This file exclusively contains the English translation of the consolidates annual accounts of Soltec Power Hodings, S.A. and its subsidiaries, together with the corresponding Managements' Report and Independent Autitors' Report

Soltec Power Holdings, S.A. and subsidiaries

Annual accounts
for the year ended as of 31 December 2019 and Managements' Report, together with Independent Auditors' Report

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Soltec Power Holdings, S.A.,

Opinion

We have audited the consolidated financial statements of Soltec Power Holdings, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the period then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2019, and its consolidated results and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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

Key Audit Matters

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

Recognition of revenue from the supply and installation of solar trackers	
Description	**Procedures applied in the audit**
As detailed in Note 14-a to the accompanying consolidated financial statements, revenue relates mainly to the supply and installation of solar trackers. As indicated in Note 2.6.k to the accompanying consolidated financial statements, the revenue from the supply of solar trackers is recognised when control of the goods is transferred in accordance with contractual provisions agreed upon with each customer, while the revenue from the installation of solar trackers is recognised based on the stage of completion of the contract. Under the contracts entered into with customers, invoices are issued once customers have confirmed the related delivery or installation of the solar trackers. In this context, as described in Note 14-a to the accompanying consolidated financial statements, at 31 December 2019 the Group had recognised EUR 43.943 thousand of unbilled revenue from the supply and installation of solar trackers that were recognised in the consolidated statement of profit or loss for 2019 because the Parent's sole director considered that the milestones for the recognition thereof had been met. We determined the cutoff of the revenue from the supply and installation of solar trackers, particularly the unbilled revenue at year-end, to be a key audit matter in our audit.	Our audit procedures to address this matter consisted of, among others, understanding the solar tracker supply and installation revenue recognition process in place at the Group. We also applied substantive procedures comprising tests of details, such as the review of all the contracts entered into with customers in order to obtain an appropriate understanding of the agreed-upon terms and conditions and of the consistency of the revenue recognised with the amounts and time periods established in those contracts, as well as the review, on a selective basis, of the consistency of the amounts earned with those recognised as revenue to be billed by the Group by inspecting the related documentation supporting the recognition of the revenue on an accrual basis. Furthermore, we performed substantive analytical procedures in order to evaluate the reasonableness, by project, of the sales and the margins obtained. Lastly, we evaluated whether the disclosures included in Notes 2.6.k and 14-a to the accompanying consolidated financial statements in connection with this matter were in conformity with those required by the regulatory financial reporting framework applicable to the Group.

Fair value measurement of derivative financial instruments	
Description	**Procedures applied in the audit**
The Group, in the normal course of its business activities, performs multiple goods purchase and sale transactions in foreign currencies. In order to hedge its exposure to the risk of fluctuations in exchange rates, the Group arranges derivative financial instruments. As described in Note 8.3 to the accompanying consolidated financial statement, at 31 December 2019 the Group had recognised a financial liability of EUR 2.468 thousand corresponding to derivatives measured at fair value. Similarly, as indicated in Note 8.3 to the accompanying consolidated financial statements, the Group recognised an expense of EUR 5.394 thousand relating to derivatives settled during 2019 and the measurement of the derivative financial instruments at their fair value at 31 December 2019. Given the magnitude and risk inherent to the line items affected, the situation described above was considered to be a key matter in our audit.	Our audit procedures to address this matter included, among others, the application of substantive procedures comprising tests of details, such as the obtainment of confirmations from the banks with which the Group works and the reconciliation of the amounts included in the confirmations to the amounts recognised in the accounting records. Also, we reviewed all of the derivative financial instrument agreements entered into in order to obtain an adequate understanding of the terms and conditions agreed upon and we performed substantive tests of details on the financial cost and other operating expense line items, reviewing the integrity of the banks with which the Group works. In this regard, we involved our internal derivative financial instrument experts in reviewing the derivative financial instrument agreements entered into by the Group and recalculating independently the measurement thereof at 31 December 2019. Lastly, we evaluated whether the disclosures included in Note 8.3 to the accompanying consolidated financial statements in connection with this matter are in conformity with those required by the regulatory financial reporting framework applicable to the Group.

Emphasis of Matters

We draw attention to Note 2.1 to the accompanying consolidated financial statements, which indicates that the Parent was incorporated on 2 December 2019 and that on 23 December 2019 it received non-monetary contributions of all of the shares of Soltec Energías Renovables, S.L. and of Powertis, S.A., both of which are the heads of their respective groups. In this regard, the Parent’s sole director considered this transaction to be a business combination involving entities under common control and, therefore, the new group formed is in essence a continuation of the pre-existing groups and, accordingly, the accompanying consolidated financial statements include all of the operations performed by the Soltec Energías Renovables, S.L. and Powertis, S.A. groups in the year ended 31 December 2019. However, given that the new Soltec Power Holdings, S.A. corporate group was formed in 2019, these consolidated financial statements are the first to be prepared by that group and, therefore, comparative information is not presented.

Furthermore, we draw attention to Note 17 to the accompanying consolidated financial statements, which describes an uncertainty related to the result and the effects that, up to the date of formulation of the annual accounts, had the recent worldwide outbreak of the COVID-19 on the Group operations. Given the relatively short time elapsed and the frequent uncertainties derived from this extraordinary health emergency situation, it is not possible to evaluate reliably all possible future effects that this fact could have in the Group's ability to recover the value of its fixed assets and face possible treasury tensions derived from this situation. Our opinion has not been modified in relation to these issues.

Other Information: Consolidated Directors’ Report

The other information comprises only the consolidated directors' report for 2019, the preparation of which is the responsibility of the Parent's sole director and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the information contained in the consolidated directors' report is defined in the audit regulations in force, which establish two distinct levels of responsibility in this regard:

a) A specific level that applies to the consolidated non-financial information statement, which consists solely of checking that the aforementioned information has been provided in the consolidated directors' report, or, as the case may be, that the consolidated directors' report contains the corresponding reference to the separate report on non-financial information as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) A general level applicable to the other information included in the consolidated directors' report, which consists of evaluating and reporting on whether the aforementioned information is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements and excluding any information other than that obtained as evidence during the audit, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was provided in the consolidated directors' report and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2019 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Parent's Sole Director for the Consolidated Financial Statements

The Parent's sole director is responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the Parent's sole director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's sole director is responsible for assessing the Group'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 Parent's sole director either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix to this auditor's report. This description, which is on pages 6 and 7, forms part of our auditor’s report.

DELOITTE, S.L.

Registered in ROAC under no. S0692

Beatriz Martín Velázquez
Registered in R.O.A.C under no. 18.539

24 June 2020

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's sole director.

- Conclude on the appropriateness of the use by the Parent's sole director of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's sole director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Parent's sole director, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

FINANCIAL STATEMENTS

Soltec
POWER HOLDINGS

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRS-EU standards (see note 2.1). In the event of a discrepancy, the Spanish-language version prevails.

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated financial statement as of 31 December 2019

ASSETS	Notes (1)	Thousands of euros 31/12/2019	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes (1)	Thousands of euros 31/12/2019
NON-CURRENT ASSETS			**SHAREHOLDERS' EQUITY**	10	
Intangible assets	5	**34.045**	**Capital and reserves**		
Development		1.610	Share capital		15.060
Other intangible fixed assets		32.435	Reserves		1.220
Property. plant and equipment	6	**7.259**	Exchange rate differences		363
Land and buildings		2.449	Profit/loss attributed to the Parent Company		1.338
Technical facilities and other tangible fixed assets		4.810	**Shareholders' equity attributed to the Parent Company**		**17.981**
Right-of-use	7	**9.088**	**Non-controlling interest**		**1**
Non-current financial assets	8	**4.985**	**Total shareholders' equity**		**17.982**
Deferred tax assets	12	**4.339**			
Total non-current assets		**59.716**			
			NON-CURRENT LIABILITIES		
			Non-current financial liabilities	8	**15.552**
			Non-current provisions		**181**
			Deferred tax liabilities	12	**8.073**
			Total non-current liabilities		**23.806**
			CURRENT LIABILITIES		
CURRENT ASSETS			**Current financial liabilities**	8	**100.340**
Inventories	9	**25.461**	Current debts payable to credit institutions		82.320
Debtors and other current assets	8	**117.644**	Other current financial liabilities		15.552
Trade receivables for sales and services		117.533	Derivatives		2.468
Sundry debtors		111	**Trade and other accounts payable**	8	**103.125**
Credits with public administrations	12	**18.386**	Suppliers		89.333
Current tax assets		1.241	Other accounts payable		13.792
Other credits with public administrations		17.145	**Debts with public administrations**	12	**5.283**
Current financial assets	8	**3.191**	Current tax liabilities		1.084
Other current assets		**797**	Other debts with public administrations		4.199
Cash and cash equivalents		**25.935**	**Current provisions**		**594**
Total current assets		**191.414**	**Total current liabilities**		**209.342**
TOTAL ASSETS		**251.130**	**TOTAL SHAREHOLDERS' EQUITY AND**		**251.130**

(1) Notes 1 through 17, together with Annex I, are an integral part of the Consolidated financial statement as of 31 December 2019

Soltec POWER HOLDINGS

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated profit & loss account for the year ended on 31 December 2019

	Notes (1)	Thousands of euros 2019
Net turnover	14	356.812
Changes in inventories of finished and semi-finished products		917
Other operating income	14	1.762
Works performed by the Group for its assets	5	968
Supplies	14	(260.679)
Personnel expenses	14	(32.309)
Other operating expenses	14	(49.750)
Depreciation of fixed assets	5.6.7	(4.386)
Profit/loss from the sale of fixed and other assets		(204)
Other profit/loss	2.6-a	2.318
OPERATING PROFIT/LOSS		15.449
Financial revenue		149
Financial expenses	14	(5.221)
Changes in the fair value of financial instruments	8.3	(5.394)
Net exchange rate differences	3.3	(3.947)
Loss of net monetary position	2.4	(289)
Other net financial revenue/expenses	8.1.2	(387)
FINANCIAL PROFIT/LOSS		(15.089)
PRE-TAX PROFIT/LOSS		360
Income tax	12	980
CONSOLIDATED PROFIT/LOSS FOR THE PERIOD/FINANCIAL YEAR		1.340
Profit/loss attributed to the Parent Company		1.338
Profit/loss attributed to non-controlling interests		2
Profit/loss per share		
Basic and diluted (in euros)	16	0,089

(1) Notes 1 through 17, together with Annex I, are an integral part of the consolidated profit & loss account for the year ended on 31 December 2019

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated comprehensive profit & loss account for the year ended on 31 December 2019

	Notes (1)	Thousands of euros 2019
CONSOLIDATED PROFIT/LOSS FOR THE FINANCIAL YEAR (I)		**1.340**
Items that cannot be reclassified into profit/loss for the financial year		**-**
Items that can be reclassified into profit/loss for the financial year		**363**
- Exchange rate differences		363
OTHER CONSOLIDATED COMPREHENSIVE PROFIT/LOSS (II)		**363**
TOTAL CONSOLIDATED COMPREHENSIVE PROFIT/LOSS (I+II)		**1.703**
Total comprehensive profit/loss attributed to the Parent Company		1.701
Total comprehensive profit/loss attributed to non-controlling interest		2

(1) Notes 1 through 17, together with Annex I, are an integral part of the Consolidated comprehensive profit & loss account for the year ended on 31 December 2019

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with IFRS-EU standards (see note 2.1). In the event of a discrepancy, the Spanish-language version prevails.

CONSOLIDATED ANNUAL STATEMENTS

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Statement of changes in consolidated equity for the year ended on 31 December 2019

	Thousands of euros					
	Share capital	Reserves	Profit/loss attributed to the Parent Company	Exchange rate differences	Non-controlling interest	TOTAL
OPENING BALANCE OF 2019 FINANCIAL YEAR	**15.060**	**1.185**	**-**	**-**	**(1)**	**16.244**
Total consolidated comprehensive profit/loss for the	**-**	**-**	**1.338**	**363**	**2**	**1.703**
Transactions with shareholders or owners	**-**	**55**	**-**	**-**	**-**	**55**
Other transactions with partners or owners (note 2.5)	-	55	-	-	-	55
Other changes in shareholders' equity	**-**	**(20)**	**-**	**-**	**-**	**(20)**
Other changes	-	(20)	-	-	-	(20)
CLOSING BALANCE OF 2019 FINANCIAL YEAR	**15.060**	**1.220**	**1.338**	**363**	**1**	**17.982**

Notes 1 through 17, together with Annex I, are an integral part of the statement of changes in consolidated equity for the year ended on 31 December 2019

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

Consolidated cash flow statement for the year ended on 31 December 2019

	Notes (1)	Thousands of euros 2019
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**4.789**
Pre-tax profit / loss for the financial year		**360**
Adjustments to profit / loss		**17.411**
Depreciation of fixed assets	5,6,7	4.386
Losses, impairment and changes in provisions for trade operations	14-e	3.151
Financial revenue		(149)
Financial expenses		5.221
Loss of net monetary position		289
Changes in the fair value of financial instruments	8.3	5.394
Exchange rate differences	3.3.2	1.526
Other revenue and expenses		(2.407)
Changes in working capital		**(6.655)**
Inventories		(1.897)
Trade and other accounts receivable		(69.131)
Trade and other accounts payable		64.661
Other assets and liabilities		(288)
Other cash flows from operating activities		**(6.327)**
Interest paid		(5.041)
Interest collected		149
Income tax collections/(payments)		(1.435)
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**(10.427)**
Payments relating to investment		**(12.920)**
Property, plant and equipment. and intangible fixed assets		(5.299)
Other financial assets		(7.621)
Collections relating to divestments		**2.493**
Other financial assets		2.493
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**31.001**
Collections and (payments) from equity instruments		**19.257**
Business combinations, net cash	2.6-a	19.257
Collections and (payments) from financial liability instruments		**11.744**
Issuance		14.829
Repayment and amortisation		(3.085)
EFFECT OF EXCHANGE RATE VARIATIONS (IV)		**572**
NET INCREASE / (DECREASE) OF CASH AND CASH EQUIVALENTS (I+II+III+IV)		**25.935**
Cash and cash equivalents at start of period		**-**
Cash and cash equivalents at end of period		**25.935**

(1) Notes 1 through 17, together with Annex I, are an integral part of the consolidated cash flow statement for the year ended on 31 December 201

Soltec Power Holdings, S.A. and subsidiaries

Consolidated report for the
fiscal year ended on
31 December 2019

1. General information

Soltec Power Holdings, S.A. (hereinafter, “Soltec” or the “Parent Company”) and subsidiaries (hereinafter, the “Soltec Group” or the “Group”) form a consolidated group of companies which carry out their business activity in the renewable energy sector, particularly in the photovoltaic sector.

The Parent Company was incorporated in Murcia (Spain) on 2 December 2019 in accordance with the Capital Companies Law. Its registered office is located at Calle Gabriel Campillo, Polígono Industrial La Serreta s/n, 30500 Molina de Segura (Murcia), where its main facilities are located. The Group also carries out its activity in facilities located in Chile, the United States, Brazil, Peru, Mexico, Argentina, Australia and India.

In accordance with its bylaws, the Parent Company has as its corporate purpose:

a) a) The execution of all kinds of activities, works and services for or related to the promotion, development, construction and maintenance of electricity producing plants, including the manufacture, supply, installation and assembly of industrial equipment and other facilities for these plants.

b) b) The provision of assistance or support services to investee companies or those within the scope of the business group, for which purpose it may provide, in their favour, the financing, guarantees and consolidations that may be appropriate.

c) c) The control and administration of securities representing the own funds of companies that are resident and non-resident in Spain through the appropriate organisation of personal and material means, provided that legislation of collective investment is not affected.

As of 31 December 2019, the Group is formed by two subgroups whose parent companies, Soltec Energías Renovables, S.L. and Powertis, S.A. (see note 4), depend on various subsidiaries that make up the perimeter of Soltec Group. Information regarding the subsidiaries that are part of the consolidation perimeter is described in Annex I to these consolidated annual accounts. None of the companies which make up the Group have issued public debt or have securities listed on a secondary market.

The financial information presented by both groups prior to the date of the contribution was as follows:

- Until the year ended 31 December 2018, the consolidated subgroup composed of Soltec Energías Renovables, S.L. and subsidiaries presented their consolidated annual accounts in accordance with accounting principles generally accepted in Spain (PGC/NOFCAC). Subsequent to the preparation of these annual accounts, said entity prepared, for the first time, consolidated financial statements for the years ended 31 December 2018 and 31 December 2017 in accordance with IFRS-EU. Therefore, the date of transition to the IFRS-EU that was carried out in accordance with IFRS 1 “First-time adoption of international financial reporting standards,” was 1 January 2016.

- Meanwhile, in the 2018 financial year, Powertis, S.A. had no subsidiary, so this company only presented individual financial information in accordance with PGC.

Annex I contains a breakdown of the subsidiaries that make up the Group as of 31 December 2019.

2. Significant accounting policies

2.1 Basis of presentation

The attached consolidated annual accounts have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS-EU"), in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, effective 31 December 2019.

Business contribution

As indicated in note 1, the Parent Company is created in fiscal year 2019 as the head of two existing subgroups, with no change with economic substance or real alteration of the composition of the Group's property. On 2 December 2019, Grupo Corporativo Sefrán, S.L. (formerly Bari Inversiones y Desarrollos, S.L., hereinafter, Sefran) and Valueteam, S.L. (hereinafter, Valueteam) constituted the Parent Company of this Group, by monetary contribution according to the following detail:

Shareholder	No. SHARES	Euros	% Shareholding
Valueteam	18.000	18.000	30%
Sefran	42.000	42.000	70%
Total	**60.000**	**60.000**	**100%**

Additionally, on 23 December 2019, Valueteam and Sefran (shareholders of the company Soltec Energías Renovables, S.L.) and the shareholders of the company Powertis, S.A. (Valueteam, Sefran and a natural person) have made a non-monetary contribution to the Parent company corresponding to 100% of the shares of Soltec Energías Renovables, S.L. and 100% of the shares of Powertis, S.A. This contribution has been registered in the Mercantile Registry of Murcia on 31 December 2019.

Contributions to the Parent Company have been made at fair value and following the report issued by an independent expert, who had previously been appointed by the Commercial Registry of Murcia. Thus, the valuation of the contributions of Soltec Energías Renovables, S.L. and Powertis, S.A. has been set at 237,000,000 and 59,250,000 euros, respectively. The breakdown of the shares issued by both companies, the amount at which they were issued, and their distribution according to the share percentage of each of the shareholders is as follows:

Shareholder	No. of shares issued for contribution of Soltec Energías Renovables, S.L.	No. of shares issued for contribution of Powertis, S.A.	Amount at which the shares are issued (Euros)	Soltec Energías Renovables, SL (Euros)	Powertis, S.A. (Euros)	Total (Euros)
Valueteam	3.600.000	855.000	19,75	71.100.000	16.886.250	87.986.250
Sefran (*)	8.400.000	1.995.000	19,75	165.900.000	39.401.250	205.301.250
Natural person	-	150.000	19,75	-	2.962.500	2.962.500
Total	**12.000.000**	**3.000.000**	**19,75**	**237.000.000**	**59.250.000**	**296.250.000**

(*) Majority shareholder of Grupo Soltec Power Holding, S.A. Prior to making the contribution, it was also the majority shareholder of Soltec Energías Renovables, S.L. and Powertis, S.A.

Additionally, the distribution between the share capital and the premium on issued shares of the contribution was as follows:

Shareholder	Euros		
	Share Capital	Premium	Total
Valueteam	4.455.000	83.531.250	87.986.250
Sefran	10.395.000	194.906.250	205.301.250
Natural person	150.000	2.812.500	2.962.500
Total	**15.000.000**	**281.250.000**	**296.250.000**

As set forth in paragraph 2 of IFRS 3, "Business combinations," in operations under common control, acquisitions or transfers of assets will not be within the scope of that standard. Paragraph 10 of IAS 8, "Accounting policies, changes in accounting estimates and errors" states that "in the absence of an IFRS-EU that is applicable to a transaction or other facts or conditions, the sole director shall use professional judgment in the development and application of an accounting policy." In accordance with the above, the sole director of the Parent Company carried out an analysis of whether the contributions were constitutive of a business, as well as whether said transaction could be considered carried out in the context of a transaction under common control, all for the purpose of accounting for the operation as a business combination under common control.

Regarding the consideration of business, his conclusion was based on the content of paragraphs 17 and 18 of the "*Basis for conclusions*" of IFRS 3. In relation to whether the transaction is considered a transaction under common control, this was based on the content of the application guide of IFRS 3 on "Business combinations under common control", specifically on paragraph B1 of IFRS 3, which states that "business combinations under common control are business combinations in which all the combining entities or businesses are ultimately controlled by the same party or parties, both before and after the business combination, and that control is not transitory".

In this sense, the sole director considered that Soltec Power Holdings, S.A. group is the result of a reorganisation of the pre-existing groups Soltec Energías Renovables, S.L. and Powertis, S.A., in which the contribution has not produced a change in the controlling shareholder, so these consolidated annual accounts are, in essence, a continuation of the operations of the aforementioned pre-existing groups. As a consequence, and pursuant to paragraph 10 of IAS 8 on the definition of an accounting policy for transactions not regulated by the IFRS-EU, the sole director considered the following:

- Because the contribution to the company Soltec Power Holding, S.A. is a continuation of the pre-existing groups, and entails the existence of relevant minority shareholders in the aforementioned groups, the sole director determined that the values used to account for the contribution are those which provide more relevant information for users of financial information. In this sense, considering the presence of these minority shareholders, the contribution was accounted for at the values which the pre-existing groups had in their books as of 1 January 2019. In any case, if the contribution had been accounted for using the net book values that the controlling shareholder had in its books as of 1 January 2019, the difference would not have been significant.

- Although the business contribution occurred on 23 December 2019, after the incorporation of the Parent Company, the operations carried out by the pre-existing groups (Soltec Energías Renovables and Powertis) have been accounted for since 1 January 2019. Therefore, the information contained in these consolidated annual accounts correspond to the operations carried out during the entire fiscal year.

- Regarding the presentation of comparative information, due to the fact that the new trading group Soltec Power Holdings, S.A. was created in 2019, the sole director of the parent company has chosen not to present comparative information.

Below is the consolidated statement of financial position of Soltec Energías Renovables, S.L. and subsidiaries obtained from the consolidated financial statements for the year ended 31 December 2018 in accordance with the IFRS-EU, and the statement of financial position of Powertis, S.A. as of 31 December 2018, obtained from the annual accounts of said company (although they do not coincide with those deposited in the commercial register because a reclassification has been made between current and non-current assets to standardise its classification with that of the Group), given that after the analysis carried out by the sole director of the parent Company there are no differences between the PGC principles and the IFRS-EU:

Soltec Energías Renovables, S.L. and subsidiaries

ASSETS	Thousands of euros 31/12/2018	NET WORTH AND LIABILITIES	Thousands of euros 31/12/2018
NON-CURRENT ASSETS		**NET EQUITY**	
Intangible assets	1.245	**Capital and reserves**	
Property, plant and equipment	5.095	Share capital	824
Right-of-use	8.989	Reserves	12.573
Non-current financial assets	562	Exchange rate differences	(33)
Deferred tax assets	1.466	Accumulated Earnings	1.093
Total non-current assets	**17.357**	**Net worth attributed to the Parent Company**	**14.457**
		Non-controlling interest	**(1)**
		Total net equity	**14.456**
		NON-CURRENT LIABILITIES	
		Non-current financial liabilities	7.815
		Non-current provisions	44
CURRENT ASSETS		Deferred tax liabilities	44
Inventories	23.564	**Total non-current liabilities**	**7.903**
Debtors and other current assets	49.810		
Credits with Public Administrations	10.516	**CURRENT LIABILITIES**	
Current financial assets	5.249	Current financial liabilities	70.541
Other current assets	446	Trade and other payables	31.532
Cash and cash equivalents	19.140	Debts to the Public Administrations	1.650
Total current assets	**108.725**	**Total current liabilities**	**103.723**
TOTAL ASSETS	**126.082**	**TOTAL NET EQUITY AND LIABILITIES**	**126.082**

Powertis, S.A.

ASSETS	Thousands of euros 31/12/18	NET WORTH AND LIABILITIES	Thousands of euros 31/12/18
Total non-current assets	3.863	Total net equity	1.802
		Total non-current liabilities	2.000
Total current assets	182	Total current liabilities	243
TOTAL ASSETS	**4.045**	**TOTAL NET EQUITY AND LIABILITIES**	**4.045**

These consolidated annual accounts have been prepared on a historical cost basis, except in the case of certain financial assets and instruments which are measured at fair value at the end of each year, as explained in the section on valuation standards below.

In general, the historical cost is based on the fair value of the consideration given in exchange for goods and services.

Note 2.6 summarises the most significant accounting principles and valuation criteria applied in the preparation of these consolidated annual accounts.

