has also reinforced its physical and cyber-security measures. The Company has implemented a protocol to decide when to maintain offices open and with what limitations, depending on the number of cases and other health indicators. In addition, the Company has increased the purchase of spare parts and equipment required for operations, to manage potential disruptions in the supply chain. The Company continues to monitor the situation closely in all assets and offices to take additional action if required.

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, 2020 under IFRS-IASB, applied by the Company in the preparation of these consolidated financial statements:

- IFRS 3 (Amendment). Definition of Business. This amendment is mandatory for annual periods beginning on or after January 1, 2020 under IFRS-IASB, earlier application is permitted.
- IAS 1 and IAS 8 (Amendment). Definition of Material. This amendment is mandatory for annual periods beginning on or after January 1, 2020 under IFRS-IASB, earlier application is permitted.
- IFRS 7 and IFRS 9. Amendments regarding pre-replacement issues in the context of the IBOR reform. These amendments are mandatory for annual periods beginning on or after January 1, 2020 under IFRS-IASB.
- IFRS 16. Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This amendment is mandatory for annual periods beginning on or after June 1, 2020 under IFRS-IASB.
- IAS 41. Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements) These amendments are mandatory for annual periods beginning on or after January 1, 2020 under IFRS-IASB.
- Amendments to References to the Conceptual Frameworks in IFRS Standards. This Standard is applicable for annual periods beginning on or after January 1, 2020 under IFRS-IASB.

The applications of these amendments have not had any material impact on these financial statements.

b) Standards, interpretations and amendments published by the IASB that will be effective for periods beginning on or after January 1, 2021:

- IAS 1 (Amendment). Classification of liabilities. This amendment is mandatory for annual periods beginning on or after January 1, 2023 under IFRS-IASB.
- IAS 37. Amendments regarding the costs to include when assessing whether a contract is onerous. This amendment is mandatory for annual periods beginning on or after January 1, 2022 under IFRS-IASB.
- IFRS 1. Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter). This amendment is mandatory for annual periods beginning on or after January 1, 2022 under IFRS-IASB.

- IFRS 3. Amendments updating a reference to the Conceptual Framework. This amendment is mandatory for annual periods beginning on or after January 1, 2022 under IFRS-IASB.
- IFRS 4. Amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now 1 January 2023.
- IFRS 4, IFRS 7, IFRS 16, IFRS 9 and IAS 39. Amendments regarding replacement issues in the context of the IBOR reform. This amendment is mandatory for annual periods beginning on or after January 1, 2021 under IFRS-IASB.
- IFRS 9. Amendments resulting from Annual Improvements to IFRS Standards 2018–2020. This amendment is mandatory for annual periods beginning on or after January 1, 2022 under IFRS-IASB.
- IFRS 17. Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published. This amendment is mandatory for annual periods beginning on or after January 1, 2023 under IFRS-IASB.
- IAS 16. Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. This amendment is mandatory for annual periods beginning on or after January 1, 2022 under IFRS-IASB.

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.

Effect of IBOR reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('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 risk-free rates ("RFRs") will replace LIBOR. Key differences between LIBOR and RFRs remain. 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 in the 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, 2020 which reference LIBOR and which have not yet transitioned to RFRs:

	Carrying amount as of December 31, 2020	
	Assets	**Liabilities**
Non-derivative assets and liabilities referenced to LIBOR		
Measured at amortized cost		
Project debt	-	1,143,815
Total non-derivatives items	**-**	**1,143,815**
Derivatives	-	105,742
Total assets and liabilities referenced to LIBOR	**-**	**1,249,557**

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 amendments to IFRS 9 and IFRS 7 for IBOR reform, effective January 1st, 2020, have been applied to the hedging relationship:

	Carrying amount as of December 31, 2020				
	Notional	**Assets**	**Liabilities**	**Balance sheet line item(s)**	**2020 changes in fair value used for calculating hedge ineffectiveness**
Cash flow hedge					
Interest rate swaps	618,806	-	105,742	Derivative liabilities	36,172
Total cash flow hedges	**618,806**	**-**	**105,742**		**36,172**

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;
- The Company has added an additional spread to the discount rate used in the calculation to incorporate the uncertainty over when the floating-rate debt will move to RFRs.

Going concern

Atlantica has prepared the consolidated financial statements on a going concern basis. The Directors have considered a number of factors in concluding on their going concern assessment covering the period up to March 31, 2022 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 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's operations have been operating as normal despite the COVID-19 restrictions imposed by Governments and so there has been no disruption to production levels. Atlantica's portfolio of assets is considered an "essential" and "critical" activity in all its geographies. Furthermore, Atlantica's revenues are predominantly contracted or regulated and thus have not experienced a material impact, despite the current economic environment. This is expected to continue throughout the going concern period.

As of December 31, 2020, Atlantica had $335.2 million cash at the corporate level and $415 million available under its revolving credit facility. Total liquidity was therefore $750.2 million. In addition, in January 2021, Atlantica closed a private placement subscribed for Algonquin with net proceeds of approximately $131 million. Corporate debt position was $994 million at 31 December 2020, with $966 million of these facilities maturing in 2025, 2026 or 2027.

During the period, the Group generated $438.2 million from operating activities, used $5.9 million in investing activities and $137.3 million in financing activities. All of these resulted in a $295.0 million increase on our cash position by year-end, with a closing cash position of $868.5 million (Note 12). The cash includes $279.8 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 $415.0 million of available credit facilities, which mature in December 2022.

As of December 31, 2020, all our corporate debt has long-term maturities except for $23.6 million of corporate debt which matures during the going concern period ($23.3M of notes and bonds and $0.3 million of credit facilities) (Note 14). Additionally, we have short-term project debt that amounts to $312.4 million, all of which is non-recourse to the Group (Note 15).

The directors believe that this cash position as of December 31, 2020 is above the level of cash needed to operate the business for the foreseeable future and to meet the Group's liabilities as they fall due, as well as to be a significant source of funding of future acquisitions, including those which are already committed in the going 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 had control over them and are accounted for as investments under the equity method as long as Atlantica has had 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 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 either in profit or loss or as a change to other comprehensive income. 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 the Company share of the profit or loss and other comprehensive income of the associate.

2.3. Contracted Concessional Assets

Contracted concessional assets include fixed assets, related to service concession arrangements recorded in accordance with IFRIC 12, except for Palmucho, which is recorded in accordance with IFRS 16 and PS10, PS20, Sevilla PV, Mini-Hydro, Chile TL 3, ATN Expansion 2 and Chile PV I which are recorded as tangible assets in accordance with IAS 16. The infrastructures accounted for by the Company as concessions are related to the activities concerning 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 with, among other factors, (i) the identification of certain infrastructures and contractual agreements in the scope of IFRIC 12, (ii) the 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 the 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 expenses is as follows:

- Revenues from the updated annual revenue for the contracted concession, as well as operation 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. Revenue from operation and maintenance services is recognized in each period according to IFRS 15 "Revenue from contracts with Customers". The income from managing and operating the asset resulting from the valuation at amortized cost is also recorded in revenue.

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 has elected to apply 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.

The right-of-use assets are also subject to assets impairment (Note 2.4).

2.4. Asset Impairment

Atlantica reviews its contracted concessional assets to identify any indicators of impairment at least annually. 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 with 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.

Accordingly, the following table provides a summary of the discount rates used (WACC) to calculate the recoverable amount for CGUs with the operating segment to which it pertains:

Operating segment	Discount rate (*)
EMEA	3% - 5%
North America	4% - 5%
South America	5% - 7%

(*) post tax

The discount rates applied in 2020 are consistent with the ones applied in 2019.

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 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.

Description of the valuation method

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 favourable 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.

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 income tax is determined using tax rates and regulations which are expected to apply at the time when the deferred tax is realized.

Deferred tax assets are recognized only when it is probable that sufficient future taxable profit will be available to use deferred tax assets.

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 from 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 included in the group have dismantling provisions, which are intended to cover future expenditures related to the dismantlement of the plants and it will be 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:

- Contracted concessional agreements and PPAs.
- 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, 2020, 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 and Euribor. 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 100% of the notional amount, maturities until 2030 and average guaranteed strike interest rates of between 0.00% and 4.87%.
- Project debt in U.S. dollars: the Company hedges between 72% and 100% of the notional amount, including maturities until 2034 and average guaranteed strike interest rates of between 1.98% and 5.27%.

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, 2020, with the rest of the variables remaining constant, the effect in the consolidated income statement would have been a loss of $2,897 thousand (a loss of $2,745 thousand in 2019 and a loss of $2,731 thousand in 2018) and an increase in hedging reserves of $22,130 thousand ($27,570 thousand in 2019 and $32,928 thousand in 2018). 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, 2020 and 2019, 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 Spanish solar assets. 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 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 our 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.

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, 2020 $'000	Balance as of December 31, 2019 $'000
Debt	6,231,339	5,576,139
Cash and cash equivalents	868,501	562,795
Net Debt	5,362,838	5,013,344
Equity	1,740,881	1,714,856
Net debt to equity ratio	308%	292%

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
- EMEA

Based on the type of business, as of December 31, 2020 the Company had the following business sectors:

- Renewable energy
- Efficient natural gas
- Electric transmission lines
- Water

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 revenues 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 interests from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges of entities included in these consolidated financial statements.

In order to assess performance of the business, the CODM receives reports of each reportable segment using revenues 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 years ended December 31, 2020 and December 31, 2019 Atlantica had four customers with revenues representing more than 10% of the total revenues, three in the renewable energy and one in the efficient natural gas business sectors.

a) The following tables show Revenues and Adjusted EBITDA by operating segments and business sectors for the years 2020 and 2019:

	Revenue $'000		Adjusted EBITDA $'000	
	For the twelve-month period ended December 31,		For the twelve-month period ended December 31,	
Geography	**2020**	**2019**	**2020**	**2019**
North America	330,921	332,965	272,909	305,085
South America	151,460	142,207	120,023	115,346
EMEA	530,879	536,280	388,723	390,774
Total	**1,013,260**	**1,011,452**	**781,655**	**811,204**

	Revenue $'000		Adjusted EBITDA $'000	
	For the twelve-month period ended December 31,		For the twelve-month period ended December 31,	
Business sector	**2020**	**2019**	**2020**	**2019**
Renewable energy	753,089	761,090	575,660	603,666
Efficient natural gas	111,030	122,281	97,864	107,457
Electric transmission lines	106,042	103,453	84,584	85,657
Water	43,099	24,629	23,548	14,424
Total	**1,013,260**	**1,011,452**	**781,655**	**811,204**

The reconciliation of segment Adjusted EBITDA with the loss attributable to the parent company is as follows:

	For the twelve-month period ended December 31,	
	2020 $'000	**2019 $'000**
Profit attributable to the Company	11,968	62,135
Profit attributable to non-controlling interests	4,906	12,473
Income tax	24,877	30,950
Share of profits/(losses) of associates	(510)	(7,457)
Financial expense, net	331,810	402,348

Depreciation, amortization, and impairment charges	408,604	310,755
Total segment Adjusted EBITDA	**781,655**	**811,204**

b) The assets and liabilities by operating segments (and business sector) at the end of 2020 and 2019 are as follows:

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**	**4,21,149**	**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 geography as of December 31, 2019:

	North America $'000	South America $'000	EMEA $'000	Balance as of December 31, 2019 $'000
Assets allocated				
Contracted concessional assets	3,299,198	1,186,552	3,675,379	8,161,129
Investments carried under the equity method	90,847	-	49,078	139,925
Current financial investments	159,267	29,190	20,673	209,131
Cash and cash equivalents (project companies)	181,458	80,909	234,097	496,464
Subtotal allocated	**3,730,771**	**1,296,652**	**3,979,227**	**9,006,649**
Unallocated assets				
Other non-current assets				239,553
Other current assets (including cash and cash equivalents at holding company level)				413,613
Subtotal unallocated				**653,166**
Total assets				**9,659,815**

	North America $'000	South America $'000	EMEA $'000	Balance as of December 31, 2019 $'000
Liabilities allocated				
Long-term and short-term project debt	1,676,251	884,835	2,291,262	4,852,348
Grants and other liabilities	1,490,661	12,864	155,342	1,658,867
Subtotal allocated	**3,166,912**	**897,699**	**2,466,604**	**6,511,215**
Unallocated liabilities				
Long-term and short-term corporate debt				723,791
Other non-current liabilities				547,740
Other current liabilities				162,213
Subtotal unallocated				**1,433,744**
Total liabilities				**7,944,959**
Equity unallocated				**1,714,856**
Total liabilities and equity unallocated				**3,148,600**
Total liabilities and equity				**9,659,815**

Assets and liabilities by business sectors as of December 31, 2020:

	Renewable energy $'000	Efficient natural gas $'000	Electric 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 $'000	Electric 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**

Assets and liabilities by business sectors as of December 31, 2019:

	Renewable energy $'000	Efficient natural gas $'000	Electric transmission lines $'000	Water $'000	Balance as of December 31, 2019 $'000
Assets allocated					
Contracted concessional assets	6,644,024	559,069	872,757	85,280	8,161,129
Investments carried under the equity method	77,549	17,154	-	45,222	139,925
Current financial investments	13,798	148,723	28,237	18,373	209,131
Cash and cash equivalents (project companies)	421,198	11,850	53,868	9,548	496,464
Subtotal allocated	**7,156,568**	**736,796**	**954,862**	**158,423**	**9,006,649**
Unallocated assets					
Other non-current assets					239,553
Other current assets (including cash and cash equivalents at holding company level)					413,613
Subtotal unallocated					**653,166**
Total assets					**9,659,815**

	Renewable energy $'000	Efficient natural gas $'000	Electric transmission lines $'000	Water $'000	Balance as of December 31, 2019 $'000
Liabilities allocated					
Long-term and short-term project debt	3,658,507	529,350	640,160	24,331	4,852,348
Grants and other liabilities	1,651,476	146	6,517	728	1,6458,867
Subtotal allocated	**5,309,983**	**529,495**	**646,677**	**25,059**	**6,511,215**
Unallocated liabilities					
Long-term and short-term corporate debt					723,791
Other non-current liabilities					547,744
Other current liabilities					162,213
Subtotal unallocated					**1,433,744**
Total liabilities					**7,944,959**
Equity unallocated					**1,714,856**
Total liabilities and equity unallocated					**3,148,600**
Total liabilities and equity					**9,659,815**

c) The amount of depreciation, amortization and impairment charges recognized for the years ended December 31, 2020 and 2019 are as follows:

	For the twelve-month period ended December 31 $'000	
Depreciation, amortization and impairment by geography	**2020**	**2019**
North America	(197,643)	(116,232)
South America	(39,191)	(47,844)
EMEA	(171,770)	(146,679)
Total	**(408,604)**	**(310,755)**

	For the twelve-month period ended December 31, $'000	
Depreciation, amortization and impairment by business sectors	**2020**	**2019**
Renewable energy	(350,785)	(286,907)
Electric transmission lines	(30,889)	(27,490)
Efficient natural gas	(26,563)	3,102
Water	(367)	541
Total	**(408,604)**	**(310,755)**

5. Business Combinations

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. The first investment made by the platform has been in a 55 MW solar PV plant, Chile PV I, located in Chile. Atlantica has control over Chile PV I under IFRS 10, Consolidated Financial Statements. The acquisition of Chile PV I has been accounted for in these consolidated financial statements in accordance with IFRS 3, Business Combinations, showing 65% of Non-Controlling interest.

On May 31, 2020, the Company obtained control over the Board of Directors 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, in the form of a secured loan agreement to be reimbursed through a full cash-sweep of all the dividends to be received from the asset, amounted to approximately $19 million as of May 31, 2020. The acquisition has been accounted for in the consolidated financial statements of Atlantica, in accordance with IFRS 3, Business Combinations, showing 49% of Non-Controlling interest.

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)	163,064
Other non-current assets	356
Cash and cash and equivalent	17,646
Other current assets	29,998
Non-current Project debt (Note 15)	(149,585)
Current Project debt (Note 15)	(8,680)
Other current and non-current liabilities	(4,881)
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 equals the fair value of the net assets acquired.

The allocation of the purchase prices is provisional as of December 31, 2020, and the 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, 2020. The measurement period will not exceed one year from the acquisition dates.

The amount of revenue contributed by the acquisitions during 2020 to the consolidated financial statements of the Company for the year 2020 is $22.5 million, and the amount of profit after tax is $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.

For the year ended December 31, 2019

On August 2, 2019, the Company closed the acquisition of a 100% stake in ASI Operations LLC ("ASI Ops"), the company that performs the operation and maintenance services for the Solana and Mojave plants. The total equity investment amounted to $6 million. The acquisition has been accounted for in the consolidated financial statements of Atlantica, in accordance with IFRS 3, Business Combinations.

On October 22, 2019, the Company closed the acquisition of ATN Expansion 2 from Enel Green Power Peru, for a total equity investment of $20 million, controlling the asset from this date. The purchase has been accounted for in the consolidated accounts of Atlantica, in accordance with IFRS 3, Business Combinations.

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, 2019 $'000
Concessional assets	28,738
Current assets	1,503
Deferred tax liabilities	(2,539)
Other current and non-current liabilities	(1,512)
Total net assets acquired at fair value	**26,190**
Asset acquisition - purchase price	(26,190)
Net result of business combinations	**-**

The purchase price was equal to the fair value of the net assets acquired.

The allocation of the purchase prices was provisional as of December 31, 2019 for some of the acquisitions that were made effective near to year end. No significant adjustments were made in 2020 to the amounts indicated in the table above during the measurement period (one year from the acquisition dates).

The amount of revenue contributed by the acquisitions performed during 2019 to the consolidated financial statements of the Company for the year 2019 was $0.3 million, and the amount of profit after tax was nil. Had the acquisitions been consolidated from January 1, 2019, the consolidated statement of comprehensive income would have included additional revenue of $2.3 million and additional profit after tax of $1.2 million.

6. Contracted Concessional Assets

Contracted concessional assets include fixed assets financed through project debt, related to service concession arrangements recorded in accordance with IFRIC 12, except for Palmucho, which is recorded in accordance with IFRS 16, and PS10, PS20, Seville PV, Mini-Hydro, Chile TL3, ATN Expansion 2 and Chile PV I, which are recorded as property plant and equipment in accordance with IAS 16.

a) 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)	Other intangible assets	Property, plant and equipment	Total assets
Total as of January 1, 2020	872,945	3,459	9,183,011	60,618	12,927	251,637	10,384,597
Additions	-	-	29,213	1,832	557	3,753	35,355
Subtractions	-	-	(71,706)	(954)	-	(223)	(72,883)
Business combinations (Note 5)	102,560	-	-	385	-	63,916	166,861
Translation differences	(8,166)	(163)	326,791	4,349	317	17,836	340,964
Reclassification and other movements	(30,502)	(355)	-	-	-	-	(30,857)
Total Cost	**936,837**	**2,941**	**9,467,309**	**66,230**	**13,801**	**336,919**	**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)	Other intangible assets	Property, plant and equipment	Total assets
Total as of January 1, 2019	(57,258)	-	(2,055,946)	(6,585)	(3,653)	(100,026)	(2,223,468)
Additions	(27,111)	-	(338,393)	(3,527)	(2,219)	(13,739)	(384,989)
Subtractions	-	-	17,571	634	-	49	18,253
Reversal of impairment	-	-	18,787	-	-	-	17,787
Business combinations (Note 5)	(3,797)	-	-	-	-	-	(3,797)
Translation differences	476	-	(84,538)	(581)	(238)	(8,524)	(93,404)
Total depreciation, amortization and impairment	**(87,689)**	**-**	**(2,442,520)**	**(10,060)**	**(6,111)**	**(122,239)**	**(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 is 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" is 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 has been lower than expected in 2020 due to certain leaks identified in the storage system in the first quarter. The Company has a preliminary plan to replace some elements of the storage system, which have been 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. The exact scope and timing of the improvements and repairs are currently under review and still need to be finalized.

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 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 3.8% and 4.3%.

An adverse change in the key assumptions which are 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 (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 believes 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 believes that it is 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, is 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 are:

- an increased amortization charge from September 1st, 2020, considering the reduction in the residual useful life of the plants. The impact is 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 is 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 has been 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 are 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 years ended December 31, 2020 and 2019. 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 (reversal of $6 million in the year ended December 31, 2019), primarily in ACT.

b) The following table shows the movements of assets included in the heading "Contracted Concessional assets" for 2019:

Cost	Financial assets under IFRIC 12	Financial assets under IFRS 16 (Lessor)	Intangible assets under IFRIC 12	Intangible assets under IFRS 16 (Lessee)	Other intangible assets	Property, plant and equipment	Total assets
Total as of January 1, 2019	902,508	4,068	9,265,742	60,808	4,008	238,694	10,475,828
Additions	-	-	91	-	454	886	1,431
Subtractions	-		(22,391)	(347)	(15)	(119)	(22,872)
Business combinations (Note 5)	-	-	2,067	-	8,548	18,123	28,738
Translation differences	(1,049)	(295)	(62,498)	157	(68)	(5,947)	(69,700)
Reclassification and other movements	(28,514)	(314)	-	-	-	-	(28,828)
Total Cost	**872,945**	**3,459**	**9,183,011**	**60,618**	**12,927**	**251,637**	**10,384,597**

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)	Other intangible assets	Property, plant and equipment	Total assets
Total as of January 1, 2019	(63,285)	-	(1,766,179)	(3,341)	(2,157)	(91,684)	(1,926,646)
Additions	-	-	(305,702)	(3,294)	(1,523)	(10,147)	(320,666)
Subtractions	5,997	-	4,205	-	-	2	10,204
Translation differences	30	-	11,730	50	27	1,803	13,640
Total depreciation, amortization and impairment	**(57,258)**	**-**	**(2,055,946)**	**(6,585)**	**(3,653)**	**(100,026)**	**(2,223,468)**

During 2019, contracted concessional assets decreased primarily due to the effect of the depreciation of the Euro against the U.S. dollar for the year ended December 31, 2019 compared to December 31, 2018 and to the amortization charge for the year.

Other relevant movements in the cost of contracted concessional assets were an increase for the acquisition of new concessional assets (Note 5), offset by a decrease for the payments received from Abengoa by Solana in January, June and December 2019 further to Abengoa´s obligation as EPC Contractor for a total amount of $22.2 million (Note 15), included in the line “Subtractions” in the table above.