These consolidated annual accounts are presented in thousands of euros, unless otherwise indicated.

2.2. True and fair view

These consolidated annual accounts have been obtained from the accounting records of the Parent Company and its subsidiaries and are presented in accordance with the regulatory framework of financial information that is applicable thereto and, in particular, the accounting principles and criteria contained therein, so that the give a true and fair view of the assets, liabilities, financial position, profit/loss and cash flows of the Group incurred during the corresponding fiscal year.

These consolidated annual accounts have been prepared and approved by the sole director of Soltec Power Holdings, S.A. and subsidiaries on 16 June 2020.

2.3 Application of new standards

These are the Group's first consolidated annual accounts as the Parent Company is a company incorporated in 2019 (see note 2.1) As explained in note 2.1, Soltec Energías Renovables, S.L. and subsidiaries have formulated consolidated financial statements for 2017 and 2018 fiscal years, with the transition date being 1 January 2016. These consolidated annual accounts have been prepared with the IFRS-EU applicable as of December 31, 2019, so no new rules have been applied during the year that were not already being applied in the Group companies in previous years (as is the case of early application of IFRS 16 "Leases" by Soltec Energías Renovables, S.L.) or, where appropriate, from the date of the business combination. In any case, with the exception of IFRS 16, none of the standards and interpretations issued by the *International Accounting Standards Board* ("IASB") with mandatory application for fiscal years beginning since 1 January 2019 (such as, for example, IFRIC 23, the amendments to IAS 19 and IAS 28 respectively, as well as the 2015-2017 Annual Improvement Cycle) has had significant effects.

At the date of preparation of these consolidated annual accounts, the following standards and interpretations had been published by the IASB, but had not yet entered into force, either because their effective date is later than the date of the consolidated annual accounts, or because they have not yet been adopted by the European Union:

New standards, amendments and interpretations		Mandatory application in annual financial years from
Approved for use in the European Union:		
Definition of a Business (Amendments to IFRS 3) (published in October 2018).	Clarifications to the definition of a business	1 January 2020
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (published in January 2020).	The reform amends specific requirements of hedge accounting, so that entities should apply those hedge accounting requirements with the assumption that the interest rate benchmark is not altered as a result of the reform of the interest rate benchmark.	1 January 2020

New standards, amendments and interpretations		Mandatory application in annual financial years from
Not approved for use in the European Union (date of first application according to IASB)		
Amendments to IAS 1 and IAS 8 "Definition of Material" (published in October 2018).	Amendments to IAS 1 and IAS 8 to align the definition of material with that contained in the conceptual framework.	1 January 2020
IFRS 17 "Insurance Contracts" (published in May 2017).	It replaces IFRS 4. It includes the principles of registration, valuation, presentation and breakdown of insurance contracts.	1 January 2021 (1)

(1) *The IASB has proposed its deferral to 1 January 2022 (draft amendment to IFRS 7 published on 26 June 2019)*

The Group believes that the application of the standards, amendments and interpretations indicated above will not have a significant impact on the consolidated annual accounts for the financial year of first application.

2.4 Functional and presentation currency

The items of each of the Group companies included in the consolidated annual accounts are valued and reported using the currency of the main economic environment in which the Parent Company operates (functional currency of the Parent Company of the Group).

The consolidated annual accounts of the Group are presented in euros, which is the functional and presentation currency of the Parent Company. Transactions in currencies other than the functional one are considered operations in foreign currency (see note 2.6. I)), the detail of the functional currency of each country is attached in Annex I.

Additionally, each of the companies that make up the Group has the currency of the country in which it operates as a functional currency.

In determining the functional currency in each of the subsidiaries, the Group's sole director considers the main economic environment in which they operate, generate and use the cash. In this regard, to determine the functional currency, the Group considers the following factors:

- the currency that fundamentally influences the sale prices of the supply and installation; and,

- the currency that fundamentally influences the costs of labour, materials and other costs of producing the goods or providing the services;

In this way, given the variability of the currency that influences the sales prices of supply and installation in each of the subsidiaries depending on the type of customer and contract, the currency that fundamentally influences costs is considered the benchmark currency to determine the functional currency, which means that the functional currency is the one of the country in which each group company operates.

The Group has a subsidiary in Argentina, Soltec Argentina S.R.L., which became part of the Group in the 2018 financial year. The economic environment of Argentina, especially the accumulated inflation of the last three years that exceeds 100%, means that, retroactively since 1 January 2018, the economy of that country was considered hyperinflationary on 1 July 2018. Consequently, the sole director of the Parent Company has reviewed its policy of presenting the equity effects of the hyperinflation situation, concluding that the impact on the consolidated profit & loss account for the year 2019 is 289,000 euros under the heading “Loss on net monetary position” of the consolidated profit & loss account. In this regard, said loss comes from recording a profit of 14,000 euros for the gain on net monetary position of the items in the statement of financial position, as well as from recording a loss of 303,000 euros as a result of updating the profit & loss account. The Group did not apply the hyperinflation situation in the 2018 financial year at its Argentine subsidiary, as it did not consider it relevant for the true and fair view of its financial information.

2.5 Significant estimates and judgments

When applying the Group's accounting policies, as described in note 2.6, the sole director has to make use of value judgements, estimates and assumptions regarding the carrying amount of the assets and liabilities that cannot be directly determined using other sources. Related estimates and assumptions are based on experience and other factors considered relevant. The final results may differ from these estimates.

The underlying estimates and assumptions are reviewed continuously. The impacts of revisions to accounting estimates are recognised in the period in which the estimate is reviewed if it only affects that period, or in the period of revision and future periods, if the revision affects both the current period and future periods.

As indicated in note 2.1, the sole director of the Group has chosen not to present comparative information. Therefore, the significant estimates and judgments indicated in this note refer to the 2019 fiscal year.

The following are the main criteria and estimates used by the sole director when applying the Group's accounting policies:

- Allocation of intangibles arising from the business combination (see note 2.6. to iv).
- Useful life of intangible assets and property, plant and equipment elements (see notes 2.6. B) and c)).
- Evaluation of possible impairment losses of certain non-financial assets (see note 2.6. d)).
- Calculation of the allocation to the provision for the customer portfolio (see note 2.6. f)).
- Recoverability of deferred tax assets (see note 2.6. j)).
- Calculation of the provision of guarantees (see note 2.6. m)).
- Measurement of progress in revenue recognition (see note 2.6. k)).
- Lease period (see note 2.6. e)).
- Option plans on employee shares (see note 2.6. r)).

Allocation of intangible assets arising from the business combination

When an intangible asset is acquired from a third party, it is activated as long as the requirements for asset recognition are met. As a result of the allocation of the purchase price of the companies Leo Silveira I, Leo Silveira II, Leo Silveira III, Leo Silveira IV, Leo Silveira V, Leo Silveira VI and Araxa, intangibles to register were identified for the sum of 32,170,000 euros. These identified intangibles correspond to the permits, licences and concessions (PLCs) from a business combination and which are related to the development of photovoltaic solar plants.

The test to determine the loss of value is based on the discount of future cash flows, using discount rates in line with those used in the sector. Future cash flows are based on the Group's forecasts and, therefore, represent a value judgment. The recovery of the value of intangible assets is considered guaranteed in the current and expected context. Future events could cause a impairment in the value of these assets that would have a negative effect on the Group's results.

Useful life of intangible fixed assets and elements of property, plant and equipment

As indicated in notes 2.6. b) and c), the Group estimates the estimated useful life of intangible assets and property, plant and equipment at the end of each fiscal year. In the preparation of the consolidated annual accounts, the sole director has determined that the useful lives were correctly estimated and no changes have been made to them.

Evaluation of possible impairment losses on certain non-financial assets

There is impairment when the carry amount of an asset or cash-generating unit exceeds its recoverable amount (the latter will be the higher between the fair value less sale costs and the use value). The calculation of fair value, less sale costs, is based on the available data on sales operations carried out at current market prices for similar assets or at the observed market prices less incremental costs of the asset's transfer. The use value calculation is based on a discounted cash flow model. Cash flows are obtained from the budget for the next five years and do not include restructuring activities to which the Group has not yet committed, nor significant future investments to improve the profitability of the assets of the cash-generating unit under analysis. The recoverable amount is very sensitive to the type of discount used in the discounted cash flow model, as well as to the expected entry of future flows and the growth rate used for extrapolation purposes.

The calculation of the allocation to the provision for the customer portfolio

The Group estimates the allocation for the provision for the customer portfolio based on the expected loss criteria, calculated primarily through historical experience by product segments and geographies, adjusted where appropriate for expected future behaviours based on macroeconomic and sectoral circumstances.

Recoverability of deferred tax assets

The Group evaluates the recoverability of deferred tax assets based on estimates of future benefits subject to taxation. The recoverability of deferred tax assets depends ultimately on the capacity of the subsidiaries where they have been generated to generate sufficient taxable benefits during the periods in which these deferred taxes are deductible. Changes in future tax rates or in the expectation of generating benefits subject to taxation to recover the carrying value of deferred tax assets may result in changes in the amount of recorded deferred tax assets.

Calculation of the provision of guarantees

The analysis of guarantees granted in the supply and/or provision of goods and services requires a complex judgement to estimate the facts and circumstances (existing defects, lack of conformity, improper operation, etc.) which may occur and, as a result of said facts and circumstances, the degree of probability of outflow of resources resulting in the recognition of a provision in the Group's consolidated annual accounts.

Measurement of progress in revenue recognition

Revenue from contracts for the provision of services is recognised in accordance with the applicable accounting standard IFRS 15 and is estimated using the percentage of performance method for contracts whose result can be reliably estimated and which are likely to generate profits. When the result of a contract cannot be estimated reliably, contract revenue is only recognised to the limit of that for which a significant reversal in the future is highly likely not to occur.

The degree of completion is determined based on the tasks performed in the contract on the date of the consolidated statement of financial position, as a percentage of the total estimated tasks, as well as your monetary valuation of each task or group of tasks for each contract. The sole director of the Parent Company, in the application of the percentage of performance method, makes estimates relating to the total estimated tasks, provisions, period of execution and recovery of claims related to the contract.

Lease period

The lease period is the non-cancellable period of the lease, in addition to (i) the period covered by an option to extend the lease, provided there is reasonable certainty that this will be exercised; and (ii) the periods covered by an option to cancel the lease, provided that there is reasonable certainty that this will not be exercised.

The sole director of the Parent Company considers that the evaluation of the lease period is a critical estimate and key data for calculating the lease liability amount. This is because the lease period determines which lease payments are included in the valuation of the lease liability. Therefore, when determining the lease period, the sole administrator of the Parent Company considers all the relevant facts and circumstances which generate an economic incentive to exercise or waive renewal and early cancellation options.

The sole director of the Parent Company regularly reviews the lease period in case any changes have arisen.

Stock options plans for employees

The Group, at the time of granting a stock option, evaluates the determinants for the applicability of IFRS 2 “Share-based payments,” in order to determine its fair value at the time of granting, as well as the moment at which it recognises the goods or services received or acquired as a result of said operation.

In this sense, in the act of incorporation of Powertis, S.A. on 28 September 2018, the shareholders of said company were Sefran as majority shareholder, Valueteam and a natural person (Pablo Otín), who was appointed CEO of Powertis, S.A., a position which he continues to hold today. For the subscription of the initial capital of Powertis, S.A., the natural person received a loan of 100,000 euros from Sefran and Valueteam at a market interest rate and with maturity in 2020 (see note 13-b).

The aforementioned shareholders agreed to grant the aforementioned natural person a purchase right to 5% of the shares of Powertis, which on the strike date of the option were owned by Sefran and Valueteam. The above-mentioned option to purchase shares is subject to the achievement of any of the following milestones:

- Two years after the constitution of Powertis, S.A., moment of subscription by said natural person of the shares of the company that correspond; or,

- After the sale of the first completed individual project carried out by the company successfully (minimum profitability of 15%).

For the strike of this purchase option, it will be an essential requirement that, at the time of transmission, said natural person continues to provide services to the company as executive director.

The price to be paid by this natural person to Sefran and Valueteam for the acquisition of the shares of Powertis, S.A., in the event of a strike by the latter of the purchase option, will be equal to applying to the acquired shares the theoretical carrying value resulting from the consolidated annual accounts of Powertis, S.A. for the fiscal year in which any of the conditions established in the previous point is met.

For the valuation of the purchase option of the natural person, the existing Powertis, S.A. business plan as of 28 September 2018 was taken into account, taking into account future business expectations. This purchase option was valued at 215,000 euros. Given that this is remuneration which will be paid in shares, 55,000 euros have been accrued during the year, which are recorded under the heading “Reserves” in the statement of changes in consolidated equity. At the date of preparation of these consolidated annual accounts, neither of the two conditions for the strike of the purchase option has been met.

2.6 Valuation standards

2.6.a Principles of consolidation: subsidiaries and associated companies

i. Subsidiaries

The consolidated Group is composed of the Parent Company and those companies controlled by it. Control exists when the Parent Company:

- has control over the investee;

- is exposed to or entitled to variable returns from its involvement in the investee; and

- has the ability to use its control over the investee to influence the amount of the investor's returns.

The Parent Company evaluates whether it controls an investee when the facts and circumstances indicate the existence of changes in one or more of the three elements listed above.

When the Parent Company has less than the majority of the voting rights of an investee, it is considered to have control over the investee when the voting rights are sufficient to grant it the ability to direct the relevant activities of the investee unilaterally (on December 31, 2019 this circumstance does not occur in the absence of the majority of the voting rights in any of the participations owned by the Group). The Parent Company considers all the facts and circumstances to assess whether the voting rights of the Company are sufficient to grant it power, including:

- the voting rights held by the Company in relation to the amount and dispersion of those held by other vote holders;

- the potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other agreements; and

- any additional facts and circumstances that indicate that the Company has, or has not, the present capacity to direct the relevant activities at the moment in which those decisions must be made, including voting behaviour patterns at previous shareholder meetings.

The consolidation of a subsidiary begins when the Parent Company acquires control of the subsidiary, in this sense, in the case of companies acquired from third parties. In addition to the circumstances above, control is acquired when all the cancellation clauses established in the sale contract have been fulfilled and, therefore, it is not possible to reverse the transaction. Moreover, this excludes the consolidation of a subsidiary on the date on which control over it ceases and when all the cancellation clauses established in the sale contract have been fulfilled and, therefore, it is not possible to reverse the transaction.

The subsidiaries are consolidated using the full consolidation method. This method requires the following:

1. **Temporal homogenisation**. The consolidated financial statements are established on the same date and period as the financial statements of the company obligated to consolidate. The inclusion of companies whose financial-year end is different from that of the company obligated to consolidate is carried out through intermediate accounts referred to the same date and period as the consolidated financial statements.

When a company enters into or leaves the Group, the profit & loss account, the statement of changes of net worth and the statement of individual cash flows to be included in the consolidation must be referred only to the part of the financial year in which said company has been part of the Group.

2. **Valuation homogenisation**. The elements of assets and liabilities, the income and expenses and other items of the annual accounts of the Group companies were valued according to uniform methods. Those elements of assets or liabilities, or those items of revenue or expenses which have been valued according to non-uniform criteria, with regard to those applied under consolidation, have been revalued, making the necessary adjustments solely for the purpose of consolidation.

3. **Aggregation**. The different items of the previously homogenised individual financial statements are aggregated according to their nature.

4. **Elimination of investment-net worth**. The book values representing the equity instruments of the subsidiary company held, directly or indirectly, by the Parent Company, are offset by the proportional share of the net worth items of the aforementioned subsidiary company attributable to said interests, generally based on the amounts deriving from the application of the acquisition method described above. In consolidations subsequent to the financial year in which control was acquired, the surplus or shortfall in equity generated by the subsidiary company from the acquisition date which is attributable to the Parent Company is presented in the consolidated financial statement under the items of reserve or other comprehensive income, according to their nature. The share attributable to non-controlled interests is part of the non-controlling interests item.

   Changes to the ownership interest in a subsidiary company that do not result in a loss of control will be accounted for as equity transactions, i.e. any difference will be recognised directly in the net worth.

5. **Non-controlling interests**. The valuation of non-controlling interests is carried out based on their effective interest in the net worth of the subsidiary company after incorporating the previous adjustments. Consolidated goodwill is not attributed to non-controlling interests. The surplus between losses attributable to the non-controlling interests of a subsidiary company and the part of the net worth which proportionally corresponds to them is attributed to the latter, even when this entails a debtor balance under said item.

6. **Elimination of intra-group items**. Credits and debts, revenue and expenses and cash flows between Group companies are wholly eliminated. Furthermore, all income produced by the internal operations is eliminated and deferred until it is carried out with parties unrelated to the Group.

   The companies that are part of the consolidation perimeter of these consolidated annual accounts, as well as their main characteristics, are detailed in Annex I to the consolidated annual accounts.

ii. Associated entities

An associated company is an entity over which the Group has significant influence, and which cannot be considered a subsidiary nor an investee through a joint venture. Significant influence is the control to intervene in decisions about the financial and operational policies of the investee, without having absolute control or joint control of it.

The results, assets and liabilities of the associated entities are included in these consolidated annual accounts applying the equity method.

When the equity method is applied for the first time, the interest in the company is valued by the amount which the investment percentage represents in the net worth of the Group, after adjusting their net assets to their fair value at the date of the significant influence's acquisition. In general, investment in an associated company is initially valued at cost. The book value of the interest is amended (increased or decreased) in the proportion corresponding to the Group companies, due to changes experienced in the net worth of the investee since the initial valuation, once the proportion of unrealised income generated in transactions between said company and Group companies has been eliminated.

Changes in the value of the interest corresponding to the investee's financial year income form part of the consolidated income, appearing under the item “Share in profit/(loss) investments valued using the equity method”. However, if the associated company incurs losses, the reduction of the representative account of the investment will be limited at the interest's book value. If the interest has been reduced to zero, the additional loses and the corresponding liability will be recognised to the extent that legal or contractual obligations have been incurred or if the Group has made payments on behalf of the investee.

The difference between the net book value of the interest in the individual financial statements and the amount cited in the previous paragraph constitutes a goodwill which is included in the item "Investments accounted for using the equity method". In the exceptional case that the difference between the amount at which the investment is accounted for in the individual financial statements and the proportional share of the fair value of company net assets is negative, such difference will be recorded in the consolidated profit & loss account, after having reassessed the allocation of fair values to the associated company assets and liabilities.

The IAS 36 "Impairment of Assets" criteria are applied to determine whether it is necessary to recognise any impairment loss in relation to the Group's interest in an associated company. Where applicable, the total carrying amount of the interest (including goodwill) will be subject to impairment tests as a single asset, comparing its recoverable amount (the higher between its use value and its fair value less sale costs) with its carrying amount. Any impairment loss that has been recognised is part of the carrying amount of the interest. Reversals of this impairment loss are recognised in accordance with IAS 36, to the extent that the recoverable amount of the investment is subsequently increased.

If the transfer an associated company would result in the loss of the status of an associated company, any remaining percentage of interest would be measured at its fair value on the date of transfer, and fair value will be understood as that recorded at the time of its initial recognition as a financial asset. The difference between the previous carrying amount of the associated company attributable to the interest held and its fair value is included in the calculation of the loss or gain derived from the transfer of the associated company. Additionally, all amounts previously recognised in the consolidated comprehensive profit & loss account in relation to that associated company are accounted for by the Group according to the same criteria as if said associated company had directly transferred the related assets or liabilities. Therefore, if a loss or gain previously recognised in the consolidated comprehensive profit & loss account is reclassified to the consolidated profit & loss account as a consequence of the sale of related assets or liabilities, the Group will reclassify the loss or gain of the equity to the consolidated profit & loss account (as a reclassification adjustment) when the associated company status is lost.

The Group will continue using the equity method when the investment in the associated company becomes an investment in a joint venture. There is no reassessment at fair value for these changes in interest.

When there is a reduction of interest in the associated company, but without the loss of said condition, the new investment will be valued at the amounts corresponding to the percentage of interest retained, with the proportion of loss or gain recognised in other comprehensive profit & loss relating to the interest reduction being reclassified to the consolidated profit & loss account if the loss or gain had been reclassified to the consolidated profit & loss account in the transfer of said assets or liabilities.

When a Group entity carries out operations with its associated company, the losses and gains resulting from the operations with said company are recognised in the Group consolidated financial statements only to the extent of the interests in the associated company which are not related to the Group.

In 2019, the Group did not have any subsidiary classified as an associated entity.

iii. Changes in the consolidation perimeter

As indicated in note 2.1, the Group is constituted in the year 2019 as a result of a business combination under the common control of two existing subgroups, with no change in economic substance or real alteration of the composition of the property of the same. Therefore, the result of this combination is considered as a continuation of the previous activity of the two businesses contributed, considering only the business combination described in note 2.6 iv and any companies incorporated in the financial year 2019 as variations of the consolidation perimeter, which are the following:

Company	Date of Incorporation	Country	Parent company
Soltec France, S.L.	03/03/2019	France	Soltec Energías Renovables, S.L.
Soltec Trackers Colombia SAS	09/08/2019	Colombia	Soltec Energías Renovables, S.L.
Luminora Solar, S.L.	02/01/2019	Spain	Powertis, S.A.
Luminora Solar Uno, S.L.	02/01/2019	Spain	Powertis, S.A.
Luminora Solar Dos, S.L.	02/01/2019	Spain	Powertis, S.A.
Luminora Solar Tres, S.L.	02/01/2019	Spain	Powertis, S.A.
Luminora Solar Cuatro, S.L.	02/01/2019	Spain	Powertis, S.A.
Luminora Solar Cinco, S.L.	16/04/2019	Spain	Powertis, S.A.
Luminora Solar Seis, S.L.	16/04/2019	Spain	Powertis, S.A.
Luminora Solar Siete, S.L.	16/04/2019	Spain	Powertis, S.A.
Luminora Solar Ocho, S.L.	22/11/2019	Spain	Powertis, S.A.
Luminora Solar Nueve, S.L.	22/11/2019	Spain	Powertis, S.A.
Luminora Solar Diez, S.L.	22/11/2019	Spain	Powertis, S.A.
Amber Solar Power, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Uno, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Dos, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Tres, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Cuatro, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Cinco, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Seis, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Siete, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Ocho, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Nueve, S.L.	02/01/2019	Spain	Powertis, S.A.
Amber Solar Power Diez, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Once, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Doce, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Trece, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Catorce, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Quince, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Dieciseis, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Diecisiete, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Dieciocho, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Diecinueve, S.L.	16/04/2019	Spain	Powertis, S.A.
Amber Solar Power Veinte, S.L.	20/06/2019	Spain	Powertis, S.A.
Amber Solar Power Veintiuno, S.L.	20/06/2019	Spain	Powertis, S.A.
Amber Solar Power Veintidos, S.L.	20/06/2019	Spain	Powertis, S.A.
Amber Solar Power Veintitres, S.L.	20/06/2019	Spain	Powertis, S.A.
Amber Solar Power Veinticuatro, S.L.	20/06/2019	Spain	Powertis, S.A.
Amber Solar Power Veinticinco, S.L.	20/06/2019	Spain	Powertis, S.A.
Amber Solar Power Veintiseis, S.L.	20/06/2019	Spain	Powertis, S.A.
Amber Solar Power Veintisiete, S.L.	22/11/2019	Spain	Powertis, S.A.
Amber Solar Power Veintiocho, S.L.	22/11/2019	Spain	Powertis, S.A.
Amber Solar Power Veintinueve, S.L.	22/11/2019	Spain	Powertis, S.A.

Company	Date of Incorporation	Country	Parent company
Amber Solar Power Treinta, S.L.	22/11/2019	Spain	Powertis, S.A.
Powertis Brasil Desenvolvimento de Projetos de Energia e Participaçoes LTDA	11/12/2019	Brazil	Powertis, S.A.
Powertis S.R.L.	10/10/2019	Italy	Powertis, S.A.

iv. Business combination

In the 2019 financial year, the same Brazilian local developer took control of various special purpose vehicles (SPVs) in Brazil, in which two construction projects for photovoltaic solar plants are being carried out: project 1 (LEO SILVEIRA: Leo Silveira I, Leo Silveira II, Leo Silveira III, Leo Silveira IV, Leo Silveira V and Leo Silveira VI) and project 2 (ARAXA).

Despite the fact that the subsidiary company Powertis had made advance payments in the 2018 financial year for the right to acquire said holdings for the sum of 3,811,000 euros (see note 8.1.3), said takeover was not considered in the 2018 financial year given that the contracts included certain cancellation clauses that could have involved the reversal of the transaction.

As a result, control is not registered until the administrative body of the aforementioned companies takes over, the variable returns start to be exposed and, in the same way, all cancellation clauses are fulfilled, which mean that the transaction cannot be reversed. In the 2019 financial year, these conditions were met for project 1 on 6 December 2019 and for project 2 on 26 November 2019, with the third party having no involvement in the management of said SPVs, so as of 31 December 2019, the Group had registered its takeover.