The decrease included in "Reclassification and other movements" is mainly due to the reclassification from the long to the short term of the current portion of the contracted concessional financial assets.

The Company has not identified any triggering event of impairment for its contracted concessional assets, and consequently, no losses from impairment of contracted concessional assets were recorded during the year ended December 31, 2019.

7. Investments Carried Under the Equity Method

The table below shows the breakdown and the movement of the investments held in associates for 2020 and 2019:

Investments in associates	2020	2019
Initial balance	139,925	53,419
Share of (loss)/profit	510	7,457
Dividend distribution	(23,703)	(30,528)
Equity distribution	-	(6,252)
Acquisitions	-	113,897
Others (incl. currency translation differences)	(118)	1,932
Final balance	**116,614**	**139,925**

Decrease in investments carried under the equity method in 2020 is primarily due to distributions received from the projects Honaine for $4.5 million ($4.6 million in 2019) and Amherst for $16.1 million ($25.9 million in 2019). A significant portion of the distributions received from Amherst are distributed by the Company to Algonquin Power Co. (Note 13).

On May 24, 2019, Atlantica and Algonquin formed AYES Canada, a vehicle to channel co-investment opportunities in which Atlantica holds the majority of voting rights. The first investment was in Amherst Island, a 75 MW wind plant in Canada owned by the project company Windlectric. Atlantica invested $4.9 million and Algonquin invested $92.3 million, both through AYES Canada, which in turn invested those funds in AIP, the holding company of Windlectric. Atlantica accounts for the investment in AIP and ultimately Windlectric under the equity method as per IAS 28, Investments in Associates and Joint Ventures. Since Atlantica has control over AYES Canada under IFRS 10 Consolidated Financial Statements, its consolidated financial statements initially showed a total investment in the Amherst Island project of $97.2 million, accounted for as "Investments carried under the equity method" and Algonquin's portion of that investment of $92.3 million as "Non-controlling interest".

On August 2, 2019, the Company closed the acquisition of a 30% stake in Monterrey, a 142 MW gas-fired engine facility with batteries. The total investment amounted to $42.0 million, out of which $16.7 million is an equity investment, and the rest is a shareholder loan classified as

financial investments in these consolidated financial statements. The acquisition has been accounted for in the consolidated accounts of Atlantica, in accordance with IAS 28, Investments in Associates.

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 2020 and 2019 for the associated companies:

Company	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuación 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	71,867	12,742	50,739	30,519	12,402	39,204
Pectonex, R.F. Proprietary Limited	50.00	2,743	-	-	1	-	(168)	(168)	1,587
Evacuación 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	258,295	4,725	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**

Company	% Shares	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Operating profit/ (loss)	Net profit/ (loss)	Investment under the equity method
Evacuación Valdecaballeros, S.L.	57.16	18,584	1,268	13,145	783	694	(277)	(303)	2,348
Myah Bahr Honaine, S.P.A.(*)	25.50	184,332	63,148	71,614	13,562	51,504	33,372	30,186	45,222
Pectonex, R.F. Proprietary Limited	50.00	3,074	-	-	2	-	(190)	(190)	1,391
Evacuación Villanueva del Rey, S.L	40.02	2,946	107	1,841	225	-	47	-	-
Ca Ku A1, S.A.P.I de CV (PTS)	5.00	486,179	55,423	-	543,077	-	(39)	(495)	-
Pemcorp SAPI de CV (**)	30.00	125,301	72,669	197,324	5,090	32,302	5,737	(10,073)	17,179
ABY Infraestructuras S.L.U.	20.00	-	59	-	-	-	(104)	(101)	11
Windlectric Inc (***)	30.00	319,041	10,655	232,938	22,424	24,867	11,125	(6,537)	73,693
Other renewable energy joint ventures (****)	50.00	47	146	6	70	-	(46)	(46)	81
As of December 31, 2019									**139,925**

The Company has no control over Evacuación 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 are a listed company.

(*) 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. Share of profit of Myah Bahr Honaine S.P.A. included in these consolidated financial statements amounts to $3.1 million in 2020 and $7.7 million in 2019.

(**) 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 $1,9 million in 2020 and a profit of $0,5 million in 2019.

(***) Windlectric Inc., the project entity, is 100% owned by Amherst Island Partnership which is accounted for under the equity method.

(****) Other renewable energy joint ventures correspond 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.

8. Financial instruments by Category

Financial instruments, in addition to 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, 2020 and 2019 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 12.31.20 $´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	328,814
Total financial liabilities		**6,330,707**	**-**	**328,184**	**6,658,891**

Category	Notes	Amortized Cost $'000	Fair value through Other Comprehensive Income $´000	Fair value through profit or loss $'000	Balance as of 12.31.19 $'000
Derivative assets	9	-	-	5,230	5,230
Investment in Ten West Link		-	9,874	-	9,874
Investment in Rioglass		-	-	7,000	7,000
Financial assets under IFRIC 12 (short-term portion)		160,624	-	-	160,624
Trade and other receivables	11	317,568	-	-	317,568
Cash and cash equivalents	12	562,795	-	-	562,795
Other financial investments		127,436	-	-	127,436
Total financial assets		**1,168,423**	**9,874**	**12,230**	**1,190,527**
Corporate debt	14	723,791	-	-	723,791
Project debt	15	4,852,348	-	-	4,852,348
Related parties – non-current	10	17,115	-	-	17,115
Trade and other current liabilities	17	128,062	-	-	128,062
Derivative liabilities	9	-	-	298,744	298,744
Total financial liabilities		**5,721,316**	**-**	**298,744**	**6,020,060**

Other financial investments as of December 31, 2020 include, among others, a loan to Monterrey (Note 7) and restricted cash for repairs or scheduled major maintenance work. As of December 31, 2019, Other financial investments additionally included a loan to Befesa Agua Tenes amounting to $13 million (Note 1).

Investment in Ten West Link is a 12.5% interest in a 114-mile transmission line in the U.S., currently under development.

Investment in Rioglass corresponds to 15.12% of the equity interest of Rioglass, a multinational solar power and renewable energy technology manufacturer, acquired in May 2019 by the Company (Note 1).

9. Derivative Financial Instruments

The breakdown of the fair value amounts of the derivative financial instruments as of December 31, 2020 and 2019 are as follows:

	Balance as of 12.31.20		Balance as of 12.31.19	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilitiesº $'000
Interest rate cash flow hedge	898	302,302	1,619	298,744
Foreign exchange derivatives instruments	661	-	3,610	-
Notes conversion option (Note 14)	-	25,882	-	-
Total	**1,559**	**328,184**	**5,230**	**298,744**

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 100% of the notional amount, maturities until 2030 and average guaranteed interest rates of between 0.00% and 4.87%.
- Project debt in U.S. dollars: the Company hedges between 72% and 100% of the notional amount, including maturities until 2034 and average guaranteed interest rates of between 1.98% and 5.27%.

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, 2020 and 2019.

Notionals	**Balance as of 12.31.20**		**Balance as of 12.31.19**	
	$'000		**$'000**	
	Assets	Liabilities	Assets	Liabilities
Up to 1 year	61,364	120,874	43,266	117,574
Between 1 and 2 years	296,828	249,785	45,955	124,908
Between 2 and 3 years	257,548	276,111	49,259	240,570
Subsequent years	292,011	852,696	455,235	1,697,033
Total	**907,752**	**1,499,466**	**593,715**	**2,180,085**

The table below shows a breakdown of the maturity of the fair values of interest rate cash flow hedge derivative as of December 31, 2020 and 2019.

Fair value	**Balance as of 12.31.20**		**Balance as of 12.31.19**	
	$'000		**$'000**	
	Assets	Liabilities	Assets	Liabilities
Up to 1 year	59	(21,042)	118	(18,721)
Between 1 and 2 years	255	(48,276)	128	(19,787)
Between 2 and 3 years	305	(55,220)	140	(21,802)
Subsequent years	280	(177,764)	1,234	(238,434)
Total	**898**	**(302,302)**	**1,619**	**(298,744)**

The net amount of the fair value of interest rate derivatives designated as cash flow hedges transferred to the consolidated income statement in 2020 is a loss of $58,381 thousand (loss of $55,765 thousand in 2019 and a loss of $67,519 thousand in 2018).

The after-tax result accumulated in equity in connection with derivatives designated as cash flow hedges at the years ended December 31, 2020 and 2019, amount to a $96,641 thousand gain and a $73,797 thousand gain respectively.

Additionally, the Company owns following derivatives instruments:

- 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 Spanish 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;
- The conversion option of notes issued in July 2020 (Note 14), which fair value is a liability of $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) and directors and the senior management of the Company.

Details of balances with related parties as of December 31, 2020 and 2019 are as follows:

	Balance as of December 31, 2020 $'000	Balance as of December 31, 2019 $'000
Credit receivables (current)	23,067	13,350
Credit receivables (non-current)	10,082	21,355
Total current receivables with related parties	**33,149**	**34,705**
Credit payables (current)	18,477	23,979
Credit payables (non-current)	6,810	17,115
Total current payables with related parties	**25,287**	**41,094**

Current credit receivables as of December 31, 2020 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 entity (Note 7) for $15.5 million ($4.0 million as of December 31, 2019) and to a dividend to be collected from Amherst Island Partnership for $4.3 million ($5.5 million as of December 31, 2019).

Non-current credit receivables as of December 31, 2020 and December 31, 2019 correspond to the long-term portion of the loan to Arroyo Netherland II B.V.

Credit payables relate to debts with non-controlling interests partners in Kaxu, Solaben 2&3 and Solacor 1&2 for an amount of $21.1 million as of December 31, 2020 ($35.6 million as of December 31, 2019). Current credit payables also include the dividend to be paid from Atlantica Yield Energy Solutions Ltd to Algonquin for $4.2 million as of December 31, 2020 ($5.4 million as of December 31, 2019).

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, 2020 and 2019 have been as follows:

	For the twelve-month period ended December 31,	
	2020 $'000	2019 $'000
Financial income	2,017	978
Financial expenses	(155)	(195)

The total amount of the remuneration received by the Board of Directors of the Company, including the CEO, amounts to $3.4 million in 2020 ($2.5 million in 2019), including $1.0 million of annual bonus ($1.0 million in 2019). The increase of the total remuneration in 2020 is mainly

due to the CEO having received a long-term award of $0.8 million in 2020. No long-term awards have vested in 2019. None of the directors received any pension remuneration in 2020 nor 2019.

11. Trade and Other Receivables

Trade and other receivables as of December 31, 2020 and 2019, consist of the following:

	Balance as of December 31, 2020 $´000	Balance as of December 31, 2019 $´000
Trade receivables	258,087	242,008
Tax receivables	50,663	50,901
Prepayments	12,074	5,150
Other accounts receivable	10,911	19,508
Total	**331,735**	**317,568**

As of December 31, 2020, and 2019, 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, 2020 and 2019, are as follows:

	Balance as of December 31, 2020 $´000	Balance as of December 31, 2019 $´000
Euro	105,826	108,280
South African Rand	24,121	24,289
Other	6,929	4,001
Total	**136,876**	**136,570**

12. Cash and Cash Equivalents

The following table shows the detail of cash and cash equivalents as of December 31, 2020 and 2019:

	2020 $´000	2019 $´000
Cash at bank and on hand - non-restricted	588,690	223,867
Cash at bank and on hand - restricted	279,811	338,928
Total	**868,501**	**562,795**

Cash includes funds held to satisfy the customary requirements of certain non-recourse debt agreements within the Company´s projects (Note 15) amounting to $280 million as of December 31, 2020 ($339 million as of December 31, 2019).

The following breakdown shows the main currencies in which cash and cash equivalent balances are denominated:

	2020 $'000	2019 $'000
US Dollar	575,567	313,678
Euro	196,431	181,961
South African Rand	40,561	47,679
Mexican Peso	23,570	64
Algerian Dinar	21,114	9,301
Others	11,258	10,112
	868,501	**562,795**

13. Equity

As of December 31, 2020, the share capital of the Company amounts to $10,667,087 represented by 106,670,866 ordinary shares completely 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 completed in 2018 the acquisition from Abengoa of its entire stake in Atlantica, 41.47% of the total shares of the Company, becoming the largest shareholder of the Company. On May 22, 2019, the Company issued an additional 1,384,402 ordinary shares, which were fully subscribed by Algonquin for a total amount of $30,000,000, increasing the stake of Algonquin to 42.27%. Additionally, Algonquin purchased 2,000,000 ordinary shares on May 31, 2019, increasing its stake in Atlantica to 44.2%.

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, 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.

Atlantica´s reserves as of December 31, 2020 are made up of share premium account and capital reserves. The share premium account reduction by $1,000,000 thousand during the year 2019, increasing capital reserves by the same amount, was made effective upon confirmation received from the High Court, 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 Industrial Development Corporation of South Africa (IDC) and Kaxu Community Trust in Kaxu and by Algonquin Power Co. in AYES Canada, by Algerian Energy Company, SPA in Tenes and by our partners in the Chilean renewable energy platform in Chile PV1.

Dividends declared during the year 2020 by the Board of Directors of the Company were:

- On February 26, 2020, the Board of Directors declared a dividend of $0.41 per share corresponding to the fourth quarter of 2019. The dividend was paid on March 23, 2020 for a total amount of $41.7 million

- On May 6, 2020, the Board of Directors of the Company approved a dividend of $0.41 per share corresponding to the first quarter of 2020. The dividend was paid on June 15, 2020 for a total amount of $41.7 million.

- On July 31, 2020, the Board of Directors of the Company approved a dividend of $0.42 per share corresponding to the second quarter of 2020. The dividend was paid on September 15, 2020 for a total amount of $42.7 million.

- On November 4, 2020, the Board of Directors declared a dividend of $0.42 per share corresponding to the third quarter of 2020. The dividend was paid on December 15, 2020 for a total amount of $42.7 million.

In addition, the Company declared dividends to non-controlling interests, primarily to Algonquin Power Co. for $14.7 million in 2020 ($25.6 million in 2019) and Algerian Energy Company SPA for $5.6 million in 2020 ($4.1 million in 2019).

On May 11, 2018, the Company’s Annual General Meeting approved a redemption of the share premium account of the Company that intended to reduce the share premium account by $ 500,000 thousand and increase distributable reserves (capital reserves) by the same amount. Pursuant to the Companies Act 2006, the Company's capital reduction is effective upon confirmation of the reduction by the High Court. High Court confirmation of the capital reduction was obtained on May 7, 2019. In addition, no interim financial statements showing sufficient distributable reserves were filed with Companies House. Both these matters mean dividends paid since the second half of 2018 were made otherwise than in accordance with the

Companies Act 2006. Note 7 of the Financial Statements of the Parent Company for the year ended December 31, 2019 described the amendment made to the share premium account and capital reserve account as of December 31, 2018. To remedy the potential consequences of the dividend payments indicated in the preceding paragraph, a special resolution was approved at the Annual General Meeting in May 2020 to authorise the appropriation of distributable reserves to the payment of the said dividends and release any claims the Company may have in connection with the said dividends against shareholders and directors (the "Directors' Release"). The Directors Release is a related party transaction under IFRS. The overall effect of the special resolution was to put all parties in the position, so far as possible, in which they would have been, had the said dividends been paid in full compliance with the Companies Act 2006.

As of December 31, 2020, 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, 2020 and 2019 is as follows:

Non-current	**Balance as of December 31, 2020 $'000**	**Balance as of December 31, 2019 $'000**
Credit Facilities with financial entities	867,933	695,085
Notes and bonds	102,144	-
Total Non-current	**970,077**	**695,085**

Current	**Balance as of December 31, 2020 $'000**	**Balance as of December 31, 2019 $'000**
Credit Facilities with financial entities	342	789
Notes and Bonds	23,306	27,917
Total Current	**23,648**	**28,706**

On February 10, 2017, the Company issued Senior Notes due 2022, 2023, 2024 (the "Note Issuance Facility 2017"), in an aggregate principal amount of €275,000 thousand. The Note Issuance Facility 2017 was fully repaid on April 2, 2020.

On July 20, 2017, the Company signed a credit facility (the "2017 Credit Facility") for up to €10 million, approximately $12.2 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. As of December 31, 2020, the 2017 Credit Facility is fully available (€9 million drawn down as of December 31, 2019). The credit facility maturity is December 13, 2021.

On May 10, 2018, the Company entered into a $215 million revolving credit facility (the "Revolving Credit Facility") with Royal Bank of Canada, as administrative agent and Royal Bank of Canada and Canadian Imperial Bank of Commerce, as issuers of letters of credit. 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 the year 2019, the amount of the Revolving Credit Facility increased from $215 million to $425 million and the maturity was extended to December 31, 2022. On December 31, 2020, the Company had issued letters of credit for $10 million and, therefore, $415 million of the Revolving Credit Facility are available. On December 31, 2019 the Company had drawn down $84 million which were repaid in the third quarter of 2020.

On April 30, 2019, the Company entered into 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 (the "Note Issuance Facility 2019"). The principal amount was issued on May 24, 2019. The Note Issuance Facility 2019 includes an upfront fee of 2% paid on drawdown and its maturity date is April 30, 2025. Interest accrue 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 with effective date June 28, 2019 and maturity date June 30, 2022, resulting in the Company paying a net fixed interest rate of 4.24%. The Note Issuance Facility 2019 provides 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.

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 allows Atlantica to issue short term notes over the next twelve months for up to €50 million, with such notes having a tenor of up to two years. As of December 31, 2020, the Company had €17.4 million issued and outstanding under the program at an average cost of 0.69% (€25 million as of December 31, 2019).

On April 1, 2020, the Company closed the secured 2020 Green Private Placement for €290 million (approximately $354 million). The private placement accrues interest at an annual 1.96% interest, payable quarterly and has a June 2026 maturity. Net proceeds were primarily used to fully repay the Note Issuance Facility 2017.

On July 8, 2020, the Company entered into a senior unsecured financing (the "Note Issuance Facility 2020") with Lucid Agency Services Limited, as agent, and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of approximately $171 million which is denominated in euros (€140 million). The Note Issuance

Facility 2020 was issued on August 12, 2020, accrues interest at an annual 5.25% interest, payable quarterly and has a maturity of seven years from the closing date.

On July 17, 2020, the Company issued $100 million aggregate principal amount of 4.00% convertible bonds (the "Green Exchangeable Notes") due 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 ordinary shares of Atlantica, cash or a combination thereof. The exchange rate is subject to adjustment upon the occurrence of certain events.

On December 4, 2020, the Company entered into a credit facility (the "2020 Credit Facility") for up to €5 million, approximately $6.1 million. Amounts drawn down accrue interest at a rate per year equal to 2.50%. As of December 31, 2020, the total amount of the credit has been drawn down. The maturity date is December 4, 2025.

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 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".

The repayment schedule for the Corporate debt at the end of 2020 is 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**
2020 Credit Facility	11	-	2,036	2,036	1,990	-	**6,073**
Total	**23,648**	**-**	**2,036**	**2,036**	**448,133**	**517,872**	**993,725**

The repayment schedule for the Corporate debt at the end of 2019 was as follows:

	2020	2021	2022	2023	2024	Subsequent years	Total
Revolving Credit Facility	701	-	81,164	-	-	-	**81,865**
Note Issuance Facility	84	-	101,317	100,513	100,413	-	**302,327**
2017 Credit Facility	4	10,085	-	-	-	-	**10,089**
2019 Notes Issuance Facility	-	7,938	-	-	-	293,655	**301,593**
Commercial Paper	27,917	-	-	-	-	-	**27,917**
Total	**28,706**	**18,023**	**182,481**	**100,513**	**100,413**	**293,655**	**723,791**

The following table details the movement in corporate debt for the years 2020 and 2019, split between cash and non-cash items:

Corporate Debt	2020	2019
Initial balance	**723,791**	**684,073**
Cash Flow	171,182	6,620
Non-cash changes	98,752	33,098
Final balance	**993,725**	**723,791**

The non-cash changes primarily relate to interests accrued and to currency translation differences.

15. Project debt

The main purpose of the Company is the long-term ownership and management of contracted concessional assets, such as renewable energy, efficient natural gas and electric transmission lines assets, which are financed through 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 $280 million as of December 31, 2020 ($339 million as of December 31, 2019).

Compared with corporate debt, project debt has certain key advantages, including a greater leverage and a clearly defined risk profile.

The variations for 2020 and 2019 of project debt have been 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 is 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 Logrosán Solar Inversiones, S.A.U., the holding company of Spanish assets Solaben 1, 2, 3 and 6, closed on April 8, 2020 for a €140 million nominal amount.
- 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 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. Since PG&E failed to assume the PPA within 180 days from the commencement of the PG&E's Chapter 11 proceedings, a technical event of default was triggered under the Mojave project finance agreement in July 2019. On July 1, 2020, PG&E emerged from Chapter 11. In addition, PG&E paid to Mojave the portion of the invoice corresponding to the electricity delivered for the period between January 1 and January 28, 2019. This invoice was overdue because the services relate to the pre-petition period and any payment therefore required the approval by the Bankruptcy Court. The technical event of default under the Mojave project finance agreement, which was preventing cash distributions from Mojave to Atlantica, was cured and the Company can make distributions from Mojave. As a result, as of December 31, 2020, the Company has again an unconditional right to defer the settlement of the debt for at least twelve months, and therefore the debt previously presented as current (during the year 2019) has been reclassified as non-current in accordance with the financing agreements in these consolidated financial statements.

	Project debt - long term $'000	Project debt - short term $'000	Total $'000
Balance as of December 31, 2018	4,826,659	264,455	5,091,114
Increases	53,222	280,005	333,226
Decreases	(19,272)	(516,147)	(535,418)
Currency translation differences	(33,718)	(2,855)	(36,574)
Reclassifications	(756,981)	756,981	-
Balance as of December 31, 2019	**4,069,909**	**782,439**	**4,852,348**

The line "Increases" includes primarily accrued interest for the year.

The decrease of Project debt during the year 2019 is primarily due to the contractual payments of debt for the year and the partial repayment of Solana debt using the indemnity received from Abengoa for $22.2 million (Note 6). Interest accrued is offset by a similar amount of interest paid during the year.