Even though each purchase of the legal entities associated with the projects is a different business combination, the breakdown has been grouped together and considered as a unit, for practical purposes. In this sense, the cost of the aforementioned business combinations amounted to 21,520,000 euros. However, the parties agreed that the payment of said amount would be based on the progress with the development and construction of the solar plants. According to the terms and conditions included in the contracts, these disbursements are subject to the achievement of various milestones (in brackets, the percentage of payment of the total compensation):

- Milestone 1 (10%): Signing of the company sale contract;
- Milestone 2 (15%): Receipt of environmental permits;
- Milestone 3 (15%): Receipt of the interconnection permit;
- Milestone 4 (50%): Receipt of financing for the project or start of works; and
- Milestone 5 (10%): When the plant becomes operational.

As a result, as of the closing date, the Group had recorded a liability for the pending payment of 16.764.000 euros, of which 14.130.000 euros is expected to be made in the 2020 financial year and, therefore, have been classified in the short term (see note 8.2.4), and the rest throughout the 2021 financial year (see note 8.2.3). These liabilities related to the following milestones of the payment schedule pending compliance are not guaranteed or pledged by the assets acquired. The deferred payment was measured at its present value, discounting future payments at an interest rate of 8.86%, which corresponds to the average financing rate for Powertis, S.A. during the 2019 financial year. Of the payments pending as of 31 December 2019, at the date of preparation of these consolidated annual accounts, the Group had paid a sum of 658.000 euros corresponding to project 2 (ARAXA). For project 1 (LEO SILVEIRA), no payment has been made in 2020 given that the environmental permits linked to the line layout are pending, which totally prevent the achievement of Milestone 3.

On the takeover date, the Group determined the cost of the business combination in accordance with IFRS 3 and the fair value of the assets and liabilities acquired in the business combinations in accordance with the valuation guidelines contained in IFRS 13 "Fair Value Measurement" ("IFRS 13").

The total price of the acquisition amounted to 21.520.000 euros. The share purchase and sale agreements include a price adjustment clause based on certain assumptions related to the capacity of the projects and the energy purchase and sale agreements linked to the SPVs. As of December 31, 2019, given the status of the projects, the Group's sole director considers that such price adjustment is unlikely. In this sense, any subsequent modification to the transaction price will be treated as a subsequent adjustment to the price of the business combination, in accordance with IFRS 3.

In this sense, the sole director of the company made an initial allocation of the cost of the business combination, estimating that the fair value of the net assets acquired totals 31.170.000 euros net (see note 5), which entails a negative difference of the initial combination that totals 10.650.000 euros. As a result of the identification process of the assets acquired and the liabilities assumed, mainly PLCs which had not been recognised in the acquired companies and which can be registered as intangible assets in the business combination, in accordance with the criteria in IAS 38. Additionally, as a consequence of the tax effect associated with said intangible asset, a deferred tax liability has been recognised for the sum of 8.043.000 euros, the counterpart of which has reduced the negative difference of the combination initially recorded by said sum, which meant that for the difference between the consideration paid and the fair value of the assets and liabilities assumed, a negative difference of the final combination has been generated for the sum of 2.608.000 euros, which is recorded under the heading "Other results" in the attached consolidated profit & loss account for the 2019 financial year.

Said negative difference of the combination has been recorded in these consolidated annual accounts, since it is the fair value calculated by an independent expert and corresponds to the increase in value of the projects acquired between the date of execution of the purchase contract for the investees (September 2018) and the takeover date according to the criteria established by the sole director of the Group (November and December 2019).

Since the date on which control was taken, these projects have had a negative impact of 232.000 euros on the “profit/loss of the financial year”. Likewise, 80.000 euros of financial expense associated with the adjustment of the amount payable as a result of this business combination were recognised under "Financial Costs" heading in the accompanying profit & loss account, and a loss of 837.000 euros was recorded as exchange rate differences derived from the monetary restatement at the close of the liabilities pending disbursement.

In relation to the businesses acquired, if their acquisition had taken place on 1 January 2019, the negative impact on the Group's profit or loss for the year would also have been approximately 555.000 euros, in comparison with these consolidated financial statements, and this had no effect on the net turnover contributed to the Group.

Additionally, according to the Group's business plan, the intention is to continue with the development of photovoltaic solar plants (when the recognised development expenses meet the requirements described in note 2.6.c will be capitalised as the highest value of “Property, plant and equipment”) and sell these plants when they maximise the value for the Group, and may even operate them for relatively short periods of time.

Likewise, the Group has a contract with the same Brazilian developer of two additional projects (Pedranopolis) and (Solatio Varzea), which, according to the evaluation carried out by the sole director, at year-end 2019 had not completed the legal transfer of the holdings and, therefore, no position had been taken in the administrative bodies of the entities. These circumstances are a prerequisite for the decision-making processes of relevant activities and, therefore, their control. In this sense, the Group recorded as “Advance payments for equity instruments” the sums paid for the takeover of these investees (see notes 8.1.3 and 17).

2.6.b Intangible assets

As a general rule, intangible assets are initially recognised at their acquisition price or production cost. Subsequently, they are valued at their cost less any accumulated depreciation and, where applicable, any impairment losses they may have undergone in accordance with the criterion indicated in Note 2.6 d).

1.**Development**: An intangible asset arising from development (or from the development phase in an internal project) will be recognised as such if, and only if, the entity can demonstrate all of the following:

- It is technically possible to complete the production of the intangible asset so that it can be made available for use or sale.

- Its intention to complete the intangible asset in question for use or sale.

- Its ability to use or sell the intangible asset.

- The way in which the intangible asset will generate probable economic gains in the future. Among other things, an entity will demonstrate the existence of a market for the output that the intangible asset generates, or for the asset itself, or - if it is to be used internally - its usefulness to the entity.

- The availability of adequate technical, financial or other resources to complete the development and to use or sell the intangible asset.

- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised as internally generated intangible assets is the amount of expenditure incurred from the date on which the intangible asset first meets the recognition criteria listed above. When an internally generated intangible fixed asset cannot be recognised, the development expense is recognised in the consolidated profit & loss account in the period in which it is incurred. Research expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, the internally generated intangible asset is registered at cost less accumulated depreciation and impairment losses, according to the same criteria as intangible assets which are acquired separately. The maximum useful life is 5 years.

2. **Other intangible assets:**

In this item, the Group registers:

- **Industrial property**: This item records the amounts paid for the acquisition of the property or the right to use the different manifestations thereof, or for the expenses incurred for the registration of the development by the Group. Industrial property is depreciated on a straight-line basis throughout its useful life, which has been estimated at 10 years.

- **Computer applications**: The Group records the costs incurred in the acquisition and development of computer programs in this account. Maintenance costs of computer applications are recognised in the profit & loss account for the financial year in which they are incurred. Depreciation of computer applications is performed by applying the straight-line method over a period of 4 years.

- **Permits, Licences and Concessions (PLCs):** The Group records in this account the PLCs for the construction and operation of photovoltaic solar energy plants purchased from third-party (see note 2.6. a. iv.).

The fair value of said intangible assets has been calculated by an independent expert using the Purchase Price Allocation (PPA) process through a discount of future cash flows according to the business plan of each one of the projects, considering an adjustment to said future cash flows according to the level of development of the project at the time of transfer.

These assets have a contractual life of 35 years. The depreciation of these intangible assets follows the straight-line method and will begin when they are in a condition to be used in a manner according to the Group's management plans, regardless of whether the actual start date is later.

Additionally, the SPVs acquired have long-term energy sale contracts or Power Purchase Agreements (PPAs) with contractual periods of between 20 and 21 years. These long-term energy sales contracts have no value in themselves, but they are directly related to the PLCs, as they provide a differential value to said assets, while helping the flows from plants reach an optimum degree of predictability.

Regarding the determination of the fair value of recognised intangible assets derived from the business combination (see note 2.6.a), the most relevant hypotheses have considered i) a 35-year time horizon for cash flow generation; ii) a discount rate between 10,9% and 11,9%; iii) the existence of PPAs with a duration between 20 and 21 years; and iv) an adequate level of maintenance and replacement of solar plants given their dependence on the conditions of property, plant and equipment.

Disposals of intangible assets

An intangible asset is disposed at the time of its transferal or when no future economic benefit is expected from its use or sale. Gains or losses arising from the disposal of an intangible asset, measured as the difference between the net profit from the sale and the carrying amount of the asset, are recognised in the consolidated profit & loss account when the asset is retired.

2.6.c Property, plant and equipment

Elements of property, plant and equipment are initially valued at their acquisition price. Subsequently, they are reduced by the corresponding accumulated depreciation and impairment losses, if any, in accordance with the criteria mentioned in note 2.6. d).

Upkeep and maintenance expenses relating to property, plant and equipment are recognised in the consolidated profit & loss account for the year in which they are incurred. On the other hand, expansion, modernisation and improvement costs which result in increased productivity, capacity or efficiency, or an increase in the useful life of the assets, are capitalised as major expenditures of the corresponding goods. Substitutions or renewals of elements of property, plant and equipment are accounted for as assets, with the consequent accounting withdrawal of the substituted or renewed items.

The elements of property, plant and equipment are systematically depreciated based on the estimated useful life of the assets, distributing on a straight-line basis the cost of the assets less their residual value across the years of estimated useful life, detailed as follows:

	Estimated Years of Useful Life
Buildings	33
Technical facilities and other tangible assets:	
Technical facilities and machinery	7-30
Tools, other facilities and furniture	7-10
Other tangible fixed assets	4-6

These years of useful life are applicable to the items acquired after 1 January 2016 (date of first application of the IFRS-EU in the consolidated accounts of Soltec Energías Renovables, S.L. and subsidiaries). The other items were classified with the net book value at the time of first application of the IFRS-EU as attributed cost, depreciating since then in the remaining period of useful life from the date of said first application.

A property, plant and equipment item is retired when it is sold or when future economic benefits are not expected to be obtained from its continued use. Gains or losses arising from the transfer or disposal of a property, plant and equipment item are determined as the difference between the sale price and the carrying amount of the asset, and are recognised in the consolidated profit & loss account.

In addition, in accordance with the provisions of IAS 16 "Property, plant and equipment," the costs of items of property, plant and equipment that have been incurred and comply with the properties listed in that standard in order to be activated as an increase in the value of tangible assets are recognised as assets if, and only if, it is considered probable that the economic benefits derived from the item will flow to the entity and the cost of the item can be measured reliably. In this regard, during 2019 no costs derived have been activated in relation to the Powertis Group's photovoltaic solar park development business, as the sole director considers that none of these projects had reached the point of certain viability and that, therefore, it is certain that the entity will obtain the future economic benefits.

2.6.d Impairment of intangible assets and elements of property, plant and equipment

The Group follows the criterion of assessing the existence of indications that could show the potential impairment of non-financial assets subject to depreciation or amortisation, in order to verify whether the book value of the aforementioned assets exceeds their recoverable value. To do so, a test known as the "Impairment Test" is carried out, which verifies the possible existence of value losses that reduce the recoverable value of said assets to an amount lower than their book value.

Also, irrespective of the existence of any indication of impairment, the Group tests, at least annually, for potential impairment affecting intangible assets with an indefinite useful life and intangible assets not yet available for use. As of 31 December 2019, the Group has no assets with an indefinite useful life.

The recoverable amount is set at the higher amount between the fair value minus the sale cost and the value-in-use. To estimate value-in-use, the Group prepares estimates of future pre-tax cash flows based on the most recent budgets approved by the sole director of the Parent Company. These budgets incorporate the best available estimates of revenue and expenses of cash-generating units using past experience and future expectations. These forecasts cover the next five years, estimating the flows for future years by applying reasonable growth rates that, in no case, will increase or exceed the growth rates of the previous years. In evaluating value in use, estimated future cash flows are discounted to their present value using a risk-free market rate of interest, adjusted for the asset-specific risks that have not been considered in estimating future cash flows.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, the recoverable amount is determined for the cash-generating unit to which it belongs. The Group identifies as cash-generating units the projects carried out by the various subgroups, as indicated in note 4 of these consolidated annual accounts.

On each closing date, the Group evaluates whether there is any indication that the loss owing to a value impairment recognised in previous years no longer exists or may have been reduced. When an impairment loss of value subsequently reverses the carrying amount of the asset or cash-generating unit, the revised estimate of its recoverable amount is increased, but in such a way that the increased carrying amount does not exceed the carrying amount which would have been determined if no impairment loss had been recognised in prior years. The reversal of the impairment loss is credited to income.

In the 2019 financial year, the Group did not recognise any impairment losses on intangible assets or property, plant and equipment, as - after the corresponding analysis - no signs of impairment were detected.

2.6.e Leases

The Group evaluates whether a contract is or contains a lease, at the beginning of said contract. The Group recognises an asset for right-of-use and a liability for lease for all lease contracts in which it holds the position of lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low value assets (the analysis is made on a contract by contract basis). For these leases, in which the right-of-use and the corresponding lease liability are not recognised, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits of the leased assets are consumed.

The lease liability is initially measured at the current value of the lease payments, discounted using the implicit lease rate. If this rate cannot be readily determined, the Group calculates the corresponding incremental interest rate taking into account factors such as geography, currency, type of asset and duration of the lease.

Lease payments included in the valuation of the lease liability include:

- fixed payments (including essentially fixed payments), minus any incentive receivable;

- variable lease payments, which depend on an index or a rate, initially measured using the index or rate on the start date;

- amount expected to be paid as residual value guarantees;

- the strike price of a purchase option if the Group is reasonably sure to strike said option;

- penalty payments arising from the termination of the lease, if the term of the lease reflects that the Group will strike an option to terminate the lease.

The lease liability is shown in the consolidated statement of financial position under "Non-Current Financial Liabilities" and "Current Financial Liabilities - Other Current Financial Liabilities".

The lease liability is subsequently measured by increasing the carrying amount to reflect interests on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes an adjustment against the right-of-use asset) provided that:

- there has been a change in the term of the lease or there has been a significant event or change in circumstance which resulted in a change in the evaluation of the strike of the purchase option, in which case the lease liability is valued again, discounting the revised lease payments using a revised discount rate based on the amended lease term;

- there has been a change in lease payments due to changes in an index or rate or due to a change in the expected payment under a guaranteed residual value, in which case the lease liability is remeasured, discounting the revised lease payments using the original discounted rate (unless the change in lease payments arose due to a change in the variable interest rate, in which case a revised discounted rate is used);

- a change in the lease has occurred which has not been accounted for as a separate lease, in which case the lease liability will be remeasured, discounting the lease payments by applying a revised discount rate based on the modified lease term.

Of the foregoing adjustments, only the "Right-of-Use" and the lease liability have been updated in these consolidated annual accounts due to the adjustment for inflation.

The right-of-use asset includes the initial valuation of the lease liability, the lease payments made before or on the start date, less the lease incentives received and the initial direct costs. Subsequently, accumulated depreciation and accumulated impairment losses will be valued at cost.

The right-of-use asset will be depreciated to the shorter period between the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use reflects that the Group will strike a purchase option, the right-of-use asset will be depreciated during the useful life of the underlying asset. Depreciation begins on the start date of the lease.

The right-of-use asset is presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine if a right-of-use asset is impaired and accounts for any impairment loss identified as described in note 2.6 d).

Variable income payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. These payments are recognised as an expense in the period in which the event or condition that triggers these payments occurs and is included in the line "Other operating expenses" in the consolidated profit & loss account (see note 14. e).

The standard permits as a practical solution that a lessee, by class of underlying asset, does not separate non-lease components from lease components, and instead accounts for any lease and associated non-lease components as a single agreement. The Group has not used this practical solution. For contracts that contain a lease component and one or more additional lease or other non-lease components, the Group will distribute the remuneration of the contract to each component of the lease on the basis of the relative price independent of the lease component and the aggregate price independent of non-lease components.

There are no significant contracts in which the Group acts as a lessor.

2.6.f Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or liabilities, as appropriate, in the initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit/loss.

2.6.f.1 Financial assets

All recognised financial assets will be subsequently measured, in full, at amortised cost or fair value, depending on their classification.

Classification of financial assets:

Debt instruments that meet the following conditions will be subsequently measured at amortised cost:

- the financial asset is managed within a business model whose objective is to maintain the financial assets in order to obtain contractual cash flows; and

- the contractual conditions of the financial asset give rise, on specific dates, to cash flows which are only payments of the principal and interest on the amount of the outstanding principal.

Debt instruments that meet the following conditions will be subsequently measured at fair value with changes in other comprehensive profit/loss:

- the financial asset is managed within a business model whose objective is achieved obtaining contractual cash flows and selling financial assets; and

- the contractual conditions of the financial asset give rise, on specific dates, to cash flows which are only payments of the principal and interest on the amount of the outstanding principal.

By default, all other financial assets are subsequently measured at fair value through profit or loss.

Notwithstanding the foregoing, the Group may make the following irrevocable choice in the initial recognition of a financial asset:

- the Group may irrevocably choose to present subsequent changes in the fair value of an equity instrument in other comprehensive profit/loss if certain criteria are met; and

- the Group may irrevocably designate a debt instrument at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting discrepancy.

Impairment of financial assets

The Group recognises a provision for expected credit losses on investments in debt instruments which are measured at amortised cost or fair value through profit or loss, lease receivables, trade receivables and other contractual assets, as well as in financial guarantee contracts. The amount of expected credit losses is updated on each reporting date to reflect changes in credit risk since the initial recognition of the financial instrument.

The Group recognises the expected credit losses for the entire life of the asset for trade receivables, other contractual assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical experience of credit losses, adjusted for factors specific to debtors, general economic conditions and an assessment of both current direction and the forecast of conditions on the date of the report, including the time value of money when applicable.

For all other financial instruments, the Group recognises the expected credit losses for the entire life of the asset when there has been a significant increase in credit risk since the initial recognition.

The expected credit losses for the entire life of the asset represent the expected credit losses that will result from all possible events of default during the life of the financial instrument.

Cancellation policy

The Group writte off a financial asset when there is information indicating that the debtor is in serious financial difficulties and there are no reasonable expectations of recovery, for example, when the debtor has been liquidated or entered into bankruptcy proceedings. The retired financial assets may be subject to compliance performance activities under the Group's recovery procedures. Any recovery of the amount will be recognised in income.

Disposals of financial assets

The Group disposes a financial asset only when the contractual rights over its cash flows expire, or when it transfers the financial asset and, substantially, all the rights and obligations of ownership of the asset to another entity. If the Group does not substantially transfer or retain all rights and obligations of the property, and continues to control the transferred asset, the Group recognises its interest in the asset and a liability associated therewith for the amounts that it must pay. If the Group substantially retains all rights and obligations of ownership of a transferred financial asset, it will continue to recognise the financial asset, as well as a loan secured by the revenue received.

When retiring a financial asset valued at amortised cost, the difference between the carrying amount of the asset and the remuneration received is recognised in income. In addition, by cancelling an investment in a debt instrument valued at fair value through profit or loss in other comprehensive income, the gain or loss previously accumulated in adjustments for changes in net worth value is reclassified to income. On the other hand, by cancelling an investment in an equity instrument which the Group has chosen in the initial recognition to measure at fair value through profit or loss in other comprehensive income, the gain or loss previously accumulated in adjustments for change in equity value is not reclassified to income, but is transferred to retained earnings.

Cash and cash equivalents

This heading of the consolidated financial statement includes cash, demand deposits and other short-term investments, whose maturity is not more than three months from the acquisition, of high liquidity, which are readily convertible, and which are not subject to any risk of changes in value.

2.6.f.2 Financial liabilities and equity instruments

Debt and equity instruments are classified as financial liabilities or as equity instruments in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised for the amount received, net of direct issuance costs.

The purchase of the Group equity instruments is recognised and deducted directly from equity. No gain or loss is recognised in the result of the purchase, sale, issuance or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are those debits and accounts payable that the Group holds, and which have arisen from the purchase of goods and trade operation services, or those which, not having commercial substance, cannot be regarded as derivative financial instruments or equity instruments.

Accounts payable are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. Subsequently, all financial liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method used to calculate the amortised cost of a financial liability and to allocate interest expenses during a specific period. The effective interest rate is the rate that discounts estimated future cash payments (including all fees and percentage points paid or received which form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial liability, or (when applicable) within a shorter period, equal to the sum of such discounted flows to the amortised cost of a financial liability.

The Group classifies debts with suppliers that are included in contracts confirming financing of the current liabilities of the consolidated statement of financial position attached under the heading “Commercial creditors and other accounts payable,” insofar as it is not an overdue commercial debt, it does not constitute debt to financial institutions. Meanwhile, if said account payable is overdue and has been settled by the corresponding financial institution, the Group also classifies debts with suppliers under the heading “Commercial creditors and other accounts payable.” At the close of the 2019 financial year, the amount of mature and settled commercial supplier debt is 1.100.000 euros (see note 8.2.2).

Customer advances originate as a result of payments on account received from customers at the time of the entering into the contract. These advances are delivered at the beginning of the project and are subsequently compensated by the Group in the invoicing of the project. Said advance will be required to be repaid to the customer if the Group is unable to satisfy the supply and installation of solar trackers under the agreed conditions, except in the event of force majeure. As of 31 December 2019, the Group registered 11.668.000 euros corresponding to advances received from customers under the heading “Trade creditors and other accounts payable - Other creditors”.

Disposals of financial liabilities

The Group disposed financial liabilities when, and only when, the Group's obligations are met, cancelled or have expired. The difference between the carrying amount of the retired financial liability and the remuneration paid is recognised in the consolidated income statement.

When the Group exchanges a debt instrument for another with substantially different terms from the existing lender, such exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability. Likewise, the Group accounts for the substantial amendment of the terms of an existing liability or part thereof as an extinction of the original financial liability and the recognition of a new liability. For these purposes, the conditions will be substantially different if the present value of the discounted cash flows under the new conditions, including any net commission paid of any commission received, and using the original effective interest rate to make the discount, differs by at least 10 percent from the present discounted value of the cash flows still remaining from the original financial liability. If the amendment is not substantial, the difference between: (1) the carrying amount of the liability before the amendment; and (2) the present value of cash flows after the amendment must be recognised in income as profit or loss as a result of amendment.

2.6.g. Derivative financial instruments

The Group has several derivative financial instruments to manage its exposure to exchange rate risks, including futures contracts and currency options.

Derivatives are initially recognised at fair value on the date the contract is concluded, and subsequently re-valued at fair value on each filing date. Said fair value is calculated by adapting the forward maturity points to the valuation date and then taking into account the current spot. The resulting profit or loss is immediately recognised in income, unless the derivative is designated as a hedging instrument and is effective. The impact on the profit and loss account for the year 2019 by currency can be seen in note 14.

Within the framework of these operations, the Group contracts exchange rate insurance, classified as financial instruments derived from negotiation, as, at the initial stage, there is no formal designation and documentation of the hedging relationship.

The exchange rate insurances contracted are both simple currency acquisition contracts at a pre-established exchange rate agreed with the corresponding financial institution, and cumulative exchange rate contracts, in which certain maximum and minimum exchange rate levels are established between the corresponding foreign currency and the euro, and, depending on the evolution of the price thereof, the contracted nominal amount increases according to the specific proportions established in each contract.

2.6.h Inventories

Stock is valued at acquisition cost, production cost, or net realisable value, whichever is less. Trade discounts, rebates, and similar items and interests incorporated into the nominal amount of debits are deducted when determining the acquisition price.

The criteria applied for the valuation of inventories are as follows:

- Commercial inventoriess whether or not they are subsequently modified are recorded at production cost, which includes the cost of direct materials and, where applicable, the costs of direct labour.

- The inventories in progress, corresponding to commercial merchandise on consignment by suppliers who carry out processing services such as galvanising, is valued at production cost, which includes the cost of incorporated materials, labour and direct and indirect product expenses incurred up to that date.

The Group uses the FIFO method to assign value to its inventories. The net realisable value represents the estimated sales price less all estimated costs necessary to complete its manufacturing and the costs that will be incurred in the marketing, selling, and distribution processes.

The Group also carries out the appropriate valuation corrections, recognising these as an expense in the consolidated profit & loss account when the net realisable value of inventories is lower than its acquisition price or production cost. At the close of the 2019 financial year, the Group does not record any impairment on its inventory.

The Group's policy is to formalise insurance policies to cover the possible risks applicable to the various elements of its inventories, said inventories are sufficiently covered as of 31 December 2019, in the opinion of the sole director of the Parent Company.

2.6.i Foreign currency transactions

Conversion of financial statements in currency other than the euro

The financial statements of a Group company whose functional currency is not the euro are converted in accordance with the following rules:

1. All rights and obligations are converted at the exchange rate applicable on the closing date of the financial statements.