The repayment schedule for project debt in accordance with the financing arrangements and assuming there will be no acceleration of the Mojave debt, as of December 31, 2020, is as follows and is consistent with the projected cash flows of the related projects:

2021		2022	2023	2024	2025	Subsequent years	Total
Interest Repayment	Nominal repayment						
19,287	293,059	328,364	355,806	371,548	508,843	3,360,707	5,237,614

The repayment schedule for project debt in accordance with the financing arrangements and assuming there will be no acceleration of the Mojave debt, as of December 31, 2019, was as follows and is consistent with the projected cash flows of the related projects:

2020		2021	2022	2023	2024	Subsequent years	Total
Interest Repayment	Nominal repayment						
12,799	256,620	262,787	293,642	319,962	335,067	3,371,471	4,852,348

Current and non-current loans with credit entities include amounts in foreign currencies for a total amount of $2,711,830 thousand as of December 31, 2020 ($2,291,262 thousand as of December 31, 2019).

The following table details the movement in Project debt for the years 2020 and 2019, split between cash and non-cash items:

Project Debt	2020	2019
Initial balance	**4,852,348**	**5,091,114**
Cash Flow	(254,495)	(531,726)
Non-cash changes	639,763	292,960
Final balance	**5,237,614**	**4,852,348**

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, 2020 $'000	Balance as of December 31, 2019 $'000
Euro	2,240,811	1,882,618
Algerian Dinar	115,606	24,331
South African Rand	355,414	384,313
Total	**2,711,830**	**2,291,262**

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, 2020 $'000	Balances as of December 31, 2019 $'000
Grants	1,028,765	1,087,553
Other liabilities	201,002	554,199
Grant and other non-current liabilities	**1,229,767**	**1,641,752**

As of December 31, 2020, the amount recorded in Grants corresponds primarily to the ITC Grant awarded by the U.S. Department of the Treasury to Solana and Mojave for a total amount of $674 million ($707 million as of December 31, 2019), 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 $352 million ($379 million as of December 31, 2019). 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 $58.9 million and $59.0 million for the years ended December 31, 2020 and 2019, respectively.

Other liabilities included as of December 31, 2019, the investment from Liberty Interactive Corporation ("Liberty") made on October 2, 2013 for an original amount of $300 million. The liability was recorded in Grants and other liabilities for a total amount of $380 million as of December 31, 2019 and its current portion was recorded in other current liabilities for $41 million (Note 17). The investment was made in the parent company of the project entity, in exchange for the right to receive a large part of taxable losses and distributions until such time when Liberty reaches a certain rate of return, or the Flip Date. According to the stipulations of IAS 32 and in spite of the fact that the investment of Liberty was in shares, it did not qualify as equity and had been classified as a liability as of December 31, 2019. This liability had been initially valued at fair value, calculated as the present value of expected cash-flows during the useful life of the concession, and was then measured at amortized cost in accordance with the effective interest method, considering the most updated expected future cash-flows.

The Company acquired on August 17, 2020 Liberty´s equity interest in Solana for a total estimated purchase price of approximately $290 million, of which $272 million have already been paid. Total price includes a deferred payment and a performance earn-out based on the average annual net production of the asset in the four calendar years with the highest annual net production during the five calendar years of 2020 through 2024 (Note1). The difference between the purchase price and the carrying amount of the liability previously recorded resulted in a $145 million gain recorded within the line "Other financial income/(expense), net" in the profit and loss statement (Note 21).

Additionally, other liabilities include $52 million of finance lease liabilities and $88 million of dismantling provision as of December 31, 2020 ($54 million and $60 million as of December 31, 2019, respectively). The increase in the dismantling provision since December 31, 2019 is primarily due to the reduction of the useful life of the CSP plants in Spain, effective September 1, 2020 (Note 6).

17. Trade and Other Payables

Item	Balance as of December 31, 2020 $'000	Balance as of December 31, 2019 $'000
Trade accounts payable	54,219	52,062
Down payments from clients	416	565
Liberty (Note 16)	-	41,032
Other accounts payable	37,922	34,403
Total	**92,557**	**128,062**

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, 2020, and 2019, the analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets from	**Balance as of December 31,**	
	2020	**2019**
Net operating loss carryforwards ("NOL´s")	497,184	546,705
Temporary tax non-deductible expenses	115,063	95,847
Derivatives financial instruments	83,847	86,096
Other	3,021	-
Total deferred income tax assets	**699,115**	**728,648**

Deferred tax liabilities from	**Balance as of December 31,**	
	2020	**2019**
Accelerated tax amortization	652,600	682,800
Other difference between tax and book value of assets	154,969	137,192
Other	179	9,686
Total deferred income tax liabilities	**807,748**	**829,678**

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,**	
	2020	**2019**
Deferred tax assets	152,290	147,966
Deferred tax liabilities	260,923	248,996
Net deferred tax liabilities	**(108,633)**	**(101,030)**

Most of the NOL´s recognized as deferred tax assets corresponds to the entities in the U.S., South Africa, Perú, Chile and Spain as of December 31, 2020 and 2019.

As of December 31, 2020, 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 $110 million ($83 million as of December 31, 2019).

Deferred tax assets for derivatives financial instruments as of December 31, 2020 mainly relate to ACT for $22 million and to solar plants in Spain for $51 million ($17 million and $61 million as of December 31, 2019, respectively).

As of December 31, 2020, deferred tax liabilities for accelerated tax amortization are primarily in Solana and Mojave for $361 million, the solar plants in Spain for $202 million and Kaxu for $90 million ($391 million, $182 million and $109 million as of December 31, 2019, respectively).

Deferred tax liabilities for other temporary differences between the tax and book value of contracted concessional assets relate primarily to ACT for $75 million, the Chilean entities for $29 million and the Peruvian entities for $32 million as of December 31, 2020 ($84 million, $29 million and $25 million as of December 31, 2019, 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 $329 million unrecognized net operating loss carryforwards as of December 31, 2020 ($180 million as of December 31, 2019), 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, 2020 and 2019 were as follows:

Deferred tax assets	Amount
As of December 31, 2018	136,066
Increase/(decrease) through the consolidated income statement	5,809
Increase/(decrease) through other consolidated comprehensive income (equity)	6,147
Other movements	(56)
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)
Other movements	7,019
As of December 31, 2020	**152,290**

Deferred tax liabilities	Amount
As of December 31, 2018	211,000
Increase/(decrease) through the consolidated income statement	31,678
Business Combinations (Note 5)	2,539
Other movements	3,779
As of December 31, 2019	**248,996**
Increase/(decrease) through the consolidated income statement	9,675
Other movements	2,252
As of December 31, 2020	**260,923**

Details of income tax for the years ended December 31, 2020 and 2019 are as follows:

	Year ended 2020 $'000	Year ended 2019 $'000
Current tax	**(21,205)**	**(5,081)**
Deferred tax	**(3,672)**	**(25,869)**
- relating to the origination and reversal of temporary differences	(3,672)	(25,869)
Total income tax benefit/(expense)	**(24,877)**	**(30,950)**

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, 2020 and 2019, are as follows:

	Year ended 2020 $'000	Year ended 2019 $'000
Profit before tax	**41,751**	**105,558**
Average statutory tax rate	25%	25%
Tax at the average statutory tax rate	**(10,438)**	**(26,390)**
Tax effect of share of results of associates	128	1,808
Differences in statutory tax rates	(94)	(7,076)
Unrecognized NOLs and deferred tax assets	(37,183)	(14,161)
Purchase of Liberty´s equity interest in Solana	36,352	-
Other permanent differences	(8,895)	11,220
Other non-taxable income/(expense)	(4,747)	3,649
Tax charge for the year	**(24,877)**	**(30,950)**

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´s equity interest in Solana (Note 16).

For the year ended December 31, 2019, the overall effective tax rate was different than the statutory rate of 25%, respectively, primarily due to unrecognized tax losses carryforwards, mainly in the UK and US entities.

The average statutory tax rate used by the Company changed in 2019 considering some changes in the statutory tax rate of some geographies over the past years.

The Company had no identified uncertain tax positions that require evaluation as of December 31, 2020 and 2019.

19. Contingent Liabilities, Guarantees and Commitments

The following table shows the breakdown of the third-party commitments and contractual obligations as of December 31, 2020 and 2019:

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

2019 $'000	Total	2020	2021 and 2022	2023 and 2024	Subsequent
Corporate debt (Note 14)	723,791	28,706	200,504	200,926	293,655
Loans with credit institutions project debt (Note 15)	4,105,915	241,116	504,921	598,837	2,761,041
Notes and bonds project debt (Note 15)	746,433	28,304	51,508	56,192	610,429
Purchase commitments(*) (**)	1,758,147	84,881	186,222	173,622	1,313,422
Accrued interest estimate during the useful life of loans (**)	2,472,070	294,676	549,320	471,535	1,156,539

* Purchase commitments include undiscounted lease commitments for $94.6 million as of December 31, 2020 ($93.0 million as of December 31, 2019), of which $5.3 million is due within one year and $89.3 million thereafter as of December 31, 2020 ($5.1 million due within one year and $87.9 million thereafter as of December 31, 2019).

** Off-balance sheet items

Third-party guarantees

As of December 31, 2020, the overall sum of Bank Bond and Surety Insurance directly deposited by the subsidiaries of the Company as a guarantee to third parties (clients, financial entities and other third parties) amounted to $36.3 million attributed to operations of technical nature ($38.2 million as of December 31, 2019). In addition, Atlantica Sustainable Infrastructure plc issued guarantees amounting to $159.8 million as of December 31, 2020 ($130.1 million as of December 31, 2019). 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 Revolving Credit Facility, the Note Issuance Facility 2020 and 2019, and the 2020 Green Private Placement are guaranteed on a senior unsecured basis by following subsidiaries of the Company: Atlantica Infrastructures, S.L.U., ABY Concessions Peru S.A., ACT Holding, S.A. de C.V., ASHUSA Inc., ASUSHI Inc. and Atlantica Investments Limited. 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

A number of Abengoa's subcontractors and insurance companies that issued bonds covering Abengoa's obligations under such contracts in the U.S. included some of the non-recourse subsidiaries of Atlantica in the U.S. at the time of the construction of the plants the Company currently owns as co-defendants in claims against Abengoa. Generally, the subsidiaries of Atlantica were dismissed as defendants at early stages of the processes. With respect to a claim addressed by a group of insurance companies to a number of Abengoa's subsidiaries and to Solana for Abengoa related losses of approximately $20 million that could increase, according to the insurance companies, up to a maximum of approximately $200 million if all their exposure resulted in losses, Atlantica reached an agreement with all but one of the above-mentioned insurance companies, under which they agreed to dismiss their claims in exchange for payments of approximately $4.3 million, which were paid in 2018. The insurance company that did not join the agreement has temporarily stopped legal actions against Atlantica, and Atlantica does not expect this particular claim to have a material adverse effect on its business.

In addition, an insurance company covering certain Abengoa's obligations in Mexico claimed certain amounts related to a potential loss. This claim is covered by existing indemnities from Abengoa. Nevertheless, the Company 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. On January 2019, the insurance company executed $2.5 million from the escrow account and Abengoa reimbursed such amount according to the indemnities in force between Atlantica and Abengoa. The payments by Atlantica would only happen 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 covering potential losses, but such indemnities are no longer valid following the insolvency filing by Abengoa S.A. in February 2021 (Note 25).

The Company is not a party to any other significant legal proceeding other than legal proceedings arising in the ordinary course of its business. The Company is party to various administrative and regulatory proceedings that have arisen in the ordinary course of business.

While the Company does not expect these proceedings, either individually or in the aggregate, to have a material adverse effect on its financial position or results of operations, because of the nature of these proceedings the Company is not able to predict their ultimate outcomes, some of which may be unfavourable to the Company.

Other matters

Abengoa maintains a number of obligations under EPC, O&M and other contracts, as well as indemnities covering certain potential risks. Certain of these indemnities and obligations are no longer valid after the insolvency filing by Abengoa S.A. in February 2021. In addition, a potential insolvency of Abenewco1, S.A. may also terminate the remaining obligations, indemnities and guarantees. Additionally, Abengoa represented that further to the accession to its restructuring

agreement, Atlantica would not be a guarantor of any obligation of Abengoa with respect to third parties and agreed to indemnify the Company for any penalty claimed by third parties resulting from any breach in such representations. The Company has contingent assets, which have not been recognized as of December 31, 2020, related to the obligations of Abengoa referred above, which result and amounts will depend on the occurrence of uncertain future events.

20. Other Operating Income and Expenses

The table below shows the detail of Other operating income and expenses for the years ended December 31, 2020, and 2019:

Other Operating income	For the twelve-month period ended December 31, 2020 $'000	For the twelve-month period ended December 31, 2019 $'000
Grants	59,010	59,142
Income from various services and insurance proceeds	40,515	34,632
Total Other Operating Income	**99,525**	**93,774**

Other Operating Expenses	For the twelve-month period ended December 31, 2020 $'000	For the twelve-month period ended December 31, 2019 $'000
Raw materials and consumables used	(7,792)	(9,719)
Leases and fees	(2,531)	(1,850)
Operation and maintenance	(110,873)	(116,018)
Independent professional services	(40,193)	(41,579)
Supplies	(27,926)	(25,823)
Insurance	(37,638)	(23,971)
Levies and duties	(39,820)	(34,844)
Other expenses	(9,891)	(7,971)
Total	**(276,666)**	**(261,776)**

Grants income mainly relate to Investment Tax Credits (´ITC´) cash grants and implicit grants recorded for accounting purposes in relation to the Federal Financing Bank (´FFB´) loans with interest rates below market rates in Solana and Mojave projects (Note 16).

21. Financial Expenses, Net

The following table sets forth financial income and expenses for the years ended December 31, 2020 and 2019:

	For the twelve-month period ended December 31, 2020 $'000	For the twelve-month period ended December 31, 2019 $'000
Finance income		
Interest income from loans and credits	6,651	3,665
Profit on interest rate derivatives: cash flow hedges	401	456
TOTAL	**7,052**	**4,121**

	For the twelve-month period ended December 31, 2020 $'000	For the twelve-month period ended December 31, 2019 $'000
Finance expenses		
Expenses due to interest:		
- Loans from credit entities	(246,676)	(259,416)
- Other debts	(69,561)	(89,256)
Interest rate losses derivatives: cash flow hedges	(62,149)	(59,318)
TOTAL	**(378,386)**	**(407,990)**

Financial interest income from loans and credits primarily includes 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).

Interests from other debts are primarily interests on the notes issued by ATS, ATN, Solaben Luxembourg, Hypesol Solar Inversiones and Atlantica Sustainable Infrastructure Jersey, and interests related to the investment from Liberty (Note 16). The decrease is primarily due to the acquisition of Liberty's equity interest in Solana in August 2020. The decrease in 2019 was primarily due to a lower increase of the amortized cost of the Liberty debt compared to the previous year.

Losses from interest rate derivatives designated as cash flow hedges correspond primarily to transfers from equity to financial expense when the hedged item is impacting 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 2020 and 2019:

	For the year ended December 31, 2020 $'000	For the year ended December 31, 2019 $'000
Other finance income / (expenses), net		
Other finance income	162,290	14,152
Other finance expenses	(121,415)	(15,305)
TOTAL	**40,875**	**(1,153)**

Other financial income in 2020 include a $145 million gain further to the purchase of Liberty´s equity interest in Solana (Note 16). Residual items are primarily interests on deposits and loans, including non-monetary changes to the amortized cost of such loans. In 2019, other financial income was primarily interests on deposits and on loan granted to third parties.

Other financial losses include in 2020 a $73 million expense further to the refinancing of the Helios 1&2 debts (Note 15)) and a $16 million expense further to the change in the fair value of the conversion option of the Green Exchangeable Notes since July 2020 (Note 14). Residual items are primarily guarantees and letters of credit, other bank fees, non-monetary changes to the fair value of derivatives for which hedge accounting is not applied and of financial instruments recorded at fair value through profit and loss, and other minor financial expenses.

22. Earnings Per Share

Basic earnings per share for the years 2020 and 2019 has been calculated by dividing the profit attributable to equity holders of the company by the number of shares outstanding.

Diluted earnings per share for the year 2020 have been calculated considering the potential issuance of 3,347,305 shares on settlement of the Green Exchangeable Notes (Note 14). Diluted earnings per share equals basic earnings per share for the year 2019.

Item	For the twelve-month period ended December 31, 2020 $'000	For the twelve-month period ended December 31, 2019 $'000
Profit from continuing operations attributable to Atlantica Sustainable Infrastructure Plc.	11,698	62,135
Average number of ordinary shares outstanding (thousands) - basic	**101,879**	**101,063**
Average number of ordinary shares outstanding (thousands) - diluted	**103,392**	**101,063**
Earnings per share from continuing operations (US dollar per share) - basic and diluted	0.12	0.61
Earnings per share from profit for the period (US dollar per share) - basic and diluted	**0.12**	**0.61**

23. Auditor's Remuneration

The analysis of the auditor's remuneration is as follows:

	Year ended 2020 $000	Year ended 2019 $000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	604	596
Fees payable to the company's auditor and their associates for other services to the group		
–The audit of the company's subsidiaries	787	758
Total audit fees	**1,391**	**1,354**
- Audit-related services	516	481
- Tax services	502	406
- Other services	15	271
Total non-audit fees	**1,033**	**1,158**
	2,424	**2,512**

"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 2020 and 2019 related to comfort letters and consents required for capital market transactions of the major shareholder are also included in this category. 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:

	2020 Number	2019 Number
Executives	17	19
Middle Managers	94	69
Engineers and Graduates	132	119
Assistants and Professionals	20	17
Plant technicians	178	82
	441	**306**

(*) In 2020 we redefined our employee categories. We revised the 2019 classification following the 2020 updated employee category classification.

Their aggregate remuneration comprised:

	Year ended 2020 $000	Year ended 2019 $000
Wages and salaries	(47,228)	(27,596)
Social security costs	(3,718)	(2,983)
Other staff costs	(3,518)	(1,667)
	(54,464)	**(32,246)**

The increase in employee benefit expenses in 2020 is primarily due to the internalization of operation and maintenance services in the U.S. solar assets of the Company, following the acquisition of ASI Operations in July 2019.

Key management includes the Directors', the CEO, the CFO and 5 key executives. Total compensation received by key management in 2020 amounts to $6.1 million ($4.5 million in 2019). Also,$1.3 million (2019: $nil) of long-term awards received. The long term-awards include

one third of the share units under the Special One-Off plan which vested in 2020 and were paid, and one third of the share options awarded under the Long Term Incentive Plan which vested in 2020, regardless if they were exercised or not. Furthermore, information about the remuneration of individual directors' is provided in the audited part of the Directors' Remuneration Report on pages 114 to 137.

25. Events After the Balance Sheet Date

On January 6, 2021, the Company closed its second investment through its renewable energy platform in Chile, with the acquisition of a 40 MW solar PV plant ("Chile PV 2"). This asset started commercial operation in 2017 and its revenue is partially contracted. Total equity investment for this new asset was $5.0 million.

On January 7, 2021, Algonquin purchased 4,020,860 ordinary shares of the Company in a private placement in order to maintain its previous equity ownership of 44.2% in the Company. Gross proceeds were approximately $133 million.

In January 2021, the Company reached an agreement to increase its equity stake from 15% to 100% in Rioglass, a multinational manufacturer of solar components. The Company has closed the acquisition of 42.5% of the equity for $7 million. In addition, the Company has an option to acquire the remaining 42.5% in the same conditions until September 2021, and after that date the seller has an option to sell the 42.5% also in the same conditions. The Company intends to find partners that would co-invest in Rioglass.

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. Although the Company has contingency plans in place, including a potential change of supplier and/or internalization, in the short term it expects the operation and maintenance services to continue to be provided by its current supplier. Currently, Atlantica does not expect any material impact in the accounting value of its concessional assets as a result of the insolvency filing of Abengoa S.A. The insolvency filing by the individual company Abengoa S.A. represents a theoretical event of default under the Kaxu project finance agreement (Note 1).

On February 26, 2021, the Board of Directors of the Company approved a dividend of $0.42 per share, which is expected to be paid on March 22, 2021.

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.

Solaben 2 & 3

The Solaben 2 and Solaben 3 are two 50 MW Solar Power facilities.

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, a Japanese engineering company, holds 13% of Solacor 1 & Solacor 2.

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 Energía (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.

ATN

ATN, is part of the Peruvian SGT (Sistema Garantizado de Transmision), which includes all transmission line concessions allocated by a bidding process by the government and is comprised of the following facilities:

(i) the approximately 356 mile, 220kV line from Carhuamayo-Paragsha-Conococha-Kiman-Ayllu-Cajamarca Norte;

(ii) the 4.3 mile, 138kV link between the existing Huallanca substation and Kiman Ayllu substations;

(iii) the 1.9 mile, 138kV link between the 138kV Carhuamayo substation and the 220kV Carhuamayo substation;

(iv) the Conococha and Kiman Ayllu substations; and (v) the expansion of the Cajamarca Norte, 220kV Carhuamayo, 138kV Carhuamayo and 220kV Paragsha substations.

Additionally, on December 28, 2018 ATN completed the acquisition of a 220-kV power substation and two small transmission lines to connect the lines of the Company to the Shahuindo mine located nearby (ATN Expansion 1) and, on October 22, 2019, the Company 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.

ATS

ATS is part of the Peruvian Guaranteed Transmission System, or (Sistema Garantizado de Transmisión) which includes all transmission line concessions allocated by a bidding process by the government, and is comprised of:

(i) a 500kV electric transmission line and two short 220kV electric transmission lines, which are linked to existing substations;
(ii) three 500kV substations; and
(iii) three existing substations (two existing 220kV substations and one existing 550/220kV substation), through the development of new transformers, line reactors, series reactive compensation and shunt reactions in some substations.

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.

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.

Helioenergy 1&2

The Helioenergy 1 and 2 solar plants are located in Ecija, Spain and reached COD in 2011.

Renewable energy plants in Spain, like Helionergy 1 and Helionergy 2, are regulated through a series of laws and rulings which guarantee the owners of the plants a reasonable return for their investments. Helionergy 1 and Helionergy 2 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 Comision Nacional de los Mercados y de la Competencia, or CNMC, the Spanish state-owned regulator.