2. The items in the profit & loss accounts of each foreign company are converted to euros (presentation currency) using the average annual exchange rate, calculated as the arithmetic average of the average exchange rates for each of the twelve months of the year, which does not differ significantly from using the exchange rates applicable on the dates of each transaction.

3. The difference between the amount of net equity, including the profit/loss calculated as described in point 2, converted at the historical exchange rate, and the net equity situation resulting from the conversion of rights and obligations under section (1) above, is recorded, positively or negatively as appropriate, in the consolidated comprehensive profit & loss account as exchange rate differences. Cash flows are converted at the exchange rate on the date on which said transaction occurred or using a mean weighted exchange rate for the monthly period, provided that there have been no significant variations.

The conversion to presentation currency of the income of companies to which the equity method is applied is carried out, where appropriate, at the average exchange rate for the year, calculated as indicated in section 2 above. Only in the case of balances from the Group company based in Argentina, has the corresponding hyperinflation adjustment been made (see note 2.4).

The exchange rate difference accounted for in the consolidated comprehensive profit & loss account is recognised in the consolidated profit & loss account for the period in which the investment in the consolidated company is retired or otherwise disposed of.

Foreign currency transactions and balances

Transactions in a currency other than the functional currency of each Group company are converted to the functional currency of said Group company using the exchange rates prevailing on the dates of the transactions. The exchange rate gains and losses deriving from the settlement of these transactions and the conversion into the closing exchange rates of the monetary assets and liabilities denominated in foreign currency are recognised in the consolidated profit & loss account under the heading of "Net exchange rate differences", unless their net worth differs, as in the case of cash flow hedges and net investment hedges.

Non-monetary items recorded at fair value denominated in foreign currencies are converted at the rates applicable on the date on which the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not converted again.

2.6.j Income Tax

The expense or revenue for income tax comprises the part corresponding to the current tax expense or revenue and the part corresponding to the deferred income tax expense or revenue.

Current tax is the amount paid by the Group as a consequence of the corporate income tax settlement for a given financial year. The assets or liabilities for current income tax are valued for the amounts expected to be paid to or recovered from the tax authorities, using the regulations and tax rates which have been approved or are pending approval on the closing date. Deductions and other tax advantages to the tax rate, excluding retentions and payments on account, as well as tax losses from prior financial years that may be offset and which are applied in the current year, generate a lower current tax amount.

Current or deferred income tax is recognised in income, unless it arises from a financial transaction or business event which is recognised against net worth or in a business combination in the same or in a different financial year.

Deferred tax liabilities are the amounts payable in the future as corporate income tax relating to taxable temporary differences, while deferred tax assets are the amounts to be recovered due to the existence of temporary deductible differences, negative taxable bases to be offset or deductions pending application. For these purposes, temporary difference is understood as the difference between the book value of assets and liabilities and their tax base.

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases unless:

- they arise from the initial recognition of goodwill or from an asset or liability in a transaction which is not a business combination, and which affects neither the accounting profit/loss nor the taxable base on the date of transaction.

- they correspond to differences relating to investments in subsidiaries, associated companies and joint ventures over which the Group has the ability to control the timing of their reversal and for which it is unlikely that differences will be reversed in the foreseeable future.

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is probable that there will be sufficient future taxable profits for their compensation or where tax legislation provides for the possibility of future conversion of deferred tax assets into an enforceable credit against public administration. However, assets arising from the initial recognition of assets and liabilities in a transaction which is not a business combination, and which affects neither accounting profit/loss nor the taxable base on the date of transaction are not recognised.

- they correspond to temporary differences related to investments in subsidiaries, associated companies and joint ventures to the extent that the temporary differences will be reversed in the foreseeable future and which are expected to generate positive future tax gains to offset the differences.

Valuation of assets and deferred tax liabilities

Deferred tax assets and liabilities are valued at the tax rates which will apply in the financial years in which the assets are expected to be realised or liabilities expected to be settled, based on the regulations and rates which have been approved or which are pending approval, having considered the tax consequences which will result from the way in which the Group expects to recover the assets or settle the liabilities.

The Group reviews the accounting value of deferred tax assets on the closing date of the financial year, in order to reduce said value insofar as it is unlikely that there will be sufficient future positive tax bases against which to offset them.

Deferred tax assets that do not meet the above conditions are not recognised in the consolidated financial statement. At the close of the financial year, the Group reconsiders if the conditions for recognising deferred tax assets which previously had not been recognised have been met.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to taxes collected by the same financial authority, and when the Group intends to liquidate its current tax assets and liabilities on a net basis.

Likewise, at a consolidated level, the differences that may exist between the consolidated value of an investee and its tax base are also considered. In general, these differences arise from the accumulated income generated from the date of acquisition of the investee, from tax deductions associated with the investment and from the exchange rate difference, in the case of investees with a functional currency other than the euro. Deferred tax assets and liabilities arising from these differences are recognised unless, in the case of taxable differences, the investor can control the moment of difference reversal and when it is likely that such difference will not be reversed in the foreseeable future, and, in the case of deductible differences, if it is expected that said difference will not be reversed in the foreseeable future and it is unlikely that the company will have future taxable profit in sufficient amount.

2.6.k Recognition of revenue from contracts with customers

The Group recognises revenue from the following main sources:

- Supply of trackers and the market guarantees granted;

- Tracker installation service;

- Commissioning, operational and maintenance service; and

- Other revenue generated by Powertis, S.A., which correspond to the study, construction and subsequent sale to a third party of photovoltaic solar farms, although as of 31 December 2019, construction has not been completed of any of these farms.

Revenue is measured based on the remuneration to which the Group expects to be entitled in a contract with a customer, and excludes the amounts collected on behalf of third parties. The Group recognises revenue when transferring control of a product or service to a customer.

Supply of trackers

The Group supplies the customer, through its own distribution network, with the set of trackers necessary to reach the megawatt (MW) capacity required by the plant. The guarantees relating to the supply of trackers (the years of guarantee differ between the structural components and the electrical components from which the trackers are formed) cannot be purchased separately, and serve as a guarantee that the products sold comply with the agreed specifications, being in accordance with the normal market practice. Therefore, the Group accounts for guarantees in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (see note 2.6. m)).

The revenue for the supply of the set of trackers necessary for the operation of the plant is recognised throughout the supply period of the trackers, as the customer acquires control of the asset and the Group has the enforceable right to payment for work that has been completed to date. The supply is completed by plot of the customer's photovoltaic plant field; once the supply of a certain plot is completed and has been confirmed by the customer, the invoicing and payment of the corresponding part takes place. Therefore, revenue is measured based on the product method, as this is the method which best reflects the transfer of control to the customer, measured as the ratio of the value to the customer of the goods transferred so far, in relation to the pending goods which the company has contractually committed to supply. According to the usual contractual terms used by the Group, the transfer of control to the customer is normally determined by the Incoterm agreed in each of the commercial agreements.

No right of return is provided for within the Group's standard contractual terms.

Tracker installation service

The Group offers the option of a tracker installation service. Where installation service is agreed upon, this is included in a single contract together with the supply of trackers. These services are recognised as a distinct performance obligation, as the client could have acquired them through other suppliers.

In those cases in which more than one performance obligation is identified in a contract, the Group assigns the price of the transaction between those obligations. The assignment will generally be made on the basis of an independent sale price for each distinct good or service. This independent sale price principally represents the price at which the Group would sell similar goods or services separately.

The tracker installation service is carried out over time. Revenue from these installation services is recognised based on the percentage of contract carried out. The sole director considers that the measurement of revenue as the ratio between the performed part versus the total committed is an appropriate measure of progress towards full compliance with these performance obligations under IFRS 15. The performed part is determined as the percentage of the costs accrued over the total budgeted costs, considering any possible deviations, for the various milestones across which the service is divided (physical installation, electrical installation, etc.), valued at the sale price of the service provided during the period. Payment for installation services is made based on these milestones; therefore, a contractual asset will be generated by the uninvoiced services provided.

Commissioning, operational and maintenance service

The Group offers its customers the commissioning service of the plant, once the installation of the photovoltaic solar plant has been completed (whether it has been installed by the Group or not). This service may be performed by a third party and is usually remunerated.

Moreover, the Group offers its customers operational and maintenance after-sales service. This service relates to the preventive after-sales maintenance work of trackers and, in general, the rest of the products and services are contracted separately. Therefore, the maintenance service is considered a distinct service, since the Group supplies it to the customers independently and as they have the capacity to choose whether or not to contract them. Discounts are not considered, as they are only given in exceptional circumstances and are never material.

Revenue related to commissioning is recognised at the time the service is provided. Likewise, revenue related to maintenance services are recognised over time, on a straight-line basis throughout the service period and, on the whole, the invoicing for said service is quarterly.

Other services

In other services, the Group has included the revenues generated by Powertis, S.A. during the 2019 financial year, whose activity mainly consists in the provision of internal consulting services to vehicle companies (SPVs), whether they are controlled by the Group or are in the process of being taken control by it. The recognition policy only considers revenues billed to companies whose control has not yet been transmitted to Powertis, S.A. As of 31 December 2019, the volume of income corresponding to this type of services has not been significant.

Powertis

The sale of the projects will be carried out through the transfer of Powertis holdings in the vehicle companies to a third party, and with this the loss of control of the investees, thereby writing off all associated assets and liabilities and reflecting a result for sale of shares based on the consolidated cost of the written-off net assets belonging to said vehicle companies at the time of the transfer.

2.6.l Other revenue and expenses

Revenue and expenses are recognised on an accrual basis, i.e. at the time of the actual flow of the represented goods and services, independently of the time of the derived monetary or financial flow. Said revenue is valued at the fair value of the remuneration received, with discounts and taxes deducted.

Interest received from financial assets is recognised using the nominal interest rate. The sole director of the Parent Company considers that the effect of applying these criteria does not differ significantly from the effect which would have occurred by applying the effective interest method.

2.6.m Provisions and contingencies

The sole administrator of the Parent Company, in the preparation of these consolidated annual statements, differentiates between:

- **Provisions**: credit balances which cover current obligations arising from past events, whereby cancellation is likely to result in an outflow of resources, but which prove indefinite in terms of their amount and/or time of their cancellation.

- **Contingent liabilities**: possible obligations arising from past events, whereby future materialisation is conditional on whether or not more future events occur that are independent of the Group's will.

The obligations existing at the closing date, arising from past events from which capital losses may arise for the Group and whose amount and time of cancellation are indefinite, are registered in the liabilities of the consolidated financial statement as provisions for risks and expenses, at the current value of the most probable amount the Group would have to pay in order to cancel the obligation. Unless they are considered remote, contingent liabilities are not recognised in the consolidated annual financial statements, but are disclosed in the notes of the consolidated report.

The amount of the provisions is quantified by taking into account the best information available with regard to the consequences of the events that motivate them, at each balance sheet date.

The amounts recognised in the consolidated financial statement are the best estimate on the date of closing for the payments necessary to cancel the obligation, having considered the risks and uncertainties associated with the provision and, where material, the financial effect produced by the discount, provided that the payments which will be made in each period can be reliably determined. The discount rate is determined before taxes, taking the time value of money into account, as well as the specific risks which have not been considered in the future flows related to the provision on the date of closing.

Isolated obligations are valued by the most likely individual outcome. If the obligation implies a large population of homogeneous items, it is valued by weighing the possible outcomes against their probabilities. If there is a continuous range of possible outcomes and each point within the range has the same probability as the rest, the obligation is valued by the average amount.

The financial effect of provisions is recognised as a financial expense in the consolidated profit & loss account.

The provisions do not include the tax effect, nor the gains expected from the transfer or abandonment of assets.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, provisions are reversed. Reversal is carried out against the income item in which the corresponding expense is recorded and the excess, if applicable, is recognised under the "Other revenue" item.

The compensation to be received from a third party at the time of settling the obligation, provided that there is no doubt that said reimbursement will be received, is recorded as an asset, except in the event that a legal link exists through which part of the risk has been externalised, and by virtue of which the Group is not obliged to respond. In this situation, the compensation will be taken into account in order to estimate the amount at which, where appropriate, the corresponding provision is to be registered.

Provisions for restructuring

Provisions related to restructuring processes are recognised when the Group has an implicit obligation due to the existence of a detailed formal plan and the generation of valid expectations among those affected that the process will be carried out, whether because the plan has begun to be implemented or because its main characteristics have been announced. Restructuring provisions only include the disbursements directly related to restructuring which are not associated with the Group's ongoing activities.

Guarantees

Provisions for guarantees under local legislation or normal market practice are recognised on the date of sale of the goods or services, based on the sole director's best estimate of the expenses necessary to settle the Group's obligation (see note 11. b)).

Termination benefits

Under the legislation in force, the Group is obliged to give termination benefits to those employees with whom, under certain conditions, it has rescinded its working relations, except in the case of justified cause. Therefore, termination benefits subject to reasonable quantification are recorded as an expense in the year in which the dismissal decision is taken and for which a valid expectation has been generated for third parties in this regard. In the attached consolidated annual accounts, no provision has been included for this item, as situations of this nature are not expect to arise.

2.6.n Environmental equity assets

Environmental assets are those used sustainably in the Group's activity, whose main purpose is to minimise environmental impact, and to protect and improve the environment, including the reduction or elimination of future pollution.

The activity of the Group, by its nature, does not have a significant environmental impact.

2.6.o Transactions with related parties

Generally speaking, transactions between Group companies and with related parties outside the Group are accounted for at the initial moment at fair value. If the agreed price differs from its fair value, the difference is recognised based on the economic substance of the operation. Subsequent valuation is performed in accordance with the provisions of the relevant standards.

In addition, the transfer prices among Group companies, as well as with related parties outside the Group, are adequately supported, and as such, the sole director of the Parent Company considers that there are no significant risks in this regard which may give rise to significant liabilities in the future.

2.6.p Business combination

Business combinations are posted by applying the acquisition method to which end the acquisition date is determined and the cost of the combination is calculated, recording the identifiable assets acquired and the liabilities assumed at their fair price relating to said date.

The goodwill or negative difference of the combination is determined by way of the difference between the fair values of the assets acquired and the liabilities assumed registered and the combination cost, all pertaining to the acquisition date.

The combination cost is determined through the aggregation of:

- The fair values on the acquisition date of the assets transferred and the liabilities incurred or assumed and the asset instruments issued.

- The fair value of any contingent recompense which depends on future events or compliance with predetermined conditions.

Any expenses related with the issuance of equity instruments or of the financial liabilities handed over in exchange for the elements acquired do not form part of the combination cost.

In the exceptional event that any negative difference arises in the combination, this is imputed to the profit-and-loss account as income.

If, on the closing date of the financial year in which the combination occurs, the valuation processes required to apply the acquisition method described above cannot be completed, this posting is deemed to be provisional and said provisional amounts may be adjusted in the required period to obtain the information required which, under no circumstances, shall exceed one year. The effects of any adjustments made in this period are posted retroactively, modifying the comparative information where necessary.

Any subsequent changes to the fair value of the contingent recompense are offset against earnings unless said recompense has been classified as assets in which case any subsequent changes to their fair value are not recognised.

2.6.q Goodwill

The goodwill generated in the consolidation represents the excess of the acquisition cost over the Group's participation in the fair value of the identifiable assets and liabilities of a dependent company on the acquisition date.

The valuation of the assets and liabilities acquired is carried out provisionally on the date of taking control of the Company, and is reviewed within a maximum period of one year from the date of acquisition. Until the fair value of the assets and liabilities has been definitively determined, the difference between the acquisition price and the book value of the acquired company is recorded as goodwill.

The positive differences between the cost of the equity interests of the consolidated entities with respect to the corresponding fair values, adjusted on the date of first consolidation, are charged as follows:

- Those assignable to specific assets of the acquired companies, increasing the value of the assets (or reducing the value of the liabilities) with market values that are higher (lower) than the net accounting values with which they appear in their balance sheets and whose accounting treatment is similar to that of the Group's same assets (liabilities): amortisation, accrual, etc.

- Those assignable to specific intangible assets, explicitly recognising them in the consolidated financial position statement, provided that their fair value at the date of acquisition can be reliably determined.

- The remaining differences are recorded as goodwill, which is assigned to one or more specific cash generating units.

- Goodwill is only recorded when it has been acquired for consideration and therefore represents advance payments made by the acquiring entity of future economic benefits derived from the assets of the acquired entity that are not individually and separately identifiable and recognisable.

The negative differences between the cost of the equity interests of the consolidated and associated entities with respect to the corresponding securities are made at the exchange rate in force at the date of first consolidation, they are called negative goodwill and are allocated as follows:

- Those assignable to specific assets of the acquired companies, increasing the value of the assets (or reducing the value of the liabilities) with market values that are higher (lower) than the net accounting values with which they appear in their balance sheets and whose accounting treatment is similar to that of the Group's same assets (liabilities): amortisation, accrual, etc.

- The remaining amounts are recorded under "other profit/loss" in the consolidated profit & loss account for the year in which the acquisition of capital of the consolidated or associated entity takes place.

At least annually, an estimate is made of whether any impairment has occurred in them that reduces their recoverable value to an amount less than the registered net cost and, if so, they are written off using the heading "Impairment and result due to disposal of fixed assets" in the consolidated interim profit & loss account, as IFRS 3 states that goodwill is not depreciated. Impairment losses related to goodwill are not subject to subsequent reversal.

At the time of the disposal of a dependent company or jointly controlled entity, the attributable sum of goodwill is included in the determination of the profits or losses arising from the disposal.

In the case of goodwill arising in the acquisition of companies whose functional currency is different to the euro, their conversion to euro is made at the exchange rate in force at the date of the consolidated financial position statement, recording its variation by difference of conversion or impairment, as applicable.

2.6.r Share-based payments

The Group has an employee incentive plan that can be liquidated in shares of a subsidiary company after a period of time during which the employee must continue to provide services to the Group.

The fair value of the services to be provided by said employee is determined by reference to the fair value of the shares granted at the time the plan is granted, as it is a plan that can be settled in shares and not in cash.

This amount is recognised in the profit and loss account as a personnel expense throughout the accrual period, while a reserve for incentive plans in the same amount in equity is recognised simultaneously (see note 14.d).

2.6.s Hyperinflation

Inflation in Argentina rebounded significantly from the second quarter of 2018 and the data reveal that the accumulated inflation of the last three years has exceeded 100%, which is the quantitative reference established by IAS 29 Financial Reporting in Hyperinflationary Economies.

Consequently, the Argentine economy has been considered hyperinflationary since 2018 and the Group applies the inflation adjustments to companies whose functional currency is the Argentine peso for financial information for the periods ended 1 July 2018. In this regard, due to the low significance of Soltec Argentina, S.R.L in 2018, the Group has applied inflation adjustments to said subsidiary since 1 January 2019 (see notes 2.4 and 2.6.h).

In accordance with the provisions of IFRS-EU, this means:

- Adjusting the historical cost of non-monetary assets and liabilities and the various items of net equity from the date of acquisition or incorporation into the consolidated financial position statement until the end of the year to reflect changes in the purchasing power of the currency as a result of the inflation.

- Reflecting in the profit & loss account the loss or gain corresponding to the impact of inflation of the year on the net monetary position.

- Adjusting the different items of the profit & loss account and the cash flow statement for the inflationary index from its generation, with counterpart in financial results and in a reconciliation item of the statement of cash flows, respectively.

- Converting all components of the financial statements of the Argentine companies at the closing exchange rate, with the rate corresponding to 31 December 2019 of 67,27 pesos per euro.

3. Financial risk management

The Group's financial risk management is centralised in the financial department, which seeks to minimise the effects of these risks through the use of derivative financial instruments in order to cover the exposure to risk. The use of financial derivatives is governed by the Group's policies approved by the sole director, which provide necessary mechanisms to control exposure to changes in exchange rates. The Group does not issue or sell market financial instruments, including derivative financial instruments, for speculative purposes.

The main financial risks impacting the Group are as follows:

3.1 Credit risk

Credit risk consists of the risk of a debtor becoming insolvent in relation to the applicable contractual obligations and of a capital loss resulting for the Group.

As a general policy, the Group carries out transactions with entities of proven solvency and obtains, where necessary, sufficient guarantee from third parties as a means of mitigating credit risk. In this regard, the Group generally contracts credit insurance to secure accounts receivable from certain foreign customers. At the end of the 2019 financial year, the Group has 95% of the amount of its accounts receivable insured.

The Group's exposure to credit risk and the aggregate of the solvency valuations of its debtors is monitored on a regular basis. Individual credit limits, hedges granted by letters of credit and excesses or, where applicable, credits granted to debtors not covered by letters of credit are analysed and approved by the general management, based on the amounts and risks involved in each decision.

As of 31 December 2019, the Group concentrated 38% and 40% of net turnover and 23% and 51% of its trade receivables with third parties in companies located in North and South America, respectively.

The credit risk of liquid funds and fixed-term deposits with a short-term maturity is limited because the counter-parties are banking institutions to which the international credit rating agencies have assigned high ratings.

3.2 Liquidity risk

This refers to the risk of the Group finding it difficult to divest a financial instrument quickly enough without incurring significant additional costs or the associated risk of not having liquidity at the time when payment obligations must be met. The group relies on financial institutions to finance its inventories and accounts receivable, with the management of the average collection period and deferment of payments to suppliers being significant.

In order to ensure liquidity and be able to meet all payment commitments deriving from its activity, the Group has the cash as shown on its balance street, as well as the undrawn credit and financing lines which are featured in note 8. As of 31 December 2019, the Group has a short-term financial imbalance (negative working capital of 17.927.000 euros), mainly derived from deferred payments in the purchase of SPVs located in Brazil (these payments are contingent, although given the progress of the project, the sole director estimates that they will not vary by an amount relevant to these consolidated annual accounts), the estimated short-term sums of which totals 14.130.000 euros (see note 2.6.a iv). The sole director of the parent company plans to finance this liability by securing financing from financial entities whenever the projects are ready to build, which, additionally, is the due date of said payments. The shareholders of the parent company have stated their intention to financially support the Group to cover its financial needs if they do not ultimately have access to the previously mentioned alternatives, thereby supporting the Group, and especially Powertis, S.A., as it has done so to date (see note 11).

Likewise, at the date of preparation of these annual accounts, the Group is negotiating the extension of the line of sureties described in note 8.2.1 with the union of financial institutions of the credit policy.

However, the sole director of the Parent Company considers that a large part of said deferred payment may be financed with the resources generated by the Group in the short term in both the industrial and business development segments, through sales of PV solar plants, taking into account the agreement detailed in note 17, as well as with the foreign financing currently granted, given that the maturity established in the contract for the 10 million euro of free disposal syndicated credit policy is in the year 2021 and there are amounts of undisclosed credit policies (see note 8.2).

3.3 Market risk

This is defined as the risk that the fair value or future cash flows of a financial instrument may vary due to changes in interest rates or other price risks.

3.3.1 Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities bearing interest at a fixed rate and the future cash flows from assets and liabilities tied to a variable interest rate. The aim of interest rate risk management is to balance the structure of the debt, in order to minimise the cost of the debt in the multi-annual horizon with reduced volatility in the consolidated profit & loss account.

Almost all of the debt held has a variable interest rate, and therefore this is exposed to an interest rate risk, as the variation of rates modify the future flows resulting from its indebtedness. However, the payment profile of this debt is short-term, and so sensitivity to changes in interest rates is reduced.

3.3.2 Exchange rate risk

The Group has subsidiaries in Peru, Brazil, Chile, the United States, Mexico, Argentina, Colombia, Australia and India, and is therefore exposed to exchange rate risk from operations with currencies (which is mainly focused on purchases of supplies and sales in US dollars and Brazilian reais). In order to mitigate this risk, the Group follows a policy of contracting financial instruments (exchange insurance) which reduce exchange rate differences for transactions in foreign currency (see note 8.3).

The breakdowns of the most significant balances and transactions in foreign currency corresponding to 31 December 2019, valued at the closing exchange rate and average exchange rate respectively, are as follows:

	Thousands of euros								
	Fixed assets	Other financial assets	Accounts receivable	Other financial liabilities	Accounts payable	Cash	Sales	Purchases	Other expenses
US Dollars	407	1.573	71.971	-	37.905	21.092	251.214	104.777	12.045
Brazilian Reais	1.288	4.756	30.730	19.398	9.464	807	48.316	20.662	8.311
Chilean Pesos	87	10	473	-	475	36	405	792	814
Peruvian Soles	8	36	-	-	88	24	-	38	127
Mexican Pesos	355	36	731	-	669	227	563	359	2.841
Australian Dollars	8	12	-	-	212	23	-	5.307	1.456
Argentine Pesos	10	5	-	-	2.655	718	-	1.962	1.271

The sole director of the Parent Company has deemed that the remaining foreign currency transactions not itemised in the preceding tables are not significant.