Helios 1&2

The Helios 1 and 2 solar plants are located in Spain. They reached COD in 2012.

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.

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 / Algérienne 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.

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.

ATN 2

ATN 2, in Peru, is part of the Complementary Transmission System, or Sistema Complementario de Transmision, SCT, and is comprised of the following facilities:

(i) The approximately 130km, 220kV line from SE Cotaruse to Las Bambas;

(ii) The connection to the gate of Las Bambas Substation

(iii) The expansion of the Cotaruse 220kV substation (works assigned to Consorcio Transmantaro)

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.

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.

Solaben 1&6

The Solaben 1&6 50 MW solar plants are located in the municipality of Logrosán, Spain. and reached COD in 2013

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.

Tenes

Tenes is a water desalination plant located in Algeria. Befesa Agua Tenes has a 51.0% stake in Ténès 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.

Projects subject to the application of IFRIC 12 interpretation based on the concession of services as of December 31, 2020:

Project name	Country	Status(1)	% of Nomina 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 Administration	(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 Administration	(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 Administration	(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	Regulated revenue established by different laws and

									base(6)	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

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

Electric transmission lines:

ATS	Peru	(O	100.0	30 Years	Republi of Peru	(I)	531,887	(122,005)	29,339	Tariff fixed by contract and adjuste annually in accordance with the US Finished Goods Less Food and Energ inflation index	30-year Concession Agreement with the Peruvian Government
ATN	Peru	(O	100.0	30 Years	Republi of Peru	(I)	359,912	(105,618)	6,474	Tariff fixed by contract and adjuste annually in accordance with the US Finished Goods Less Food and Energ inflation index	30-year Concession Agreement with the Peruvian Government
Quadra I	Chile	(O	100.0	21 Years	Sierra Gorda	(F)	40,381	-	5,362	Fixed price in USD with annual adjustments indexec mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentende cia 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 indexec mainly to US CPI	21-year Concession Contract with Sierra Gorda regulated by CDEC and the Superentende cia de Electricidad, among others
ATN 2	Peru	(O	100.0	18 Years	Las Bambas Mining	(F)	78,743	-	12,332	Fixed-price tariff bas denominated in U.S. dollars with Las Bambas	18 years purchase agreement
Water:											
Skikda	Argelia	(O	34.2	25 Years	Sonatra ch & ADE	(F)	77,702	-	13,909	U.S. dollar indexed take-or-pay contract with Sonatrach / ADI	25 years purchase agreement
Honaine	Argelia	(O	25.5	25 Years	Sonatra ch & 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	25.5	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.

Projects subject to the application of IFRIC 12 interpretation based on the concession of services as of December 31, 2019:

Project name	Country	Status[(1)]	% 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)	1,916,268	(424,627)	47,344	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)	1,556,638	(312,544)	49,939	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 Administration	(I)	148,043	(43,967)	3,537	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 Administration	(I)	122,104	(43,987)	2,650	Fixed price per MWh in USD with annual	20-year PPA with UTE, Uruguay

Project name	Country	Status(1)	% 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
										increases based on inflation	state-owned utility
Melowinc	Uruguay	(O)	100.0	20 Years	UTE, Uruguay Administration	(I)	136,421	(22,501)	3,826	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)	308,407	(63,275)	12,763	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)	307,174	(65,072)	12,836	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)	311,963	(70,393)	11,569	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)	324,834	(72,228)	11,559	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)	311,759	(89,172)	15,482	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)	292,904	(80,829)	16,569	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)	271,943	(74,523)	15,966	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)	313,132	(66,794)	14,095	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain

Project name	Country	Status[(1)]	% 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
Helios 2	Spain	(O)	100.0	25 Years	Kingdom of Spain	(I)	304,945	(63,626)	14,346	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)	303,316	(68,486)	14,927	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)	304,083	(66,007)	16,130	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)	303,392	(54,293)	12,603	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)	300,209	(53,641)	11,730	Regulated revenue base(6)	Regulated revenue established by different laws and rulings in Spain
Kaxu	South Africa	(O)	51.0	20 Years	Eskom	(I)	543,761	(132,849)	53,040	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
Efficient natural gas:											
ACT	Mexico	(O)	100.0	20 Years	Pemex	(F)	610,363	-	113,549	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 Service Agreement with Pemex, Mexican oil & gas state-owned company

Project name	Country	Status[(1)]	% 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
Electric transmission lines:											
ATS	Peru	(O)	100.0	30 Years	Republic of Peru	(I)	531,779	(104,201)	28,993	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)	356,876	(93,061)	5,680	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
Quadra I	Chile	(O)	100.0	21 Years	Sierra Gorda	(F)	41,237	-	5,716	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)	55,157	-	6,638	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
ATN 2	Peru	(O)	100.0	18 Years	Las Bambas Mining	(F)	80,407	-	14,432	Fixed-price tariff base denominated in U.S. dollars with Las Bambas	18 years purchase agreement
Water:											
Skikda	Argelia	(O)	34.2	25 Years	Sonatrach & ADE	(F)	87,285	-	15,583	U.S. dollar indexed take-or-pay contract with Sonatrach / ADE	25 years purchase agreement

Project name	Country	Status(1)	% 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
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

(1) In operation (O), Construction (C) as of December 31, 2019.

(2) Liberty Interactive Corporation agreed to invest $300 million in Class A membership interests in exchange for a share of the dividends and the taxable loss generated by Solana on October 2, 2013. 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

(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 Yield Plc. as of December 31, 2019.

(9) Recorded under the equity method.

Company Financial Statements

Company Balance Sheet

Amounts in thousands of U.S. dollars

	Notes (1)	2020	2019
Non Current assets			
Intangible and tangible assets		201	309
Investments in subsidiaries	3	1,846,157	1,909,066
Amounts owed by group undertakings	4	475,819	500,871
Financial investments		4,271	-
Derivatives assets		325	1,562
		2,326,773	**2,411,808**
Current assets			
Trade and other receivables		697	1,495
Amounts owed by group undertakings	4	48,686	48,349
Financial investments		-	7,398
Derivatives assets		460	2,048
Cash and cash equivalents	8	335,193	66,013
		385,036	**125,303**
Total assets		**2,711,809**	**2,537,111**
Creditors: Amounts falling due within one year			
Trade and other payables	6	5,652	4,592
Amounts owed to group undertakings	4	14,215	5,688
Borrowings	5	21,554	28,706
		41,421	**39,986**
Net current assets/(liabilities)		**343,155**	**85,317**
Total assets less current liabilities		**2,670,388**	**2,498,125**
Creditors: Amounts falling due after more than one year			
Borrowings	5	861,871	695,085
Amounts owed to group undertakings	4	360,521	186,913
Derivatives liabilities		1,481	2,340
Other liabilities		6,261	273
		1,230,134	**884,611**
Total liabilities		**1,271,555**	**923,597**
Net assets		**1,440,254**	**1,613,514**

(1) Notes 1 to 9 are an integral part of the financial statements

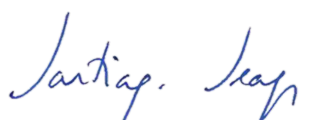
Capital and Reserves			
Share capital		10,667	10,160
Share premium account		1,011,743	1,011,743
Capital reserves	7	881,745	889,056
Other reserves		(1,481)	(637)
Accumulated deficit	7	(462,420)	(296,808)
Shareholders' funds		**1,440,254**	**1,613,514**

(1) Notes 1 to 9 are an integral part of the financial statements

The Company recorded a loss after tax of $165.6 million for the period ended 31 December 2020 (2019: loss after tax of $26.0 million).

The Company has prepared these financial statements on a going concern basis. For further information, please refer the "Going Concern Basis" in the Strategic Report of this UK Annual Report..

The financial statements of Atlantica Sustainable Infrastructure plc, company registration no. 08818211, were approved by the board of directors and authorised for issue on 26 February 2021. They were signed on its behalf by:



Chief Executive Officer

Santiago Seage

February 26, 2021

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 2019	**10,022**	**1,981,881**	**48,059**	**-**	**(270,816)**	**1,769,146**
Capital increase share premium	138	29,862	-	-	-	30,000
Loss for the year	-	-	-	-	(25,992)	(25,992)
Dividends	-	-	(159,003)	-	-	(159,003)
Change in fair value of cash flow hedges (net of deferred taxation)	-	-	-	(637)	-	(637)
Reduction of share premium (Note 7)	-	(1,000,000)	1,000,000	-	-	-
Balance at 31 December 2019	**10,160**	**1,011,743**	**889,056**	**(637)**	**(296,808)**	**1,613,514**
Capital increase share premium	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**

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.

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 re measurement 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's 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.

Critical Accounting Policies 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;

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. The recoverable amount determination requires a significant amount of judgement to calculate future cash flow projections and pre-tax discount rates, among others.

- Derivative financial instruments and fair value estimates.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data's available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. 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 loss for the financial year ended 31 December 2020 of $165.6 million (2019: loss of $26.0 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 2020 are as follows:

Name	Place of incorporation and principal place of business	Proportion of ownership interest	Proportion of voting power held	Registered office
		%	%	
Palmucho, S.A.	Chile	100.00%	100.00%	Avda. Apoquindo, 3600, Piso 5, Oficina 517, Las Condes, Santiago de Chile
Atlantica Corporate Resources, S.L.	Spain	99.99%	99.99%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)

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
ASUSHI Inc.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ACT Holdings, S.A. de C.V.	Mexico	99.99%	99.99%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de México
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 Infraestructura Sostenible, S.L.U.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
ASHUSA Inc	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Atlantica South Africa (Pty) Ltd	South Africa	100.00%	100.00%	Office 103 Ancorley Building; 45 Scott Street Upington 8801 (South Africa)
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.
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)
ASO Holdings Company, LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Arizona Solar One, LLC (USA)	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
ATN, S.A.	Peru	99.99%	99.99%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
Atlantica Transmisión Sur, S.A.	Peru	100.00%	100.00%	Av. El Derby 55, Edificio Cronos, Torre 3, Piso 6; oficina 608. Santiago de Surco Lima.
ACT Energy Mexico, S.A. de C.V.	Mexico	99.99%	99.99%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina

				1001, Col. Los Morales Polanco, 11510, Ciudad de México
Kaxu Solar One (Pty) Ltd	South Africa	51.00%	51.00%	Office 103 Ancorley Building; 45 Scott Street Upington 8801 (South Africa)
Sanlucar Solar, S.A.	Spain	100.00%	100.00%	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)
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.
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.
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.
Ecija Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (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)
Carpio Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
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)
Logrosán Solar Inversiones, S.A.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solaben Electricidad Dos, S.A.	Spain	70.00%	70.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Solaben Electricidad Tres, S.A.	Spain	70.00%	70.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Hypesol Energy Holding, S.L.	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)