The amount of the exchange differences recognised in the income of the 2019 financial year by financial instrument class is the following:

	Thousands of euros		
	For transactions settled in the financial year	For outstanding balances	Total
Exchange rate gains	4.886	10.647	15.533
Exchange rate losses	(7.307)	(12.173)	(19.480)
Net exchange rate differences	**(2.421)**	**(1.526)**	**(3.947)**

Likewise, the breakdown of this amount according to the foreign currency that triggered the exchange differences is as follows:

	Thousands of euros
US Dollars	(290)
Brazilian Reais	(2.571)
Chilean Pesos	(120)
Australian Dollars	(244)
Argentine Pesos	(769)
Others	47
Total	**(3.947)**

Analysis of sensitivity to exchange rates

As described above, the Group is mainly exposed to changes in the exchange rate of the US dollar and the Brazilian real.

The Group's sensitivity to a revaluation or depreciation of the euro against the foreign currencies mentioned above is detailed in the table below, without taking into account the potential effect of the exchange rate insurance contracted. The sensitivity rate used is that which is considered when communicating the exchange risk internally to key members of management, and represents the management's valuation of the possible variation, up to reasonable limits, of the exchange rates.

The sensitivity analysis includes the most relevant monetary and non-monetary items pending and transactions carried out by the Group with third parties, adjusting their conversion at the end of the 2019 financial year to take into account the variation in the exchange rate. In this table, a positive figure represents an increase in profit/loss of the financial year or in net equity, in cases where the euro weakens against the relevant currency. In case of the euro strengthening against a given currency, a similar impact on the income or on the net equity occurs, and the balances indicated below are negative:

Currency	Variation	Thousands of euros	
		Impact on consolidated net profit/ (Loss)	Impact on Consolidate Equity
US Dollar / Euro	10%	(12.217)	(8.251)
Brazilian Real / Euro	10%	(1.758)	(793)
US Dollar / Euro	-10%	14.932	10.085
Brazilian Real / Euro	-10%	2.149	969

These amounts have not considered the potential opposite sign effect that the contracted exchange rate derivatives (mainly forwards and NDFs) would have on the consolidated results, whose nominal value as of 31 December 2019 amounts to 73.670.000 euros (see note 8.3).

3.3.3 Other market risks

Variations in the price of steel modify the cost of the main raw material used by the Group for manufacturing its solar trackers. The sole director of the Parent Company has considered that such exposure is limited as long as the supply contracts are signed and supplied in the medium term and future price expectations are used in the quotation of the sales prices to its customers.

4. Segment reporting

4.1 Main segments and segmentation criteria

The main activity of the Group is the installation and sale of photovoltaic solar trackers, which is the Group's industrial segment (Soltec Energías Renovables).

Additionally, the Group considers another of its main branches of activity to be the development of facilities for producing photovoltaic solar electric energy. It does this through the sale, transfer and/or acquisition on its own account of shares and/or holdings in entities with a special purpose, whether or not they have legal status, as well as the administration, direction and management of said holdings (Powertis).

The highest decision-making authority of the Group, that is to say, the sole director of the Parent Company, individually evaluates returns by project, grouping them into two segments for management purposes. This evaluation is carried out based on internal information regarding the Group's projects, which form the basis for periodic review, discussion and evaluation in the decision-making process by the highest authority in the Group's decision-making.

The Group identifies the projects carried out by the different subgroups as cash-generating units, for which the most significant data is:

	Thousands of euros			
	Segments			
Item	Soltec Industrial	Powertis development projects	Others	Total
Net turnover	356.672	140	-	356.812
Variation in inventories of finished and semi-finished products	917	-	-	917
Other operating income	2.416	-	(654)	1.762
In-house work on non-current assets	968	-	-	968
Supplies	(260.874)	(259)	454	(260.679)
Personnel expenses	(31.805)	(504)	-	(32.309)
Other operating expenses	(48.721)	(1.204)	175	(49.750)
Depreciation and amortisation	(4.354)	(32)	-	(4,386)
Income from the sale of fixed assets and others	(204)	-	-	(204)
Other profit/loss	31	2.287	-	2.318
Operating Income	15.046	428	(25)	15.449
Financial revenue	149	-	-	149
Financial expenses	(4.755)	(755)	-	(5.510)
Changes in the fair value of financial instruments	(5.394)	-	-	(5.394)
Exchange rate differences	(3.021)	(926]	-	(3.947)
Other net finance revenue / expenses	(387)	-	-	(387)
FINANCIAL INCOME	(13.408)	(1.681)	-	(15.089)
PRE-TAX PROFIT/LOSS	1.638	(1.253)	(25)	360
Income tax	165	815	-	980
Total comprehensive income for the period	**1.803**	**438**	**(25)**	**1.340**
Assets of the segment	216.117	35.459	(446)	251.130

Segment liabilities	199.515	34.041	(408)	233.148

Item	Thousands of euros			
	Segments			Total
	Soltec Industrial	Powertis development projects	Others	
Net cash flows from the activities				
- Operation	7.455	(2.666)	-	4.789
- Investment	(7.547)	(2.880)	-	(10.427)
- Financing	25.376	5.625	-	31.001
- Changes in exchange rates	554	18	-	550

4.2 Information on geographic areas

In the presentation of information on geographic areas, revenue is based on the geographic location of the clients, and the assets of the geographic area are based on the geographic location of the assets. Likewise, non-current assets in the geographic area do not include deferred tax assets or financial instruments.

The distribution of the Group's main non-current assets by geographic area as of 31 December 2019 is as follows:

	Thousands of euros						
	Spain	Brazil	North America(*)	Rest of South America(*)*)	APAC(*)	Others(*)	Total
Intangible assets	1.857	32.187	-	-	1	-	34.045
Property, plant and equipment	5.014	1.270	760	124	7	84	7.259
Right-of-use	8.390	213	431	37	17	-	9.088
	15.261	**33.670**	**1.191**	**161**	**25**	**84**	**50.392**

The net turnover for the 2019 financial year comes from the turnover from the following geographical areas:

Revenue	Thousands of euros
Spain	73.521
Brazil	104.508
North America (*)	131.835
Rest of South America (*)	39.961
APAC (*)	5.511
Others (*)	1.476
	356.812

(*) North America: United States of America and Mexico. Rest of South America: Argentina, Chile, Colombia and Peru. APAC: Australia, India and Thailand. Others: Denmark, Egypt, Israel, Jordan, Kenya and Namibia.

4.3 Other segment information

The type of products and services provided by the Group have been broken down in note 14 a).

Furthermore, the most representative customers of the Group for the year 2019, which accounted for more than 10% of the net amount of the turnover, have been Enel Green Power and Power Construction Corporation of China. Transactions with each of these customers represented 31% and 19,5%, respectively, of the net amount of the turnover during the year 2019.

5. Intangible fixed assets

The breakdown and change in the items included in the "Intangible Assets" heading as of 31 December 2019 is shown below:

	Thousands of euros				
	Initial balance	Additions	Disposals	Exchange rate differences	Final balance
Cost:					
Development	2.083	968	-	-	3.051
Other intangible fixed assets-					
Industrial property	151	2	-	-	153
Computer software	397	99	-	(55)	441
PLCs	-	32.170	-	-	32.170
Total cost	**2.631**	**33.239**	-	**(55)**	**35.815**
Accumulated depreciation:					
Development	(1.126)	(315)	-	-	(1.441)
Other intangible fixed assets-					
Industrial property	(63)	(21)	-	-	(84)
Computer software	(196)	(74)	-	25	(245)
PLCs	-	-	-	-	-
Total accumulated depreciation	**(1.385)**	**(410)**	-	**25**	**(1.770)**
Total intangible fixed assets	**1.246**	**32.829**	-	**(30)**	**34.045**

Additions

The main additions of the 2019 financial year correspond to the fair value of the intangible assets acquired in the purchase of SPVs in Brazil (acquisition of the PLCs of the SPVs) for the sum of 32.170.000 euros.

There are also additions from assets generated internally as a "Development" amounting to 968,000 euros. These expenses are associated with new products for which the technical management of the Parent Company expects a positive return, within the framework of the testing and validation checks which are being carried out, including technical reports, and which are expected to be marketed within the contracts that will be concluded during the next financial years.

PLCs

The intangible assets identified (PLCs) in the initial allocation made by the Group in accordance with the provisions of IFRS 3, are allocated to the project development segment. The Group has performed the corresponding impairment test based on IAS 36. In this sense, in accordance with the estimates and projections available to the sole director of the Parent Company, the cash flow forecasts attributable to these assets make it possible to recover their net book value, including goodwill, for which no impairment losses have been recognised. This is based on the fact that the Group bought said SPVs in the early phase of development, thereby assuming an additional risk that the project may not be successful, which is why they were bought with a discount on their fair value according to the latest updated forecasts.

Specifically, the calculation made for the evaluation of the possible impairment of the asset has been carried out through financial projections for each of the acquired projects. These projections are established for the project taking into account the estimated date of commissioning and its useful life. In this sense, the key assumptions of these projections lie in estimating the production capacity to be installed, the development and construction costs of the project, operating costs (project efficiency) and the sale price of the energy (for the part not regulated by the long-term energy sales agreement), established based on the historical experience of the sole director of the Parent Company and discounted to a rate of 10,95%.

In this context and in the opinion of the sole director of the Parent Company, any reasonable change in the key assumptions for determining the recoverable amount of the projects would not imply that the carrying amount of the asset exceeded said recoverable amount.

Others

During the 2019 financial year, there have been no valuation corrections for impairment of a significant amount in intangible assets based on the impairment tests performed, in which hypotheses similar to those used in the acquisition of SPVs in Brazil that have driven them are considered, given their recent acquisition and the absence in this period of changes in the sector in which the Group operates.

During the 2019 financial year, no acquisitions related to intangible fixed assets have been made to related companies.

There are no firm purchase or sale commitments with respect to the intangible assets in force as of the date of the preparation of these consolidated financial statements.

All the intangible fixed asset elements are allocated to the Group's operation.

6. Property, plant and equipment

The detail and changes in this heading of the consolidated financial statements as of 31 December 2019 is shown below:

	Thousands of euros					
	Initial Balance	Additions	Disposals	Reclassifications (note 7)	Exchange rate differences	Final balance
Cost:						
Land and buildings-						
Buildings	2.610	387	(116)	-	-	2.881
	2.610	387	(116)	-	-	2.881
Technical facilities and other tangible assets-						
Technical facilities and machinery	1.746	641	(32)	904	(40)	3.219
Tools, other facilities and furniture	1.735	1.539	(107)	-	(41)	3.126
Other tangible fixed assets	898	324	(35)	-	(15)	1.172
	4.379	2.504	(174)	904	(96)	7.517
Total cost	**6.989**	**2.891**	**(290)**	**904**	**(96)**	**10.398**
Accumulated depreciations:						
Land and buildings-						
Buildings	(296)	(152)	16	-	-	(432)
	(296)	(152)	16	-	-	(432)
Technical facilities and other tangible assets-						
Technical facilities and machinery	(730)	(188)	24	(347)	18	(1.223)
Tools, other facilities and furniture	(559)	(540)	51	-	18	(1.030)
Other tangible fixed assets	(307)	(188)	33	-	8	(454)
	(1.596)	(916)	108	(347)	44	(2.707)
Total accumulated depreciations	**(1.892)**	**(1.068)**	**124**	**(347)**	**44**	**(3.139)**
Total	**5.097**	**1.823**	**(166)**	**557**	**(52)**	**7.259**

The net book value of the “Property, plant and equipment” items as of 31 December 2019 is as follows:

	Thousands of euros
Land and buildings:	
Buildings	2.449
	2.449
Technical facilities and other tangible assets:	
Technical facilities and machinery	1.996
Tools, other facilities and furniture	2.096
Other tangible fixed assets	718
	4.810
	7.259

Transactions

The main additions of the 2019 financial year correspond to i) the improvement and furnishing works of the facilities in the inventories hub, which was created in 2017, expanding warehouses in Spain with the aim of providing greater commercial flexibility and ii) the purchases of tools and machinery in Brazil and Mexico for use in installation projects.

Reclassifications correspond to assets under a financial lease agreement that are owned by the Group as of 31 December 2019 (see note 7).

Guarantees

As of 31 December 2019, there are no elements under financing guarantee granted to the Parent company.

Insurance policies

The Group's policy is to formalise insurance policies in order to cover the possible risks to which the various elements of “Property, plant and equipment” are subject, with said elements being sufficiently covered as of 31 December 2019, in the opinion of the sole director of the Parent Company.

Others

During the 2019 financial year, there have been no valuation corrections for impairment of significant amount within the elements of “Property, plant and equipment”.

During the 2019 financial year, there have been no acquisitions related to elements of “Property, plant and equipment” to related companies.

There are no firm purchase or sale commitments with respect to the elements of “Property, plant and equipment” in force as of the date of these consolidated financial statements' preparation.

All the elements of “Property, plant and equipment” are allocated to the Group's operation and are free of charges.

7. Leases

IFRS 16 establishes the principles for the recognition, valuation, presentation and breakdown of lease agreements, with the aim of ensuring that both lessee and lessor provide relevant information that represents the true and fair view of such operations. IFRS 16 provides for a single accounting model for the lessee, according to which the latter must recognise the right-of-use assets and corresponding lease liabilities of all lease contracts, unless the term of the lease is 12 months or less, or the underlying asset is of low value.

The criteria established by IFRS 16 for the registration of lease contracts have been applied on an amended retrospective basis, equating the amount of the asset to the current value of the discounted income, adjusting the opening balance on the date of first application.

The detail and changes in this heading of the consolidated financial statements as of 31 December 2019 is shown below:

	Thousands of euros					
	Opening balance	Additions	Withdrawals	Reclassifications (note 6)	Exchange rate differences	Final Balance
Cost*:*						
Land and buildings	9.807	1.933	(123)	-	19	11.636
Other fixed assets	1.106	1.612	1.526	(904)	-	288
Total cost	**10.913**	**3.545**	**(1.649)**	**(904)**	**19**	**11.924**
Accumulated depreciation*:*						
Land and buildings	(1.575)	(1.343)	123	-	-	(2.795)
Other fixed assets	(349)	(1.565)	1.526	347	-	(41)
Total accumulated depreciation	**(1.924)**	**(2.908)**	**1.649**	**347**	**-**	**(2.836)**
Total right-of-use	**8.989**	**637**	**-**	**(557)**	**19**	**9.088**

The Group leases different assets, including land, buildings and other fixed assets. The average lease period is not indicative, given that there is a large difference between the period considered for land and construction leases and the rest of the assets subject to lease. The non-cancellable minimum has been taken as the lease period, with the exception of those land and construction contracts in which, if there is an extension option, it has been considered as reasonably certain due to the volume of significant investments in investments and improvements thereof. In the rest of the assets (warehouses without related significant investments or strategic value, non-specialised machinery, vehicles, etc.), no more lease liability has been considered above the non-cancellable contractual minimum, since the exercise of extension options is not considered reasonably certain if there are any. Until the year 2018 inclusive, all leases subject to IFRS 16 belonged to Soltec Energías Renovables and investee companies. In accordance with this policy, the average lease period calculated in accordance with the provisions of IFRS 16 is around three years, except for certain warehouse contracts (which is ten years). This is in addition to three land and office contracts which stipulate a period of lease between 30 and 33 years, starting from the date of transition to IFRS 16, in order to align it with the remaining useful life of the investments related to these leased assets.

The main additions correspond to the rental of land and warehouses in line with the increased needs of the Group.

The disposals for the year correspond to contracts that have ended during 2019. Soltec Energias Renovables and subsidiaries subgroup adopted the IFRS-EU with transition date 1 January 2016, at which point it adopted the IFRS 16 in advance. Hence, there have been contracts subject to this regulation that have expired in the year 2019. On the contrary, Powertis, S.A. and its subsidiaries did not sign lease agreements until the 2019 financial year.

Reclassifications correspond to assets under a financial lease agreement that during the 2019 financial year have become the property of the Group (see note 6).

The undiscounted lease liability is detailed, by maturity, as follows:

	Thousands of euros					
	2020	2021	2022	2023	2024 and subsequent years	Total
Lease liability	1.401	1.251	1.040	945	7.895	12.532

The financial expense recorded by the contracts subject to IFRS 16 amounted to 447.000 euros in 2019.

Given the nature of the contracts, in the case of contracts with an extension option, as these contracts relate to land and buildings, a long-term lease period has been estimated (linked to the period of depreciation of the related asset investments) and as such it can be stated that there are no probable lease payments which have not been considered, in themselves, to be reasonably certain.

As described in note 2.6. e), the Group has accepted the exemptions of short-term contracts, with the expense being recognised in the consolidated income statement for short-term contracts of 5.012.000 euros in the 2019 financial year. There are no significant equity lease contracts.

There are no sublease operations to third parties outside the Group or sale & leaseback contracts.

The average applied discount rate was 3,5% for Spain, 9.1% in LATAM and 8,1% in the rest of the world. Said interest rate is calculated based on the risk-free rate in each country (in order to reflect the circumstances of each economy and the currency of the contract) adjusted by the risk differential applicable to the Group's companies.

The company Powertis, S.A. for its activity, in each of its projects, reaches agreements with the owners of the land in which it conducts investigations to ensure a future lease of up to 35 years where appropriate. These agreements have a duration between two and five years, and generally consist of a low down payment. In that space of time, the owner of the land is free to continue with their economic activity on the land. Likewise, during this period, Powertis is free to withdraw from the contract without penalty. Only if in that period Powertis finally decides to undertake the construction (depending on the result of the technical and economic feasibility studies) will the corresponding lease contract be established.

For the Brazilian SPVs acquired from a third party (see note 2.6.a), the sole director, in line with the criteria mentioned in the previous paragraph, has not considered the corresponding lease agreement. In this sense, based on the conclusions of an an independent expert on the process of allocating the overpayment paid, the recognition of said lease agreements would have led to an increase in the Group's assets and liabilities amounting to 18,317,000 euros.

The total amount of cash outflows for leases amounts to 9.186.000 euros in 2019.

8. Financial instruments

The following tables show information regarding:

- the different types of financial instruments registered by the Group based on their nature and characteristics;
- the carrying amount of said financial instruments; and
- their fair value (except for those financial instruments whose book value approximates their fair value).

	Thousands of euros			
	Amortised cost	Fair value through profit or loss in other comprehensive income	Fair value through profit or loss in the profit & loss account	Balance as of 31/12/2019
Non-current financial assets (Note 8.1.3):				
Equity instruments	-	84	-	84
Debt securities	2.305	-	-	2.305
Other financial assets	2.596	-	-	2.596
Total non-current financial assets	**4.901**	**84**	-	**4.985**
Current financial assets:				
Receivables from the sale of goods and services (note 8.1.1)	117.533	-	-	117.533
Loans to third parties (Note 8.1.2)	1.191	-	-	1.191
Taxes and bonds (Note 8.1.2)	1.808	-	192	2.000
Others (Note 8.1.1)	111	-	-	111
Total current financial assets	**120.643**	-	**192**	**120.835**
Total financial assets	**125.544**	**84**	**192**	**125.820**
Non-current financial liabilities (Note 8.2.3):				
Lease liabilities (Note 7)	8.239	-	-	8.239
Other financial liabilities	7.313	-	-	7.313
Non-current financial liabilities:	**15.552**	-	-	**15.552**
Current financial liabilities:				
Debts with credit institutions (Note 8.2.1)	82.320	-	-	82.320
Lease liabilities (Note 7)	1.401	-	-	1.401
Other financial liabilities (Note 8.2.4)	14.151	-	-	14.151
Trade debtors and other accounts payable (Note 8.2.2)	103.124	-	-	103.124
Derivatives (Note 8.3)	-	-	2.468	2.468
Total current financial liabilities	**200.996**	-	**2.468**	**203.464**
Total financial liabilities	**216.548**	-	**2.468**	**219.016**

8.1 Financial assets

8.1.1 Debtors and other current assets

The detail of “Debtors and other current assets” at the close of the 2019 financial year is as follows:

	Thousands of euros
Trade receivables for sales and services	117.533
Sundry debtors	2
Personnel	49
Shareholders (partners) for uncalled capital	60
	117.644

Of the amount recorded at the end of the 2019 financial year, 43,943,000 euros are still to be invoiced, pursuant to the contracts established with its customers (see note 14.a).

Changes in the provision for impairment losses of accounts receivable are presented below:

	Thousands of euros				
	Opening balance	Additions	Applications	Reversals	Final Balance
2019 financial year	199	2.420	(101)	-	2.518

To determine the expected credit loss on trade accounts receivable, the Group uses a provision matrix. The provision matrix is based on historical observed default rates throughout the expected life of trade accounts receivable and is adjusted for estimates referring to the future. On the date of presentation of these consolidated annual statements, these historically observed default rates have been updated and the changes in the estimates referring to the future have been analysed, which are based on an analysis of the current financial situation of the debtors, adjusted by factors that are specific to them, such as the general economic conditions of the industry in which the debtors operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group retires a trade receivable when there is information indicating that the debtor is in serious financial difficulties and there is no realistic prospect of recovery; for example, when the debtor has been liquidated or has entered into bankruptcy proceedings.

The risk profile of trade receivables based on the age of the balances is detailed in the following table:

	Thousands of euros			
	Customers not overdue	Customers overdue		
Term	-	0 to 90 days	90 to 180 days	Over 180 days
Balance as of 31/12/2019	69.611	32.476	12.458	2.988

The expected loss of the Group is insignificant, since it represents 2,14% of the amount of “Customers for sales and services rendered” as of 31 December 2019. Of the amount provisioned in the 2019 financial year, 1.873.000 euros of impairment correspond to the one-off operation of a project accepted in previous financial years. The approval of the customer and project to be supplied was given before the credit control measures operating at present had been established, so the sole director of the Group considers that it is not representative of its normal operations and, therefore, has excluded said impairment from the calculation for the determination of the expected loss. As of 31 December 2019, the Group had no other projects registered in which this circumstance is known.

8.1.2 Current financial assets

The changes during the 2019 financial year of the heading of current financial assets has been as follows:

	Thousands of euros				
	Initial balance	Additions	Disposals	Impairment	Final balance
Loans to third parties	2.451	-	(873)	(387)	1.191
Derivatives	1.518	-	(1.518)	-	-
Other financial assets-					
Short-term deposits	1.250	1.808	(1.250)	-	1.808
Short-term bonds	30	192	(30)	-	192
	5.249	**2.000**	**(3.671)**	**(387)**	**3.191**

Loans to third parties

As a result of the sale operation in 2017 of a subsidiary company of Soltec Energías Renovables, S.L. group and subsidiaries, the Group maintains loans with third parties pending payment at the end of the 2019 financial year totalling 1.191.000 euros. At the time of the transfer of control, the Group assessed the existing obligations to date and determined that it had fulfilled them in full, which is why it recorded the loss of control and the best estimate regarding the consideration received. The payment of the agreed amounts was subject to compliance with various milestones, which the Group had no obligation or influence on, and which determined the amount to be ultimately received by the Group.

At the end of the 2019 financial year, the last of the outstanding milestones has been met, which is why the sole director of the Parent Company has re-estimated the amount to be paid as it has not reached one of the total bonuses agreed in the contract, which is why it has registered the associated impairment amounting to 387.000 euros under the heading “Other expenses/net financial income”.

Short-term deposits

At the end of the 2019 financial year, the Group has two fixed term impositions for a total amount of 1.808.000 euros under the heading "Current financial assets" of the consolidated statement of financial position as of 31 December 2019.

Cash and cash equivalents

As of 31 December 2019, the balance under “Cash and other equivalent liquid assets” of the accompanying consolidated statement of financial position corresponds, in its entirety, to the available liquid balances of the current accounts held by the Group in prestigious financial institutions.

8.1.3 Non-current financial assets

The changes during the 2019 financial year of the heading of current financial assets has been as follows:

	Thousands of euros				
	Initial balance	Additions	Disposals	Transfers	Final Balance
Equity instruments	84	-	-	-	84
Debt securities	-	2.305	-	-	2.305
Other financial assets-					
Investment funds and long-term taxation	10	-	-	-	10
Long-term recoverable tax balances	-	970	-	-	970
Advance payments for equity instruments	3.811	1.475	-	(3.811)	1.475
Long-term bonds	473	8	(340)	-	141
	4.378	**4.758**	**(340)**	**(3.811)**	**4.985**

Debt securities

The Group has registered, through its subsidiary Soltec Brasil Industria, Comercio e Servicios de Energías Renovaveis LTDA, an investment into debt securities of Banco Bradesco, S.A. for a total nominal amount of 2.217.000 euros, for the which it receives charges of an determinable amount and for which the Group has expressed its intention and the capacity to keep them in its possession until their maturity date.

Below is a breakdown of the principal amount of this debt in thousands of euros:

Nominal amount	Maturity date
1.633	03/12/2021
584	25/03/2022

Throughout 2019, these bonds have earned an average interest rate of 4%, so at the end of the year the financial income obtained through this investment amounts to 88.000 euros.

Long-term recoverable tax balances

The Group considers the balances it holds against the Brazilian Public Treasury to be recoverable fiscal balances in relation to the IPI and PIS/COFINS taxes through its subsidiary Soltec Brasil Industria, Comercio e Servicios de Energías Renovaveis LTDA. Based on the estimates of the sole director of the Parent Company, it has been considered that such assets will be recoverable in the long-term to the extent that they can be recovered within five years from the compensation of future tax balances payable, as well as for their return by the Brazilian tax authority. In the assessment of its recoverability, the Group has taken into account the amounts which may be offset in future, as a consequence of its business, as well as the amounts that are expected to be paid by the Brazilian Public Treasury, concluding that there are no indications of impairment and that said debit balances are fully recoverable.

Advance payments for equity instruments

The Group records as other financial assets with long-term third parties those amounts paid as part of the purchase process of certain Brazilian SPVs for which the transfer of control had not yet occurred as of 31 December 2019. According to the payment schedule for its various projects, the Group has made a series of disbursements as a preliminary step to the acquisition of the PVV Usina de Energia Photovoltaica Solatio Varzea Ltda and Usina de Energia Photovoltaica de Pedranópolis Ltda. Although these are future SPVs that the Group will control, at the end of the year they constitute payments made to a third party that will be considered as part of the cost of the participation when they have been officially transmitted.

The transfers for the year correspond to the application of advances made in 2018 for the takeover of SPVs carried out in 2019, as described in note 2.6.iv. The sole director of the Parent Company considered these advances in the non-current assets of Powertis, S.A. as they are advances made for the acquisition of intangible assets (PLCs) which have been subsequently classified in the long term.

8.2 Financial liabilities other than derivatives

8.2.1 Current financial liabilities: Debts with current credit institutions

At the end of the 2019 financial year, the balance of the heading “Debts with current credit institutions” presented the following breakdown:

	Thousands of euros	
	Limit	Short term
Loans	-	2
Syndicated loan policies	80.000	78.559
Other loan policies	4.000	3.759
	84.000	**82.320**

At the beginning of the year, the balances of these items amounted to 69.051.000 euros for the syndicated credit policy and 9.000 euros for the loan item.

On 28 September 2018, Soltec Energías Renovables, S.L. and subsidiaries formalised a syndicated credit policy and a guarantee line for a total amount of 100 million euros, with the aim of financing its specific supply and installation projects, as well as adapting the conditions of its debt to the market conditions in which it operates.

The credit policy mentioned above, and formalised with a syndicate of financial institutions, is structured in three parts:

- A freely available portion amounting to a maximum of 10 million euros to be used to finance Soltec Energías Renovables' working capital needs, including the cancellation of all existing short-term debt, as well as to reimburse any amount derived from the execution of the contracted guarantee line.

- A conditionally available portion amounting to 70 million euros. The provision of this portion is carried out based on the approval of the syndicate of financial institutions for the supply and installation contracts formalised by the Group (hereinafter, the bankable contracts), and their amortisation is conditional on the charges received as a result of these, with the maximum date being the maturity date of the syndicated credit policy. In order to be considered a bankable contract, the Group's customer must have a rating higher than BBB, or present a bank guarantee of first request from a banking institution of recognised prestige.

- A portion of the guarantee line for a maximum amount of 20 million euros to be used as guarantees of supply, installation, faithful compliance or guarantee of the contracts financed in the previous portion.

The maturity date of said credit policy is established as 28 September 2021, extendable annually by the parties' agreement on two occasions. However, the best estimate of the sole director is for the provisions made to be amortised in less than twelve months. That is why the presentation of debts with credit institutions is registered under the heading "Debts with current credit institutions." Likewise, this is guaranteed by Group subsidiaries which meet a series of requirements established by contract, their current accounts and future credit rights which are pledged in order to repay the provided portions.

The annual interest rate of the credit policy is calculated on the basis of the Euribor, plus a differential of 250 basis points for the provided portions, a commission of 0,75% on the available and undrawn portion, and a commission for the provision of the guarantee line of 0,2%. The syndicated credit policy has earned an average interest rate of 2,46% in fiscal year 2019 and has incurred a financial expense in the year of 1.958.000 euros, recorded under the heading “Financial expenses” of the consolidated profit & loss account of the attached fiscal year (see note 14. f)). In accordance with the conditions of the syndicated credit policy, the arranged credit portions will be due in advance and immediately enforceable in the event that certain circumstances coincide, including the failure to meet a financial ratio, calculated as the ratio between financial expenses and earnings before interest, taxes, depreciation and amortisation (EBITDA) for the group formed by Soltec Energías Renovables, S.L. and subsidiaries. This ratio, set at 2.5 for the 2019 fiscal year, has been mandatory since 2018. In addition, the syndicated credit policy contract contains a number of positive and negative obligations.

The average interest rate earned on the Group's financial debt in 2019 was approximately 3,4%.

This financial debt includes the costs incurred in the arrangement of the debt amounting to 947.000 euros. These costs are recognised as a reduction in the value of the debt and are allocated to the consolidated profit & loss account on the basis of the expected drawdown of the debt.

8.2.2 Current financial liabilities: Trade creditors and other accounts payable

Creditors in payment management (reverse factoring)

At the end of fiscal year 2019, the detail of the amounts sent to financial institutions for its management was as follows:

Thousands of euros			
Limit	Amount under payment management	Amount drawn	Available balance
4.000	-	1.100	2.900

This amount is registered under the heading "Trade creditors and other accounts payable." There is no opening balance because the previous confirmation lines were cancelled.

As of 31 December 2019, the only reverse factoring line contracted by the Group had an indefinite maturity date.

8.2.3 Non-current financial liabilities

As of December 31, 2019, the balance recorded under "Non-current financial liabilities" of the accompanying consolidated statement of financial position, presents the following:

	Thousands of euros	
	01/01/19	31/12/19
Discounted lease liabilities	7.487	8.239
Other financial liabilities-		
CDTI loans	148	388
Deferred payments purchase PV solar plants	-	2.634
Participatory loans (note 13.b)	2.000	4.291
	9.635	**15.552**

CDTI loans and deferred payments for the purchase of SPVs expire in 2021.

On the other hand, the participative loans that Powertis, S.A. maintains with the Group's shareholders are classified in the long term, as long as they do not have a pre-established repayment term and are amortised, after the collection of the sale of the projects.

The maturities of the undiscounted lease liabilities are detailed in note 7.

8.2.4 Other financial liabilities

The amount recorded mainly corresponds to deferred payments for purchases of SPVs in Brazil (note 2.6.a.iv), for the corresponding part in the short term.

8.3 Derivative financial instruments

	Thousands of euros
	31/12/2019
Derivative financial liabilities:	
Derivatives classified as hedging instruments accounted for at fair value-	
Forward contracts in foreign currency	2.468
	2.468

As of 31 December 2019, the Group maintains various exchange rate insurance policies for a nominal amount of 45.968.000 dollars and 77.770.000 reais (58.141.000 euros at the exchange rate of 31 December 2019). The fair value of them in fiscal year 2019 amounts to 2.468.000 euros, which is broken down into the “Derivatives” item in the “Current financial liabilities” line.

The fair value analysis has been performed according to the degree to which the fair value is observable, based on level 2 (fair value benchmarked to other inputs (other than quoted prices) observable for the asset or liability, whether directly (i.e. prices) or indirectly (i.e. derived from prices)).

The maturity of these financial instruments will occur during the 2020 financial year.

In this sense, the Group has recorded a loss as a result of the change in the fair value for the year-end amounting to 3.577.000 euros, as well as losses of the derivatives settled during the year, amounting to 1.817.000 euros in the heading "Variation in fair value of financial instruments" in the accompanying consolidated profit & loss account for the 2019 financial year. The breakdown of the loss recorded during the year according to the benchmarked currency of the derivative financial instrument is as follows:

Sale Currency	Purchase Currency	Impact
EUR	AUD	(43)
BRL	EUR	(593)
USD	EUR	(4.018)
BRL	USD	(740)

9. Inventories

The composition of the heading “Inventories” as of December 31, 2019 is shown below:

	Thousands of euros
Goods	19.947
Other supplies	91
Workshop services in progress	2.599
Advances to suppliers	2.824
	25.461

At the end of the 2019 financial year, the Group, on the basis of firm sales agreements with customers, held stock in the process of being delivered, which have been received by the corresponding clients on the date of preparation of these consolidated annual accounts, according to the following breakdown:

Country of customer	Thousands of euros
Spain	2.156
Brazil	500
Argentinian	883
	3.539

As of December 31, 2019, the Group had not acquired significant commitments for the purchase of inventories, other than those detailed under "Advances to Suppliers" included under "Inventories" in the consolidated statement of financial position, corresponding to the deliveries on account made to certain suppliers of raw materials used for the manufacture and sale of the Group's final product.

At the date of preparation of these consolidated annual accounts, the Group does not have pledged stock as collateral for contracts.

It is a Group policy to formalise insurance policies in order to cover any potential risks. At the close of fiscal year 2019, in the opinion of the sole director, there is no coverage deficit related to these risks.

10. Net equity

10.1 Share capital

Soltec Power Holdings, S.A. was incorporated on 2 December 2019 with a share capital represented by 60.000 shares of 1 euro of par value each, fully subscribed, with the shareholders being Sefran and Valueteam. This sum had been paid up by the shareholders as of 31 December 2019, although it had not yet been received by the Parent Company. As of the date of preparation of these annual accounts, the full availability of said sum had already been received.

On 23 December 2019 the general shareholders' meeting of Soltec Power Holdings, S.A. was held, after which the execution of an increase in the share capital of the Parent company by means of non-monetary contributions amounting to 15.000.000 euros was made public, through the issue of 15.000.000 new shares with a par value of 1 euro each, which were issued with an issue premium of 18,75 euros per issued share, i.e. a total issue premium for the whole of the increase of 281.250.000 euros. Consequently, the total sum contributed by way of nominal value plus issue premium amounts to 296.250.000 euros (see note 2.1).

The proposed capital increase was exclusively addressed to the shareholders of Powertis, S.A., i.e. Valueteam, Sefran and a natural person, as well as the partners of Soltec Energías Renovables, S.L., i.e. Valueteam and Sefran.

The amount corresponding to this capital increase was fully disbursed by the contributors through the contribution of 100% of the share capital of Powertis, S.A. and the contribution of 100% of the share capital of Soltec Energías Renovables, S.L., the distribution of said contributions being the following:

- The contribution made by the partners of Soltec Energías Renovables, S.L. in consideration for the subscription of 12.000.000 new shares of the Parent Company, consists of the totality of 823.490 shareholdings, of 1 euro of par value each, which make up the entire capital of Soltec Energías Renovables, S.L.

- The contribution made by the partners of Powertis S.A. in consideration for the subscription of 3.000.000 new shares of the Parent Company, consists of all 20.000 shares, of 100 euros of par value each, which make up the entire capital social de Powertis, S.A.

The following table shows the identification of the partners of Soltec Energías Renovables, S.L. and shareholders of Powertis, S.A. who make the non-monetary contributions in consideration of the new shares of the Parent Company issued in the framework of the capital increase:

Soltec Energías Renovables, S.L.

Contributor name	Shareholding it contributes	Number of Parent Company shares that it subscribes
Sefran	576.443	8.400.000
Valueteam	247.047	3.600.000

Powertis, S.A.

Contributor name	Shares it contributes	Number of Parent company shares that it subscribes
Sefran	13.300	1.995.000
Valueteam	5.700	855.000
Natural person	1.000	150.000

- Valueteam subscribes and pays 4,455.000 new shares of the Parent Company through the non-monetary contribution of 5.700 shares of Powertis, S.A., for a total value of 16.886.000 euros; and the non-monetary contribution of 247.047 shares of Soltec Energías Renovables, S.L., for a total value of 71.100.000 euros.

- Sefran, subscribes and pays 10.395.000 new shares of the Parent Company through the non-monetary contribution of 13.300 shares of Powertis, S.A., for a total value of 39.401.000 euros; and the non-monetary contribution of 576.443 shares of Soltec Energías Renovables S.L., for a total value of 165,900,000 euros.

- An natural person subscribes and pays 150.000 new shares of the Parent Company through the non-monetary contribution of 1,000 shares of Powertis, S.A., for a total value of 2.963.000 euros.

Following this operation, the capital stock of the Parent Company as of 31 December 2019 amounts to 15.060.000 euros, represented by 15.060.000 shares of 1 euro of par value each, fully subscribed and paid up.

At the close of fiscal year 2019, the legal entities that have a participation equal to or greater than 10

of the capital stock of the Parent Company are the following:

	Holding (%)
Sefran	69,30
Valueteam	29,70

At the close of fiscal year 2019 there are no parasocial agreements between the partners of the Parent Company, with the exception of the shareholders agreement signed between the majority partners and a natural person detailed in note 2.5.

10.2 Reserves

As of 31 December 2019, the heading of “Reserves” is mainly composed of the share issue premium of 1.185.000 euros.

Share premium

The sole director of the Parent Company has considered using the so-called "pooling of interest" method whereby the values at which the net assets contributed by both sub-consolidated companies (Soltec Group and Powertis Group) will be recorded will be the values of the subsidiaries.

The difference between the transaction price of 296.250.000 euros and the amount at which the net assets are recorded does not generate any goodwill, but rather this difference is recorded as a reserve item, in this case, as a reduction to the share premium.

Also, the expenses associated with the capital increases, which amounted to 94.000 euros, were considered to be a reduction in the share premium.

Legal reserve

In accordance with the Capital Companies Act, limited liability companies should allocate an amount equal to 10% of the financial year's profit to the legal reserve until it reaches at least 20% of the share capital. The legal reserve may be used only to increase share capital. Except for the aforementioned purpose, and as long as it does not exceed 20% of the share capital, this reserve may only be used to offset losses and only provided that there are no other sufficient reserves available for this purpose.

On December 31, 2019 the legal reserve was not fully constituted.

Other Parent Company reserves - Unavailable reserves

In accordance with the applicable regulations, until the research and development expenses item has been fully amortised, the distribution of dividends is prohibited, unless if the amount of available reserves is, at least, equal to the amount of unamortised balances. Consequently, at the end of the 2019 fiscal year, the balance of the “Reserves” heading was unavailable for an amount of 1.138.000 euros.

During 2019 and previous financial years, the Parent Company has made use of the possibility included in Law 27/2014 of 27 November, regarding corporate tax, to reduce its tax base by an amount of 10% of the increase in its own funds.

Due to the application of this measure, Soltec Energías Renovables, S.L. reduced its taxable base for the years 2018, 2017 and 2016 by 660.000 euros, 326.000 euros and 193.000 euros, respectively. According to the aforementioned regulations, said subsidiary company provides a capitalisation reserve for the amount of the reduction of the tax base of said financial year, which must remain unavailable for a period of 5 years from the time of its provision.

On the occasion of the increase in own funds for the 2019 financial year, as well as the increase in own funds of previous years not applied to capitalisation reserves, the sole director of Soltec Energías Renovables, S.L. has provided a capitalisation reserve amounting to 350.000 euros that has not been applied to corporate income tax for the year and which may reduce the taxable amount in the next two years (see note 12).

Similarly, the subsidiary Soltec Brasil Industria, Comercio e Serviços de Energías Renovaveis, LTDA. is considered a high-tech company and is therefore exempt from value added tax (ICMS). This exemption, according to the Brazilian local regulations, is considered unavailable reserve for the amount of 2.808.000 euros in 2019 for a period of 10 years.

In short, the subsidiaries maintain unavailable reserves, considering among others the legal reserve and others not mentioned above, for an amount of 5.125.000 euros.

10.3 Income attributed to the Parent Company

Contribution of Group companies to the income attributed to the Parent Company

The contribution of each company belonging to the consolidation perimeter to the consolidated results for the year 2019, attributable to the Parent Company is as follows:

Company	Thousands of euros
Soltec Power Holdings, S.A.	(25)
Soltec Energía Renovables, S.L.	2.556
Powertis, S.A.	823
Soltec Energie Rinnovabili S.r.L.	(3)
Soltec America L.L.C.	(554)
Soltec Chile S.p.A.	368
Soltec Brasil Industria, Comercio e Servicos de Energías Renovaveis LTDA	(925)
Soltec Energías Renovables S.A.C.	(92)
Seguidores Solares Soltec S.A. de CV	(1.671)
Soltec Australia, PTY LTD.	(64)
Soltec Argentina, S.R.L.	13
Soltec Innovations, S.L.	(27)
Soltec Trackers PVT LTD.	13
Soltec France, S.L.	2.172
Soltec Trackers Colombia SAS	16
Amber Solar Power 0-30	(332)
Luminora Solar 0-10	(665)
Photovoltaic Power Plant of Araxa LTDA	(55)
Powertis Brasil Desenvolvimento de Projetos de Energia e Participaçoes Ltda	(2)
Powertis, S.R.L.	(32)
Powertis Leo Silveira 1, Ltda	(40)
Powertis Leo Silveira 2, Ltda	(25)
Powertis Leo Silveira 3, Ltda	(23)
Powertis Leo Silveira 4, Ltda	(30)
Powertis Leo Silveira 5, Ltda	(29)
Powertis Leo Silveira 6, Ltda	(29)
	1.338

11. Guarantees and contingencies

a) Guarantees and commitment with third parties

Below is a breakdown of the Group's guarantees committed as of December 31, 2019:

Guarantees and commintments with third parties	Thousands of euros
Bank	30.205
Deposit	56.665
Group Companies	5.533
	92.403

The Group has a series of guarantees, through Soltec Energía Renovables, S.L. and subsidiaries, valued at an amount of 48.506.000 euros at the end of the 2019 fiscal year. These sureties are contracted with banks and insurance companies in order to ensure compliance with the obligations to customers during the installation, marketing and warranty of solar trackers.

On the other hand, Powertis, SA and subsidiaries have established certain guarantees in which the majority shareholders of the Group, Valueteam and Sefran, act as guarantors against their creditors. These guarantees are demanded by the different local authorities in the bidding process of the connection charges. The nominal amount of the lines of guarantees and loans with counter-guarantee amounts to 63.600.000 euros during the year 2019, of which 43.897.000 euros are drawn down in the form of guarantees. The interest rate paid during the year was 1,06% for the guarantee lines and 1,45% for the credit lines, which meant that the Group recorded financial expenses for this item in the 2019 financial year amounting to 296.000 euros (see note 14. f)).

In relation to the aforementioned guarantees, the sole director of the Parent Company does not expect them to accrue additional liabilities which could significantly affect these consolidated annual accounts.

b) Guarantees and other provisions

In fiscal year 2019, the Group presented a series of guarantees for the obligations contracted in its commercial operations of supply and installation of solar trackers. The maturity of these guarantees may vary depending on the characteristics of the solar tracker components. Thus, for the electrical components there is a five-year guarantee, while the structural components present ten-year guarantees. For the estimation of the provision of guarantees, the Group only considers the guarantee of electrical components to the extent that the possible structural damages arising from the rest of the materials are covered by insurance contracted with third parties, as well as by the counter-guarantee itself, from the supplier which supplies these materials.

At the close of the 2019 financial year, the Group records under the heading “Non-current provisions” and “Current provisions” of the consolidated statement of financial position attached the estimated amounts of 181.000 euros and 362.000 euros, respectively corresponding to the guarantee commitments which it expects to meet as a consequence of contracts for the supply and installation of solar trackers (the Group had 44.000 euros registered as of 1 January 2019). The sole director of the Parent Company estimates that, based on historical information, this liability reasonably includes the expenses to be incurred due to the guarantees granted to its customers.

In addition, the Group has 232.000 euros recorded in short-term provisions associated with the estimate made for repairs agreed with a customer at an installation that is in progress at the close of the financial year.

c) Pledged assets

In relation to the carrying amount of the pledged assets as of December 31, 2019, a detailed table is shown below:

Pledged assets	Thousands of euros
Debtors and other current assets	
Trade receivables	43.819
Non-current financial assets	2.305
Current financial assets	
Other current financial assets	1.808
Cash and cash equivalents	25.721
	73.653

The financial institutions that are part of the syndicated policy described in note 8, are entitled to future flows of the projects, so taking into account the income recorded pending invoicing at the close of the fiscal year, amounts have been accrued, which amount to 43.943.000 euros, which will be pledged at the time of invoicing (see note 14.a).

12. Tax situation

a) Current balances with public administrations

The composition of current balances with Public Administrations as of December 31, 2019 is as follows:

	Thousands of euros	
	Debit balance	Credit balance
Public Finance-		
Debit due to VAT	7.121	-
Credit due to withholdings	-	1.089
Debit due to foreign VAT	10.024	-
Credit due to foreign VAT	-	1.727
Social Security Bodies	-	1.383
	17.145	**4.199**

The sole director of the Parent Company has assessed at the end of the 2019 fiscal year the recoverability of said debit balances with its tax advisors and has concluded that all of its tax settlements have been adequately practiced based on the applicable legislation where the Group operates and, therefore, it is fully entitled to a refund of these amounts.

As of December 31, 2019, the amount of current tax assets and liabilities presents the following breakdown:

	Thousands of euros	
	Debit balance	Credit balance
Current tax assets	1.241	-
Current tax liabilities	-	1.084
	1.241	**1.084**

b) Reconciliation of consolidated accounting result before taxes and corporate tax expense

The reconciliation between the consolidated accounting result before taxes for fiscal year 2019, the tax base and the corporate tax expense, is as follows:

	Thousands of euros
Pre-tax consolidated accounting income	**360**
Permanent differences:	
Permanent differences Grupo Soltec	909
Permanent differences Grupo Powertis - Negative Difference of Consolidation	(2.608)
Other consolidation and conversion adjustments to IFRS	(320)
Temporary differences:	
Temporary differences Grupo Soltec	(35)
Temporary differences Grupo Powertis	129
Negative tax bases	8.396
Capitalisation reserve applied	(267)
Tax base	**6.564**
Tax rate	**[21%-30%]**
Tax charge	**1.848**
Deductions	(149)
Previous fiscal year tax adjustments	34
Total expense (income) for current tax	**1.733**

Capitalisation reserve not applied	427
Impairment of commercial loans and allocation of provisions	610
Activation of negative tax bases	7.403
Other temporary differences	396
Tax rate	**[21%-30%]**
Total expenses (income) for deferred tax	**(2.556)**
Non-applied R&D deductions	**(48)**
Other adjustments to deferred tax	**(109)**

Total expense / (income) for tax recognised in the consolidated profit & loss account	**(980)**

The tax rate used in the above reconciliation is the effective rate of the Group in each fiscal year, being 28% for 2019.

In the current year, the group has generated negative tax bases amounting to 8.396.000 euros, which correspond to losses generated by certain subsidiaries.

During fiscal year 2019, the sole director reviewed his estimate of the corporate tax of the previous fiscal year and has proceeded to adjust various permanent differences in the final declarations submitted to the public treasury, for which he has recorded an expense totalling 34.000 euros.

c) Recorded deferred tax assets

The movement during fiscal year 2019 is as follows:

	Thousands of euros			
	01/01/2019	Additions	Reversal	31/12/2019
Deferred tax assets of the Parent Company:				
Credit impairment with Group companies	337	14	(33)	318
Provision for guarantees	11	183	(11)	183
Other deferred tax assets	76	166	(76)	166
Other deferred tax assets	**33**	**390**	**-**	**423**
Deferred tax assets of the subsidiaries:				
Credits for losses to be offset	1.063	2.186	-	3.249
	1.520	**2.939**	**(120)**	**4.339**

In the 2019 financial year, the Group has activated the negative tax bases generated during the year. Similarly, it has proceeded to activate the negative tax bases of Soltec Chile registered in previous years amounting to 452.000 euros. The breakdown of the negative tax bases activated by subsidiary is as follows:

	Thousands of euros	
	01/01/2019	31/12/2019
Soltec Innovation	-	54
Soltec Chile	138	611
Soltec Brazil	650	1.476
Soltec America	219	237
Powertis, S.A.	45	493
Spanish SPVs	-	80
Brazilian SPVs	-	287
Others	11	11
	1.063	**3.249**

In evaluating the recoverability of activated negative tax bases, the Group has evaluated the business forecasts of each of the subsidiaries for the medium term, mainly based on backlogs (contracts already signed) and pipeline contracts with very high probability of being signed, which will generate enough future profits to offset the negative tax bases activated by subsidiaries in a period of between 3 and 7 years.

The compensation of the previous tax losses depends on the particular conditions stipulated in the local legislation of the country where they originate, having no time limit for their compensation.