Solnova Solar Inversiones, 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 Electricidad Tres, 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)
Logrosan Solar Inversiones Dos, S.L.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Solaben Luxembourg S.A.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Logrosan Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Extremadura Equity Investment S.a.r.l.	Luxembourg	100.00%	100.00%	6, rue Eugène RuppertL-2453 Luxembourg
Solaben Electricidad Uno, S.A.	Spain	100.00%	100.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Solaben Electricidad Seis, S.A.	Spain	100.00%	100.00%	Plataforma Solar Extremadura, Carretera EX-116 PK 17,560, 10120 Logrosán (Cáceres, Spain)
Geida Skikda, S.L.	Spain	67.00%	67.00%	Paseo de la Castellana 83-85, 28046 Madrid (Spain)
Aguas de Skikda, S.P.A.	Algeria	34.17%	34.17%	162 Bois des Cars III DelyIbrahim — Alger - Algerie
Atlantica North America, LLC.	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Fotovoltaica Solar Sevilla, S.A.	Spain	80.00%	80.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
RRHH Servicios Corporativos	Mexico	100.00%	100.00%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de México
Atlantica DCR, LLC.	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 Investments Ltd	UK	100.00%	100.00%	Great West House, GW1 Great West Road Brentford TW8 9DF London, UK
CKA1 Holding S. de R.L. de C.V	Mexico	100.00%	100.00%	Avda. Jaime Balmes, 11, Piso 10, Torre C, Fracción C, Oficina 1001, Col. Los Morales Polanco, 11510, Ciudad de México

Hidrocañete, S.A.	Peru	100.00%	100.00%	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.
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.
AYES International UK Ltd.	UK	100.00%	100.00%	Great West House, GW1 Great West Road Brentford TW8 9DF London, UK
Atlantica Yield España, S.L.U.	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)
Overnight Solar LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
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.
Hypesol 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.
Atlantica Sustainable Infrastructure Jersey Ltd.	Jersey	100.00%	100.00%	47 Esplanade, St Helier, Jersey JE1 0BD UK
Atlantica Newco, Ltd	UK	100.00%	100.00%	Great West House, GW1 Great West Road Brentford TW8 9DF London, UK
ASI Operations, LLC	USA	100.00%	100.00%	1553 West Todd Dr., Suite 204 Tempe, AZ 85283 (USA)
Calgary District Heating Inc.	Canada	100.00%	100.00%	Suite 2500 Park Place 666 Burrard Street Vancouver BC V6C 2X8
Atlantica Yield Energy Solutions Canada Inc.	Canada	10.00%	66.66%	354 Davis Road Suite 100 Oakville On L5J 2X1
Befesa Agua Tenes, S.L.U.	Spain	100.00%	100.00%	Calle Energia Solar, 1 41014 Sevilla
Hypesol Solar Inversiones S.A.U	Spain	100.00%	100.00%	C/ Albert Einstein, s/n 41092, Sevilla (Spain)

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 2020, the carrying amount of the direct investments was as follows:

	2020 $'000	2019 $'000
Palmucho, S.A.	-	-
Atlantica Corporate Resources, S.L.	8,954	11,357
Transmisora Baquedano, S.A.	-	-
Transmisora Mejillones, S.A.	-	-
ASUSHI Inc.	78,473	146,572
ACT Holdings, S.A. de C.V.	98,543	98,543
Atlantica Perú, S.A.	261,920	261,920
Atlantica Infraestructura Sostenible, S.L.U.	887,039	887,039
ASHUSA, Inc.	381,493	380,193
ATN, S.A. (*)	13,116	12,929
Atlantica Transmisión Sur, S.A. (*)	11,847	11,847
Atlantica Investments Ltd.	56,998	56,998
ATN 2, S.A.	13,720	15,897
Atlantica North America, LLC.	16,255	11,005
Atlantica DRC, LLC.	12,938	9,906
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	**1,846,157**	**1,909,066**

(*) Includes initial difference between the amortized cost and nominal amount of interest free loans (classified as amounts owed by group undertakings, see note 5), classified as capital contribution in accordance with IFRS 9.

Movements in the carrying value of investments during the years 2020 and 2019 were as follows:

	$ ´000
As at 1 January 2020	1,909,066
Increase	9,771
Impairment	(72,680)
As at 31 December 2020	**1,846,157**

	$ ´000
As at 1 January 2019	1,883,964
Increase	25,102
As at 31 December 2019	**1,909,066**

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 ASUSHI Inc. for $68.1 million, to ATN 2, S.A. for $2.2 million and Atlantica Corporate Resources, S.L. for $2.4 million.

The increase in 2019 mainly relates to a capital increase in Atlantica North America LLC for $11.0 million, AYES International UK Ltd. for $4.9 million and Atlantica DRC LLC for $3.8 million.

4. Amounts Owed by/to Group Undertakings

	2020 $'000	2019 $'000
Non-current receivables from group companies	475,819	500,871
Non-current amounts owed by group undertakings	**475,819**	**500,871**
Current amounts owed by group undertakings	48,686	48,349
Total amounts owed by group undertakings	**524,505**	**549,220**
Current amounts owed to group undertakings	14,215	5,688
Non-Current amounts owed to group undertakings	360,521	186,913
Total amounts owed to group undertakings	**374,736**	**192,601**

As of 31 December 2020, the detail of the non-current amounts owed by group undertakings was as follows:

	2020 $'000	2019 $'000
ATN, S.A.	33,430	45,107
Atlantica Infraestructura Sostenible, S.L.U.	-	250,957
Carpio Solar Inversiones, S.A.	29,227	28,762
Atlantica Transmisión Sur, S.A.	10,335	20,888
ACT Holdings, S.A. de C.V.	-	4,860
Ecija Solar Inversiones, S.A.	-	3,863
Solnova Solar Inversiones, S.A.	-	19,643
Atlantica South Africa (Pty) Ltd.	6,579	20,733
ASHUSA, Inc.	57,701	54,941
Atlantica Corporate Resources, S.L.	3,684	4,808
Atlantica Investments Ltd.	50,546	42,881
Solnova Electricidad Cuatro, S.A.	2,584	-
Helios I Hyperion Energy Investments, S.A.	4,067	-
Helios II Hyperion Energy Investments, S.A.	3,459	-
Atlantica North America LLC	266,932	-
Other	7,275	3,428
Amounts owed by group undertakings	**475,819**	**500,871**

The principal features of the loans to subsidiary undertakings are as follows:

	Interest Rate	Maturity
ATN, S.A.	0%	Not applicable
Atlantica Infraestructura Sostenible, S.L.U.	5%	31 December 2030
Atlantica Corporate Resources, S.L.	5%	31 December 2030
Carpio Solar Inversiones, S.A.	2.5% plus Euribor 12 months	31 July 2031
Atlantica Transmisión Sur, S.A.	0%	Not applicable
Ecija Solar Inversiones, S.A.	4.25% plus Euribor 12 months	27 December 2030
Solnova Solar Inversiones, S.A.	4.25% plus Euribor 12 months	25 June 2030
Atlantica South Africa (Pty) Ltd.	-	Not applicable
ASUSHA Inc.	5.9%	Not applicable
Atlantica Investments Ltd.	5%	31 December 2030
Atlantica North America LLC	5%	31 December 2030

As at 31 December 2020, the amounts owed to group undertakings primarily relate to ACT Energy Mexico, S.A. de C.V. for $203.4 million ($186.9 million as of 31 December 2019) and to Atlantica Sustainable Infrastructure Jersey Ltd for $112.1 million (nil as of 31 December 2019).

5. Borrowings

As of 31 December 2020, the details of the amounts owed to third parties were as follows:

	2020 $'000	2019 $'000
Secured borrowing at amortised cost		
Bonds	21,224	27,917
Borrowings	862,201	695,874
Total borrowings	883,425	723,791
Amount due for settlement within 12 months	**21,554**	**28,706**
Amount due for settlement after 12 months	**861,871**	**695,085**

The principal features of the borrowings and bonds are as follows:

On February 10, 2017, the Company issued Senior Notes due 2022, 2023, 2024 (the "Note Issuance Facility 2017"), in an aggregate principal amount of €275,000 thousand. The Note Issuance Facility 2017 was fully repaid on April 2, 2020.

On July 20, 2017, the Company signed a credit facility (the "2017 Credit Facility") for up to €10 million, approximately $12.2 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. As of December 31, 2020, the 2017 Credit Facility is fully available (€9 million drawn down as of December 31, 2019). The credit facility maturity is December 13, 2021.

On May 10, 2018, the Company entered into a $215 million revolving credit facility (the "Revolving Credit Facility") with Royal Bank of Canada, as administrative agent and Royal Bank of Canada and Canadian Imperial Bank of Commerce, as issuers of letters of credit. 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 the year 2019, the amount of the Revolving Credit Facility increased from $215 million to $425 million and the maturity was extended to December 31, 2022. On December 31, 2020, the Company had issued letter of credits for $10 million and therefore, $415 million of the Revolving Credit Facility are available. On December 31, 2019 the Company had drawn down $84 million which were repaid in the third quarter of 2020.

On April 30, 2019, the Company entered into 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 (the "Note Issuance Facility 2019"). The principal amount was issued on May 24, 2019. The Note Issuance Facility 2019 includes an upfront fee of 2% paid on drawdown and its maturity date is April 30, 2025. Interest accrue 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 with effective date June 28, 2019 and maturity date June 30, 2022, resulting in the Company paying a net fixed interest rate of 4.24%. The Note Issuance Facility 2019 provides 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.

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 allows Atlantica to issue short term notes over the next twelve months for up to €50 million, with such notes having a tenor of up to two years. As of December 31, 2020, the Company had €17.4 million issued and outstanding under the program at an average cost of 0.69% (€25 million as of December 31, 2019).

On April 1, 2020, the Company closed the secured 2020 Green Private Placement for €290 million (approximately $354 million). The private placement accrues interest at an annual 1.96% interest, payable quarterly and has a June 2026 maturity. Net proceeds were primarily used to fully repay the Note Issuance Facility 2017.

On July 8, 2020, the Company entered into a senior unsecured financing (the "Note Issuance Facility 2020") with Lucid Agency Services Limited, as agent, and a group of funds managed by Westbourne Capital as purchasers of the notes issued thereunder for a total amount of approximately $171 million which is denominated in euros (€140 million). The Note Issuance Facility 2020 was issued on August 12, 2020, accrues interest at an annual 5.25% interest, payable quarterly and has a maturity of seven years from the closing date.

6. Trade and Other Payables

As of 31 December 2020, Trade and other payables primarily relate to independent professional services.

7. Equity

As of December 31, 2020, the share capital of the Company amounts to $10,667,087 represented by 106,670,866 ordinary shares completely subscribed and disbursed with a nominal value of $0.10 each, all in the same class and series. Each share grants one voting right.

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, premium on issuance was credited to a merger reserve account (Capital reserves), net of issuance costs, for $161.3 million. The Capital reserves of $161.3 million generated as a result of this transaction are distributable reserves.

The share premium account reduction by $1,000,000 thousand during the year 2019, increasing capital reserves by the same amount, was made effective upon 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 2020 and 2019:

Accumulated deficit	$'000
Balance at 1 January 2019	(270,816)
Net loss for the year	(25,992)
Balance at 31 December 2019	(296,808)
Net loss for the year	(165,612)
Balance at 31 December 2020	(462,420)

8. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2020, include $265.2 million of cash at bank and on hand ($66.0 million as of December 31, 2019) and $70 million of highly liquid remunerated deposits (nil as of December 31, 2019).

9. Third-party guarantees

The Company issued guarantees on behalf of subsidiaries amounting to $159.8 million as of December 31, 2020 ($130.1 million as of December 31, 2019), 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.