The deferred tax assets indicated above have been recorded in the consolidated statement of financial position as the Group considers that, in accordance with the best estimate of its future results, including certain fiscal planning actions, it is probable that such assets will be recovered.

d) Deferred tax liabilities

The movement during fiscal year 2019 is as follows:

	Thousands of euros			
	01-01-2019	Additions	Reversal	31/12/2019
Lease liability	17	8	-	25
Unrestricted amortisation	27	-	(22)	5
Intangible assets identified	-	8.043	-	8.043
	44	**8.051**	**(22)**	**8.073**

As detailed in notes 2.6. a) and 5, during the fiscal year 2019 a deferred tax liability was generated derived from the purchase operation of the Brazilian SPVs for an amount of 8.043.000 euros.

e) Financial years pending verification and inspections

According to current legislation, taxes cannot be considered definitively settled until the declarations submitted have been inspected by the tax authorities or the statute of limitations of four years has elapsed, except for corporate tax.

At the end of the 2019 financial year, the Group has open for review the last four financial years for corporate tax in Brazil and Mexico and the last five financial years for the rest of the Group, as well as the last four financial years for all other applicable taxes. At the date of preparation, the dependent company Soltec Energías Renovables, S.L.U. has received the notification of an income tax and VAT inspection for the years 2017 and 2018. At the date of preparation of these consolidated annual accounts and according to the evaluation made by the sole director of the Group, the conclusion of said inspection report is not expected to have a significant impact on the Group.

The Group presents non-activated negative tax bases associated with the negative results accumulated in recent years in subsidiaries located in the United States, Peru, Mexico, Italy and Australia and SPVs based in Spain, whose amount, valued at the closing exchange rate, would have meant a deferred tax asset worth 1.240.000 euros for the 2019 financial year. Offsetting the above tax losses depends on the particular conditions stipulated in the local legislation of the country where they originate.

Likewise, according to Brazilian tax regulations concerning Legal Persons Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL), the possibility of the compensation of negative tax bases in the following years is established with an annual limit of 30% of the IRPJ and of the CSLL due each year, with no maximum deadlines for the compensation of said negative tax bases. Such taxes cannot be considered definitively settled until the returns provided have been inspected by the Brazilian tax authorities or the five-year statute of limitations has elapsed after closure. Similarly, in 2020 the Group collected 1.966.000 euros (at the year-end exchange rate) from the Brazilian tax authorities for this item.

The sole director of the Parent Company considers that the Group has adequately settled the aforementioned taxes, so, even if there are discrepancies in the current legal interpretation for the tax treatment granted to the operations, any resulting liabilities, if materialised, would not significantly affect these consolidated annual accounts.

13. Related parties

a) Operations with related parties

The breakdown of transactions made with related parties during the fiscal year 2019 is the following:

	Thousands of euros	
	Majority shareholder	Other related parties
Net turnover	-	288
Services provided	-	80
Services received	(10)	(1.768)
Personnel expenses	-	(105)
Financial expenses	(534)	(361)
Financing received during the financial year	2.019	438
Financing received and returned during the financial year	(20)	(553)

The balance of the "Services received" account includes, among others, the expense recorded as a consequence of the logistics and sales transport services carried out by Grupo Morarte Logistics, related to the majority shareholder of the Parent Company.

b) Balances with related parties

The breakdown of the balance as of 31 December 2019 with related parties is as follows:

1 January 2019

	Thousands of euros	
	Majority shareholder	Other related parties
Non-current assets	-	2
Debtors and other current assets	-	129
Current financial assets	-	25
Long-term participatory loan (note 8.2.3)	(1.400)	(600)
Other non-current financial liabilities	-	(4.115)
Other current financial liabilities	-	(1)
Trade and other payables	-	(28)

31 December 2019

	Thousands of euros	
	Partner. partner	Other related parties
Non-current assets	-	118
Debtors and other current assets	-	172
Current financial assets	-	25
Long-term participatory loan (note 8.2.3)	(3.439)	(852)
Other non-current financial liabilities	-	(4.228)
Other current financial liabilities	-	(584)
Trade and other payables	(220)	(262)

Fundamentally, the group records under the heading "Other non-current financial liabilities" and "Other current financial liabilities," the amounts corresponding to the account payable as a result of the lease agreement with the related company Sefran Blends, S.L. and Zukan, S.L., corresponding to the lease of certain warehouses located in Spain where the Parent Company carries out part of its activities.

The amounts corresponding to the participatory loan refer to contributions from Sefran and Valueteam for the Group's project development segment. These participatory loans accrue a 10% interest rate agreed between Powertis, S.A. and the majority shareholders, which is a market interest rate. As indicated in note 8.2.3, this participatory debt does not have a pre-established maturity term, but its return will be linked to the sale of projects in this business segment.

Likewise, Sefrán and Valueteam have granted counter-guarantees for credit policies and guarantees to Powertis, S.A. for 63.600.000 euros. These counter-guarantees have accrued interest between 1,06% and 1,45%.

At the end of the 2019 financial year, the CEO of Powertis, S.A. has a debt for a nominal sum of 100.000 euros with the shareholders Sefran and Valueteam. This sum was used for the initial subscription of the capital stock of Powertis, S.A. at the time of its incorporation. Said loan accrues a market interest rate.

c) Remuneration and other benefits to the sole director of the Parent Company the Group's senior management

During fiscal year 2019, the sole director of the Parent Company (a man), who has also exercised the duties of senior manager, has earned 180.000 euros in monetary income. In addition, he has not earned amounts classified as income in kind for his work as senior manager in any of the periods.

There has been no compensation for terminations or dismissals of senior managers during fiscal year 2019. No advances or loans have been granted to the sole director of the Parent Company.

The Group has not assumed any obligation on behalf of the sole director of the Parent Company. Likewise, at the close of the 2019 fiscal year, no obligation has been incurred by the Group with regard to pensions or the payment of life insurance premiums for the sole director of the Parent Company.

The premium of the civil liability insurance of the sole director of the Parent Company for damages caused by its acts or omissions amounts in fiscal year 2019 to 10.000 euros.

14. Revenue and expenses

a) Revenue from ordinary activities from contracts with customers

The Group mainly obtains its revenue from contracts with customers over time through the following activities of selling products and providing services. This is consistent with the revenue information that is broken down in note 4.

	Thousands of euros
	2019
Supply of trackers	318.719
Installation services	34.326
Operation and maintenance services	2.851
Others	916
	356.812

The transaction price allocated to (partially) unsatisfied performance obligations (contracts in progress and, therefore, recognised as income during the 2020 financial year) is detailed below.

	Thousands of euros
	2019
Supply of trackers	41.573
Installation services	15.022
	56.595

Contractual asset

If the production amount at the beginning of each of the installation services provided is higher than the amount invoiced, the difference between these is recorded as a contractual asset.

At the end of the 2019 financial year, the Group maintains balances as a contractual asset (income pending invoicing) for 43.943.000 euros. At the date of preparation of these consolidated annual accounts, said amount is fully invoiced.

b) Supplies

The balance of the “Supplies” heading of the 2019 fiscal year presents the following composition:

	Thousands of euros
Purchase of goods	254.838
Changes in inventories	(9.820)
Works carried out by other companies	15.661
	260.679

The distribution of good purchases in fiscal year 2019 distributed by geographic areas is as follows:

	Thousands of euros
Spain and Portugal	99.370
China	77.133
South Korea	29.957
Brazil	23.039
Other EU	20.153
Australia	4.009
Others (*)	1.177
	254.838

(*) Others: Germany, Taiwan, France, Hong Kong, Mexico, Austria, Israel, the United States, Finland, Italy, the Czech Republic and Tunisia.

c) Other operating revenue

The balance of the heading corresponding to "Other operating income" for the year 2019, presents the following composition:

	Thousands of euros
Commissions	17
Miscellaneous services	1.745
	1.762

The balance of the "Miscellaneous services" account principally includes the amount invoiced to third parties for services related to the repairs and maintenance of solar farms owned by third parties. This item also includes services invoiced to related parties for advisory services (see note 13).

d) Social contributions

The heading "Personnel expenses" of the consolidated profit & loss account corresponding to the attached fiscal year 2019, includes expenses for wages and salaries and social contributions. The latter correspond to social security expenses payable by the company, such as shown below:

	Thousands of euros
Wages and salaries	24.151
Social contributions:	
Social security contributions payable by the company	7.809
Other social contributions	349
	32.309

The amount accrued from personnel expenses resulting from payments based on shares to employees during the fiscal year 2019 amounts to 55.000 euros, with no additional amount accrued for payments based on shares.

e) Other operating expenses

The composition of the heading "Other operating expenses" of the consolidated profit & loss account for the attached fiscal year 2019 is as follows:

	Thousands of euros
Outsourced services	
Leases and fees	5.012
Repairs and maintenance	1.314
Independent professional services	8.186
Transport	21.357
Insurance premiums	1.585
Bank services and similar items	843
Advertising and publicity	1.588
Supplies	1.055
Other services	4.271
Taxes	*1.388*
Losses, impairment and changes in provisions for commercial operations	*3.151*
	49.750

The amount included in the item "Leases and fees" corresponds essentially to the lease expense recorded as a consequence of the lease agreements that are excluded from the accounting for the lessee established in IFRS 16 due to its short duration (term less than 12 months) or because the underlying asset is of low value; these are mainly short-term leases of the machinery necessary for the provision of installation and vehicle services. Similarly, variable income payments are included in this account that do not depend on an index or rate and are not included in the measurement of the lease liability and the right to use asset (see note 2.6. e)).

The amount included in the item "Independent professional services" corresponds, principally, to the expenses incurred for technical assistance in the projects carried out. Likewise, the amount included in the item "Transport" corresponds, principally, to the expenses incurred in transporting the inventories to its destination.

The amount included in the item "Other services" corresponds, principally, to the travel and living expenses incurred by Group personnel in the execution of different international projects carried out by the Group.

The breakdown of the item "Losses, impairment and variation of provisions for commercial operations" corresponds to the provision for impairment losses of accounts receivable totalling 2.420.000 euros (see note 8.1.1) and additionally, to the provision of the provision for guarantees and repair amounting to 731.000 euros (see note 11).

f) Financial expenses

The composition of the heading “Other operating expenses” of the consolidated profit & loss account for the attached fiscal year 2019 is as follows:

	Thousands of euros
Interest on syndicated credit policy	3.044
Interest on guarantees	296
Other financial expenses	1.881
Total financial expenses	**5.221**

The item of “Other financial expenses” includes interest corresponding to lease liabilities, totalling 447.000 euros (see note 7). Additionally, this heading includes the financial expenses accrued as a result of the advance of the commercial accounts receivable through the confirmation offered by the customers totalling 462.000 euros, as well as the financial costs payable to the majority shareholders of the Group, Valueteam and Sefran, as consideration to the guarantees provided by them in relation to the guarantee contracts and credit lines that Powertis, S.A. maintains with its financial creditors (see note 11).

15. Other information

a) Personnel

The mean number of people employed during the course of the fiscal year presented by categories was as follows:

	Average number of people employed
Department director	65
Manager	150
Technician	225
Administrative Assistant	101
Operator	832
Total	**1.373**

The distribution by gender at the end of financial year 2019, detailed by categories, is as follows:

	Men	Women	Total
Department director	52	22	74
Manager	149	22	171
Technician	220	49	269
Administrative Assistant	66	74	140
Operator	895	80	975
Total	**1.382**	**247**	**1.629**

The average number of people employed by the Group in the 2019 financial year with disabilities greater than or equal to 33% is 18.

b) Audit fees

During fiscal year 2019, the amounts for fees charged relating to the auditing services of accounts and other services provided by the auditor of the consolidated annual accounts of the Group, Deloitte, S.L., and by companies belonging to the Deloitte network, were the following:

Description	Thousands of euros
Audit services	392
Audit services other companies linked to Deloitte network	255
Tax advice services	21
Other verification services	28
Other services	240
Total	**936**

Information on the average period of payment to suppliers.

Detailed below is the information required by the Third Additional Provision of Law 15/2010, of July 5 (as amended through the Second Final Provision of Law 31/2014, of December 3) prepared in accordance with the Resolution of the ICAC of January 29, 2016, on the information to be incorporated in the consolidated report of the consolidated annual accounts in relation to the average period of payment to suppliers in commercial operations of companies resident in Spain.

	Days
Average period of payment to suppliers	44
Ratio of transactions settled	37
Ratio of transactions not yet settled	61

	Thousands of euros
Total payments made	214.759
Total payments outstanding	79.946

In accordance with the ICAC Resolution, for the calculation of the average period of payment to suppliers in these consolidated annual accounts, the commercial operations corresponding to the delivery of goods or services have been taken into account exclusively with respect to the companies established in Spain consolidated by global integration.

For the sole purpose of giving the information provided in this Resolution, the commercial creditors for debts with suppliers of goods or services, included in the items “Suppliers” and “Other creditors” of the current liabilities of the consolidated statement of financial position are considered suppliers.

The “Average payment period to suppliers" is understood to be the time which elapses from the delivery of goods or the provision of services by the supplier to the physical payment of the operation.

The maximum legal term of payment applicable to Spanish companies, in accordance with Law 11/2013 of 26 July, which establishes measures to combat late payments in commercial operations, is 30 days unless there is an agreement between the parties with a maximum term of 60 days.

16. Earnings per share

The basic earnings per share is calculated by dividing the result attributable to the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held during the year, if applicable. As of December 31, 2019, the basic earning per share was as follows:

	2019
Profit/loss for the period attributable to the Parent company (thousands of euros)	1.338
Weighted average number of ordinary shares (note 10.1)	15.060.000
Earnings / (Loss) per basic share (euros)	**0,089**

As of 31 December 2019, diluted earnings per share coincide with basic earnings per share.

17. Subsequent events

On 30 January 2020, Powertis, S.A. reached an agreement with Total Solar SAS for which it has been granted a preferential right to purchase certain special purpose vehicles or SPVs for a total of 1,000 MW in Spain. Under this preferential right to purchase agreement, Powertis, S.A. must transfer to Total Solar SAS 65% of the shares it holds in each of the SPVs that Total Solar SAS accepts.

Total Solar SAS is currently in an advanced phase of study for the acquisition of various SPVs that could reach a total capacity of 340 MW.

The administration of the vehicle companies will fall on a board of directors designated by both parties.

On 20 March 2020, said pre-emptive right concluded the purchase and sale agreements for 65% of the shares in the subsidiaries Amber Solar Power Uno, S.L., Amber Solar Power Tres, S.L., Amber Solar Power Cuatro, S.L., Amber Solar Power Cinco, S.L. and Luminora Solar Cuatro, S.L., for a joint sale price of 932.000 euros, which was fully disbursed on that date. The execution of said agreement involves the effective transfer of control of said vehicle companies with a generation capacity of 47 MW.

Meanwhile, the takeover by the SPV Group “Pedranopolis” was completed in Brazil on 16 March 2020, with another takeover of a SPV in Brazil underway.

Likewise, the sole director of the Parent Company is considering a future issue of shares in the Spanish Stock Market and, therefore, the possible inclusion of the consolidated annual accounts in the corresponding share issuance prospectus. In this regard, it has been considered appropriate to introduce additional descriptive information in some notes of the consolidated annual accounts for the year 2019, so that more detailed information is offered for the best reading and understanding of these consolidated annual accounts, as well as the inclusion of certain breakdowns that the applicable financial information framework (IFRS-EU) only requires in the case of listed entities, such as segmented information (see note 4) and earnings per share (see note 16).

Meanwhile, the global spread of the COVID-19 coronavirus led to it being classified a pandemic by the World Health Organization on 11 March. Such events could cause, among others, delays in the supply chain due to problems at factories, delays in logistics services, impacts on employees or third parties due to quarantine periods or infection, and the slowdown of global economic growth and, therefore, domestic growth. Taking into account the complexity of the markets due to their globalisation and the absence, for the time being, of an effective medical treatment against the virus, the consequences for the Group's operations are uncertain and will largely depend on the evolution and spread of the pandemic in the coming months, as well as how all the economic players involved in the crisis react and adapt.

Therefore, at the date of preparation of these consolidated annual accounts, the management and the sole director have carried out a detailed assessment of the impacts that COVID-19 will have on the Group with the information currently available, although the final impacts will depend on the future track of the pandemic and, in particular, its consequences, in the short, medium and long term.

To date, the Group has managed to uphold its supply chain for its industrial segment and has been able to continue operating relatively normally for its project development segment, so to date there has been no drop in business, and this is not expected to happen in the coming months as a result of the contracts currently signed and pending execution and the projects underway.

The Group's sole director has performed a preliminary assessment of the current situation based on the best information available. Due to the aforementioned considerations, said information may be incomplete or inaccurate. The results of this assessment include the following aspects, among others:

- Liquidity risk: the general situation of the markets could lead to a general increase in liquidity stress in the economy, as well as a contraction of the credit market. In this sense, the Group has the resources described in note 3.2 above. Additionally, at the date of preparation of these annual accounts, the development segment has obtained ICO loans from financial institutions and the renewal of existing credit policies as of 31 December 2019. The available resources, together with the new financing obtained and the implementation of specific plans for the improvement and management of liquidity, will - in the sole director's opinion - make it possible to tackle this liquidity stress and continue with the business plan planned for the future financial years.

- Operational risk: the ever-changing and unpredictable situation could lead to the risk of temporary interruption of production/sales or, when applicable, a temporary breakdown of the supply chain. Therefore, the Group has set up specific working groups and procedures to monitor and manage the evolution of its operations at all times, in order to minimise the impact on its business. Protocols have been adopted and implemented to guarantee compliance with the standards approved in Royal Decree-Law 6/2020 and Royal Decree 463/2020, whether concerning subcontractors, staff and offices. The instructions of the Group's prevention service have been followed, which have chiefly taken into account the "Response Procedure for the Prevention of Occupational Health & Safety Services from Exposure to the Novel Coronavirus (SARS-COV-2)" of 5 March 2020, published by the Spanish Ministry of Health, as well as successive publications or updates.

  After the entry into force of Royal Decree-Law 10/2020 of 29 March, which regulates a recoverable paid leave for non-key workers, the segment of Soltec Industrial has continued business with almost total normality by maintaining export contracts with international clients and providing services for the key industry of electricity supply, while the development segment has been able to continue its business remotely. This has only caused an interruption of 5 to 10 days in installation projects based in Spain and a one-day partial stoppage of international deliveries. In the opinion of the sole director, this interruption in business is not significant for the year as a whole and it hopes to recover lost business through the recovery of working hours via the mechanisms provided by the Royal Decree-Law itself.

  Based on the evaluation of the development of the Group's activity by management in the first few months of 2020 after the emergence of COVID-19, the Group has so far been able to continue developing the budgeted projects or backlog without significant delays in the receipt of trade receivables which could affect the Group's liquidity and its operating cycle. Likewise, there have been no significant delays by suppliers in the process of supplying trackers, following all the contracts in force based on the previously established conditions.

- Recognition of revenue and credit risk: the Group's management team is also monitoring the impact which this situation is having on contracts already signed and on its customers, in terms of the potential amendments which may occur may be made to said contracts (cancellations or variations in the estimates of recognition of revenue), as well as evaluating the recoverability of rights to be paid. In this sense, the sole director understands that the fact of upholding 95% of its accounts receivable (see note 3.1) and having the majority of customers within the electricity industry, which is considered an industry resilient to global economic crises and has been considered essential despite the impact of the pandemic, means that with the information currently available, no significant impact is expected on credit risk or on the Group's recognition of revenue.

- Impairment of assets: taking into account all the aforementioned factors and the information currently available, the Group's management team and sole director have not made a substantial modification to its future business plan and, therefore, do not expect said factors to have a major impact on the impairment of intangible assets, materials or the recoverability of stock. Likewise, they do not expect them to have a significant impact on the Group's leasing contracts, which, in accordance with IFRS 16, are registered under the heading “Rights-of-use”.

- Going concern: taking into account all the aforementioned factors, the sole director considers that the application of the going concern principle remains appropriate.

Lastly, it should be noted that the sole director and the Group's management team are constantly monitoring the development of the situation, in order to successfully tackle any possible financial and non-financial impacts which may occur.

Annex I - Subsidiaries forming part of the consolidation perimeter

December 31, 2019 [i]

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share Capital	Reserves	Accumulated Earnings	Total Net Equity	Functional Currency
Soltec Energías Renovables, S.L.	C/ Gabriel Campillo S/n P.i. La Serreta 30500 - (Molina De Segura) - Murcia	Sale of solar trackers and their installation and maintenance when required by the customer.	Soltec Power Holdings, S.A.	100%	-	824	14,342	2,394	17,560	Euros
Powertis, S.A.	C/ Príncipe De Vergara 43 - 6ª Planta (Madrid)	The promotion and implementation of projects for electrical energy production facilities that use photovoltaic solar energy as a source of energy. The purchase and sale, transmission and/or acquisition on its own account of shares and/or holdings in entities of all types, whether or not they have legal status	Soltec Power Holdings, S.A.	100%	-	2,000	-	(1,531)	469	Euros
Soltec Energie Rinnovabili S.r.L.	Viale A. Gramsci, 20. Firenze (Italy)	Marketing and management of renewable energy equipment based on supply and installation work.	Soltec Energías Renovables, S.L.	-	100%	10	85	(4)	91	Euros
Soltec America L.L.C.	3050 Osgood Court. Fremont (California - United States)	Marketing and management of renewable energy equipment based on supply, installation and maintenance.	Soltec Energías Renovables, S.L.	-	100%	3	-	(4,572)	(4,569)	US Dollar

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share Capital	Reserves	Accumulated Earnings	Total Net Equity	Functional Currency
Soltec Chile S.p.A.	Av. Bosque Norte 0134 Floor 7. Community of las Condes (Santiago de Chile - Chile)	Marketing and management of renewable energy equipment based on supply, installation and maintenance.	Soltec Energías Renovables, S.L.	-	100%	1	992	(2,905)	(1,912)	Chilean Peso

[i] In the case of subsidiaries with a functional currency other than the euro, the information has been converted to euros using the accounting principles for the conversion of financial statements into foreign currency.

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share Capital	Reserves	Accumulated Earnings	Total Net Equity	Functional Currency
Soltec Brasil Industria, Comercio e Servicos de Energías Renovaveis LTDA (Soltec Brazil)	Rua Dr. Barreto, 483, Lauro de Freitas, Estado de Bahía (Brazil)	Marketing and management of renewable energy equipment based on supply, installation and maintenance.	Soltec Energías Renovables, S.L.	-	100%	20,200	4,288	(1,635)	22,873	Brazilian Real
Soltec Energías Renovables S.A.C.	Avenida República de Panamá No. 3576, Lima (Peru)	Marketing and management of renewable energy equipment based on supply, installation and maintenance.	Soltec Energías Renovables, S.L.	-	99.67%	240	123	(214)	149	Nuevo Sol

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share Capital	Reserves	Accumulated Earnings	Total Net Equity	Functional Currency
Seguidores Solares Soltec S.A. de CV	Oxford 30. Juarez (Mexico)	Marketing and management of renewable energy equipment based on supply, installation and maintenance.	Soltec Energías Renovables, S.L.	-	100%	3	1,459	(2,095)	(633)	Mexican Peso
Soltec Australia, PTY LTD.	300 Barangaroo Avenue, Level 24, Three International Towers, Barangaroo NSW 2000 (Australia)	Marketing and management of equipment for renewable energy.	Soltec Energías Renovables, S.L.	-	100%	1	17	(65)	(47)	Australian Dollar
Soltec Argentina, S.R.L.	Avenida del Libertador 498, 3rd Floor, 1001. Buenos Aires (Argentina)	Marketing and management of equipment for renewable energy.	Soltec Energías Renovables, S.L.	-	95%	2	8	13	23	Argentine Peso
Soltec Innovations, S.L.	C/ Gabriel Campillo, s/n Polígono Industrial La Serreta, Molina de Segura (Spain)	Technical engineering services and activities related with technical consultancy.	Soltec Energías Renovables, S.L.	-	100%	3	-	(27)	(24)	Euro
Soltec Trackers PVT LTD.	303, 3rd Floor, Tower 1 DLF Corporate Park, DLF Phase - 3, Gurgaon, Haryana 122002 (India)	Marketing and management of renewable energy equipment based on supply and installation work.	Soltec Energías Renovables, S.L.	-	100%	479	18	46	543	Indian Rupee
Soltec France, S.L.	6, Place de la Madeleine, 75008, Paris	Marketing and management of equipment for renewable energy.	Soltec Energías Renovables, S.L.	-	100%	3	-	2,172	2,175	Euro

Soltec Trackers Colombia SAS	Calle 93 B, NO 19-35 Oficina 201, Bogota	Marketing and management of equipment for renewable energy.	Soltec Energías Renovables, S.L.	-	100%	1	-	16	17	Colombian Peso
AMBER SOLAR POWER CATORCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(15)	(13)	Euro
Company Name	**Address**	**Activity**	**Proprietary Company**	**Direct**	**Indirect**	**Share Capital**	**Reserves**	**Accumulated Earnings**	**Total Net Equity**	**Functional Currency**
AMBER SOLAR POWER CINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(23)	(20)	Euro
AMBER SOLAR POWER CUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(27)	(24)	Euro
AMBER SOLAR POWER DIECINUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(8)	(5)	Euro
AMBER SOLAR POWER DIECIOCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(8)	(5)	Euro
AMBER SOLAR POWER DIECISEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(8)	(5)	Euro

AMBER SOLAR POWER DIECISIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(10)	(7)	Euro
AMBER SOLAR POWER DIEZ SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(21)	(19)	Euro
Company Name	**Address**	**Activity**	**Proprietary Company**	**Direct**	**Indirect**	**Share Capital**	**Reserves**	**Accumulated Earnings**	**Total Net Equity**	**Functional Currency**
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(11)	(9)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(30)	(27)	Euro
AMBER SOLAR POWER NUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(20)	(17)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(6)	(3)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(15)	(13)	Euro

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share Capital	Reserves	Accumulated Earnings	Total Net Equity	Functional Currency
AMBER SOLAR POWER QUINCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(36)	(34)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(10)	(7)	Euro
AMBER SOLAR POWER SIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(4)	(1)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(7)	(4)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(10)	(8)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(30)	(27)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(31)	(28)	Euro

AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(5)	(2)	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	51%	3	-	(2)	1	Euro
Company Name	**Address**	**Activity**	**Proprietary Company**	**Direct**	**Indirect**	**Share Capital**	**Reserves**	**Accumulated Earnings**	**Total Net Equity**	**Functional Currency**
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(1)	2	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	-	2	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	-	2	Euro
AMBER SOLAR POWER DOCE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	-	2	Euro
AMBER SOLAR POWER VEINTISEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	-	2	Euro

Company Name	Address	Activity	Proprietary Company	Direct	Indirect	Share Capital	Reserves	Accumulated Earnings	Total Net Equity	Functional Currency
AMBER SOLAR POWER VEINTISIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	-	3	Euro
AMBER SOLAR POWER VEINTIOCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	-	3	Euro
AMBER SOLAR POWER VEINTINUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	-	3	Euro
AMBER SOLAR POWER TREINTA SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	-	2	Euro
LUMINORA SOLAR DIEZ SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	-	3	Euro
LUMINORA SOLAR NUEVE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	-	2	Euro
LUMINORA SOLAR OCHO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	-	3	Euro

LUMINORA SOLAR CINCO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(14)	(12)	Euro
LUMINORA SOLAR CUATRO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(12)	(9)	Euro
Company Name	**Address**	**Activity**	**Proprietary Company**	**Direct**	**Indirect**	**Share Capital**	**Reserves**	**Accumulated Earnings**	**Total Net Equity**	**Functional Currency**
LUMINORA SOLAR DOS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(185)	(182)	Euro
LUMINORA SOLAR SIETE SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	(1)	(8)	(6)	Euro
LUMINORA SOLAR SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(4)	(1)	Euro
LUMINORA SOLAR TRES SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(194)	(191)	Euro
LUMINORA SOLAR UNO SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	100%	3	-	(249)	(246)	Euro

LUMINORA SOLAR SEIS SL.	Calle Príncipe de Vergara, n 43. 28001 Madrid	Production and sale of renewable energy. Construction, installation, repair and maintenance of facilities related to renewable energy.	Powertis, S.A.	-	51%	3	(1)	(1)	1	Euro
USINA DE ENERGIA FOTOVOLTAICA DE ARAXA LTDA	ROD MG-428 (ARAXA-FRANCA); DONA BEJA ARAXÁ-MG. 38183-666. BRAZIL	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	2	-	(122)	(120)	Brazilian Real
Company Name	**Address**	**Activity**	**Proprietary Company**	**Direct**	**Indirect**	**Share Capital**	**Reserves**	**Accumulated Earnings**	**Total Net Equity**	**Functional Currency**
Powertis Leo Silveira 1, Ltda	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 BRAZIL	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	2	-	(90)	(88)	Brazilian Real
Powertis Leo Silveira 2, Ltda	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 BRAZIL	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	2	-	(51)	(49)	Brazilian Real
Powertis Leo Silveira 3, Ltda	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 BRAZIL	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	2	-	(49)	(47)	Brazilian Real
Powertis Leo Silveira 4, Ltda	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 BRAZIL	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	2	-	(80)	(78)	Brazilian Real
Powertis Leo Silveira 5, Ltda	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 BRAZIL	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	2	-	(79)	(77)	Brazilian Real

Powertis Leo Silveira 6, Ltda	ESTRADA VARZEA DE PALMA JEQUITAI KM 30 BRAZIL	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	2	-	(79)	(77)	Brazilian Real

Company Name	**Address**	**Activity**	**Proprietary Company**	**Direct**	**Indirect**	**Share Capital**	**Reserves**	**Accumulated Earnings**	**Total Net Equity**	**Functional Currency**
POWERTIS BRASIL DESENVOLVIMENTO DE PROJETOS DE ENERGIA E PARTICIPAÇOES LTDA	Rua Doutor Barreto, nº 423, Quadra 1000, Lote 00008, Loteamento 40, Jardim Aeroporto, Bairro Pitangueiras, Lauro de Freitas, BA, CEP 42.701-310 BRAZIL	Search and development of greenfield projects	Powertis, S.A.	-	100%	-	-	(2)	(2)	Brazilian Real
POWERTIS, SRL	VIA VENTI SETTEMBRE, 1. 00187 ROMA, ITALIA	Office of development services, management of solar and photovoltaic projects, supervision of electrical contraction works, among other activities	Powertis, S.A.	-	100%	10	-	(32)	(22)	Euro

MANAGEMENT REPORT

Soltec
POWER HOLDINGS

1. POSITION OF THE ENTITY

Soltec Power Holdings, S.A. (hereinafter, "Soltec" or the "Parent Company") and subsidiaries (hereinafter, the "Soltec Group" or the "Group") form a consolidated group of companies which carry out their business activity in the renewable energy sector, particularly in the photovoltaic sector.

Soltec is one of the world's leading manufacturers specialising in the development of integrated solutions for photovoltaic energy projects. Our portfolio of services ranges from the design and manufacture of solar trackers to the development of solar farms.

1.1 The Soltec group's Mission and Vision

Humanity is facing an unprecedented situation in the 21st century. The planet is at risk from industrial development and population growth. Humans are consuming natural resources at a rapid rate, with energy demand primarily being met by fossil fuels up until now. Over the last 150 years, the carbon dioxide as a result of these fuels being burned for transport, buildings and industries, has accumulated in the planet's atmosphere. Consequently, our atmosphere is retaining more heat from the sun than ever before (greenhouse effect). And for the first time in the history of the planet, a species (the human being) is changing the climate (global warming). The planet is facing risks that we have not seen before. Experts predict a rise in sea levels and more extreme climates (droughts and floods, episodes of extreme cold and heat, loss of species, mass migrations, famines, etc.). Fortunately, human beings are both the cause of the problem and the only ones who can reverse this serious situation. For the first time, man has the technology to decarbonise the planet. This technology has been developed by companies such as Soltec, which specialises in photovoltaic solar energy. Soltec was founded with the mission of creating a clean and sustainable world based on the efficient production of photovoltaic energy. To accomplish this, since its inception Soltec has been committed to leading the global photovoltaic energy market, offering reliable solutions through the latest technology. Soltec encourages its employees, suppliers and customers to share this vision and commitment to implementing environmental and sustainability actions that disseminate these values.

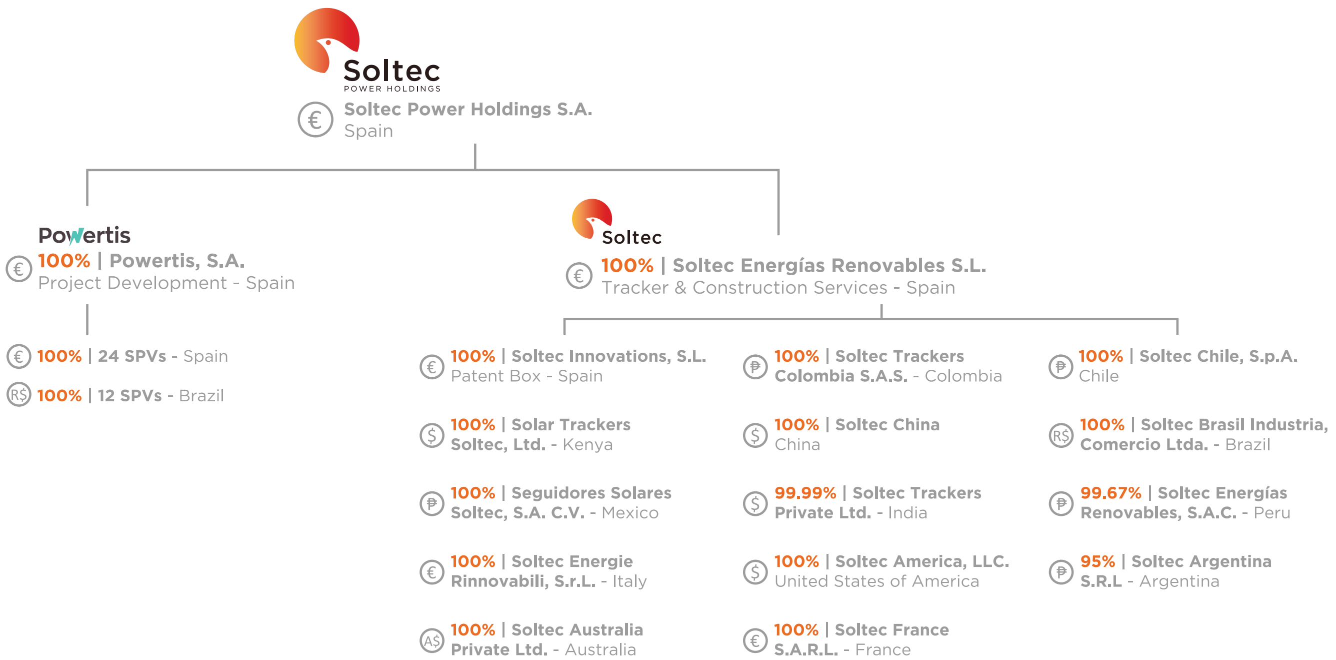
1.2 Structure and Operation

Soltec Power Holdings, S.A. was incorporated in Murcia, Spain on 2 December 2019 in accordance with the Spanish Corporations Law. Its registered office is located at Calle Gabriel Campillo, Polígono Industrial La Serreta s/n, 30500 Molina de Segura (Murcia), where its main facilities are located.

It was incorporated by Grupo Corporativo Sefrán, S.L. (previously called Bari Inversiones y Desarrollos, S.L., hereinafter, "Sefran Group") and Valueteam, S.L. (hereinafter, Valueteam), as follows:

Shareholder	No. Shares	Euro	% Share
Valueteam	18,000	18,000	30%
Sefrán Group	42,000	42,000	70%
Total	60,000	60,000	100%

Subsequently, on 23 December 2019, by agreement between the Company's partners, Soltec Energías Renovables, S.L. (Sefran Group and Valueteam) and the shareholders of Powertis, S.A.U. (Sefran Group, Valueteam and a natural person), a non-monetary contribution was made to the company Soltec Power Holdings, S.A. corresponding to 100% of the shares of Soltec Energías Renovables, S.L. and 100% of the shares of Powertis, S.A.U. This contribution has been registered in the Mercantile Registry on 31 December 2019. As a result of the aforementioned restructuring, the Group has the following structure



The non-monetary contribution has led to a capital increase amounting to 296 million euros. The breakdown of the shares issued by both companies, the amount at which they were issued, and their distribution according to the share percentage of each of the shareholders is as follows:

Shareholder	No. of shares issued for contribution of Soltec Energías Renovables	No. of shares issued for contribution of Powertis contribution	Amount at which the shares are issued (Euro)	Soltec Energías Renovables (Euro)	Powertis (Euro)	Total (Euro)
Valueteam	3,600,000	855,000	19.75	71,100,000	16,886,250	87,986,250
Sefrán Group	8,400,000	1,995,000	19.75	165,900,000	39,401,250	205,301,250
Individual	-	150,000	19.75	-	2,962,500	2,962,500
Total	12,000,000	3,000,000	19.75	237,000,000	59,250,000	296,250,000

Additionally, the distribution between the share capital and the premium on issued shares was as follows:

Shareholder	Capital	Premium	Total (Euro)
Valueteam	4,455,000	83,531,250	87,986,250
Individual	150,000	2,812,500	2,962,500
Sefrán Group	10,395,000	194,906,250	205,301,250
Total	15,000,000	281,250,000	296,250,000

The incorporation of the Group's Parent Company, Soltec Power Holdings, S.A., in 2019 required the reorganisation of said companies into a single parent company, given that the aforementioned companies were mainly owned by the Sefran Group. Both subsidiaries had been carrying out their operating activity prior to the date of incorporation.

The goal of the reorganisation was to provide an optimal commercial structure for the Group, which would allow it to initiate various corporate operations, including the launch of a public offering to sell shares.

The Group's core activities consist of:

a. The execution of all kinds of activities, works and services for or related to the promotion, development, construction and maintenance of electricity producing plants, including the manufacture, supply, installation and assembly of industrial equipment and other facilities for these plants.

b. The provision of assistance or support services to investee companies or those within the scope of the business group, for which purpose it may provide, in their favour, the financing, guarantees and consolidations that may be appropriate.

c. The control and administration of securities representing the own funds of companies that are resident and non-resident in Spain through the appropriate organisation of personal and material means, provided that legislation of collective investment is not affected.

1.3 Business divisions/Segments

As a result of the integration of the Soltec Energías Renovables and Powertis companies into the Soltec Power Holdings company, the Group's activities are currently the installation and sale of photovoltaic solar trackers, which make up the Group's industrial segment (Soltec Energías Renovables, S.L. and subsidiaries), and the development of photovoltaic projects, which is carried out by Powertis, and which constitutes the project development segment. Both business divisions are considered as operating segments.

The highest decision-making authority has assessed the results of each of the divisions on a differentiated basis due to the special nature of each. Additionally, both lines of activity form the basis for the evaluation of the profit/loss generated by the Group, upon which the management uses to conduct its periodic review, discussion and evaluation in the decision-making process at a corporate level.

In relation to the geographic segments in which the Group distributes the net amount of its turnover, the sole administrator has identified the following markets:

- Spain
- Brazil
- North America: United States of America and Mexico
- Rest of South America: Argentina, Chile, Colombia and Peru.
- APAC: Australia, India and Thailand
- Others: Denmark, Egypt, Israel, Jordan, Kenya and Namibia

Our activity is carried out in facilities located in Spain, Chile, the United States, Brazil, Peru, Mexico, Argentina, Australia, India, Italy, France, Colombia, China, Egypt, Kenya and Israel. The Group's international presence is a challenge that propels us to develop global practices and procedures that are cross-sectional and applicable in all the countries where we are present. We are thus able to grow the entire Group globally in a sustainable manner.

The offices of the Soltec Energías business line and the Powertis business line are below:

1.4 Organisational Structure

Soltec is governed by the General Meeting of Shareholders and the sole director, who have the powers assigned to them by Law and in the Bylaws. In addition, both bodies have their own Regulations, in which basic information can be found about their organisation and operation.

In the first two quarters of 2020, we are working on the implementation of new corporate bylaws that will allow us to align ourselves with the transparency objectives required by the Unified Good Governance Code of Listed Companies. Although these measures have not been implemented at the time of this management report being prepared, we will briefly describe the main updates we are working on and the impacts they will have on the various Governance Bodies.

1.4.1 Corporate Governance Bodies

a. GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the highest decision-making and control body of the Group in matters of its mandate, through which the shareholder's right to intervene in the making of key decisions is expressed. It will represent all shareholders, and all shareholders shall be subject to its decisions. The General Meeting has the authority to decide on all matters that have been allocated to it, whether by law or provided for in the By-Laws. Furthermore, decisions that, irrespective of their legal status, involve a material change to the effective activity of the Group, will be submitted to the approval or ratification of the General Shareholders' Meeting.

b. BOARD OF DIRECTORS

The Board of Directors is the body to which the broadest powers and authority to manage, direct, administer and represent the Company are attributed. Soltec's ordinary management may be entrusted to the delegated administrative bodies and in that case, their activity will be concentrated on the general supervisory function and on the consideration of matters of particular importance to the Parent Company.

The Board of Directors must establish an Audit Committee and an Appointments and Remuneration Committee with the powers of information, supervision, advice and proposal in matters within its competence, which are specified in the Law and in these bylaws and that are developed in the Regulations of the Board of Directors. Furthermore, the Board of Directors may set up other committees with consultative or advisory functions, without prejudice to them being exceptionally given some decision-making power.

c. AUDITING COMMITTEE

The Audit Committee will be composed of a minimum of three and a maximum of five directors, external or non-executive, with a majority representation of independent directors. The powers of the Audit Committee will be, among others, the supervision of the effectiveness of internal control and internal auditing; and the preparation and presentation process of the mandatory financial information.

d. APPOINTMENTS AND REMUNERATIONS COMMITTEE

The Appointments and Remunerations Committee will be composed of a minimum of three and a maximum of five directors, external or non-executive, with a majority representation of independent directors. This Committee will be granted general proposal and reporting powers with regard to appointments and removals, under legally established terms.

e. COMMISSION FOR SUSTAINABLE DEVELOPMENT

The option of establishing a Commission on Sustainable Development is also set out, which will be considered an internal body of an informative and consultative nature, without executive functions, with information, advice and proposal faculties within its scope of action. It will also be composed of a minimum of three and a maximum of five directors, appointed by the Board of Directors, from among the non-executive directors, and the majority must be classed as independent.

f. DUE DILIGENCE MECHANISMS

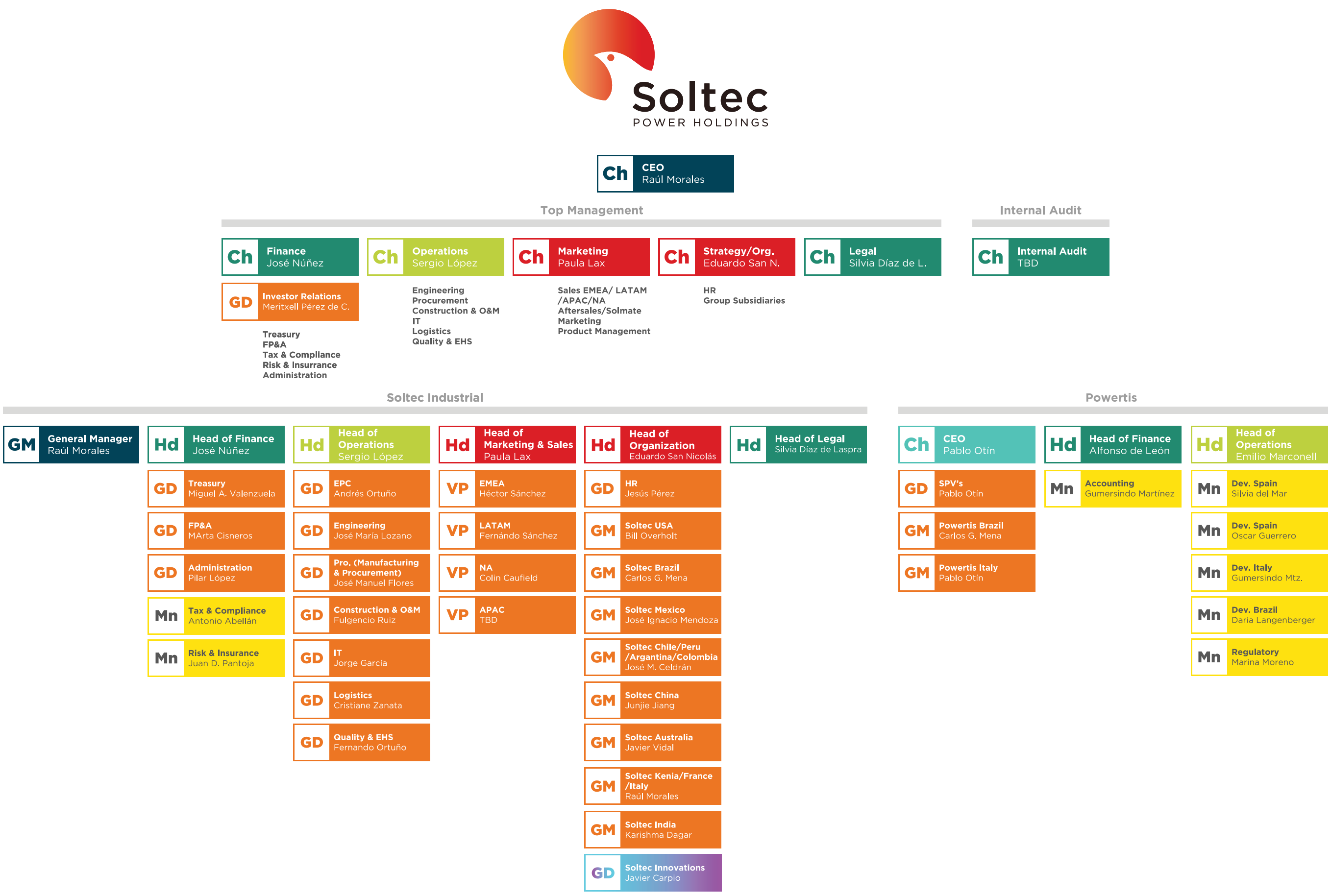
Finally, the Board of Directors, once established, will approve the Internal Rules of Conduct in Securities Markets, with the purpose of regulating the rules of conduct to be observed by Soltec, its management bodies, employees and other persons subject to its actions relating to the stock market.

This Regulation details the rules of conduct in relation to own-account operations, privileged information, market manipulation and treasury stock operations.

The Internal Rules of Conduct in Securities Markets applies to, among others, the members of the Board of Directors, senior management and employees who have access to privileged information, and also to our external advisors, when processing such privileged information.

1.5 People in Soltec

The operational organisational chart of the Group is currently as follows:



1.6 Historical Performance of the Group

Despite the incorporation of Soltec Power Holdings, S.A. in the 2019 financial year, the Soltec Group business began in 2004 with the incorporation of Soltec Energía Renovables, S.L., when our operations began within the scope of the EPC (Engineering, Procurement and Construction) services and development of solar farms. It was not until 2007 that Soltec Energías Renovables was consolidated as a manufacturer of solar trackers for photovoltaic parks, with an accumulated installed capacity of 20MW solar trackers at the end of 2007.

In 2008, we started offering services from Italy. Additionally, in 2009 we developed and launched the "Single-axis tracker", one of the first photovoltaic axis trackers.

Later in 2011, the Solarfighter was launched, a highly technological product aimed at the retail segment that opened the doors to the industrialisation of solar tracking equipment at a utility level. 2012 saw the market launch of the "SF Utility" tracker. These innovations allowed us to begin a period of international expansion which was materialised by the signing a tracker supply contract for a 12 MW project in Chile in 2013.

2015 marked the opening our commercial offices in the United States and Brazil, with the goal of continuing the internationalisation process and searching for new business opportunities in new markets where the Group was not present. The most important signing in the 2015 financial year was for a 150MW contract in Chile, which we supplied our first bi-facial trackers for.

We continued our growth strategy in 2016, entering new geographic markets in Latin America. Specifically, in that year, contracts for supplying photovoltaic trackers were signed in projects located in Peru and Mexico with a capacity of 420 MW. The first project in the United States, for 150 MW and several projects in Brazil worth more than 800 MW, were also signed.

In 2017, there was a change in trends in the Spanish renewable energy market. This change contributed to the obtaining of new photovoltaic renewable energy projects in Spain. Specifically, that year we signed a contract for the manufacture of solar trackers in projects with installed capacity of 90 MW. The execution of these projects led to the transformation of Soltec Energías Renovables, S.L. into one of the leading manufacturers of trackers in the market.

As of 2018, the Soltec Group's main challenge was consolidating our position in the global market for the supply and installation of trackers. To this end, the strategy followed by the Group's main shareholders was the creation of the Powertis company. This enabled the start of a vertical consolidation process, with the goal of expanding the portfolio of services offered throughout the value creation chain in the development of photovoltaic renewable energy infrastructure.

As a result of this services diversification, in 2018 we closed a deal to acquire projects that had been tendered in Brazil with Compañía Energética de Minas Gerais, S.A. (CEMIG) for 340MW. Additionally, we managed to close the 2018 financial year with a portfolio of projects with a generation capacity of 5 GW worldwide.

In the 2019 financial year, we continued to focus our activities in the Americas, supplying orders for an estimated amount of 3 GW. Additionally, we have supplied bi-facial modules with an installed capacity of approximately 2 GW.

Looking at the performance of Powertis in the 2019 financial year, it has begun to develop approximately 1.5 GW of solar projects in Brazil, including the 340 MW granted through the public tender process.

During our 16 year history, the Group has installed a capacity of more than 6.1 GW.

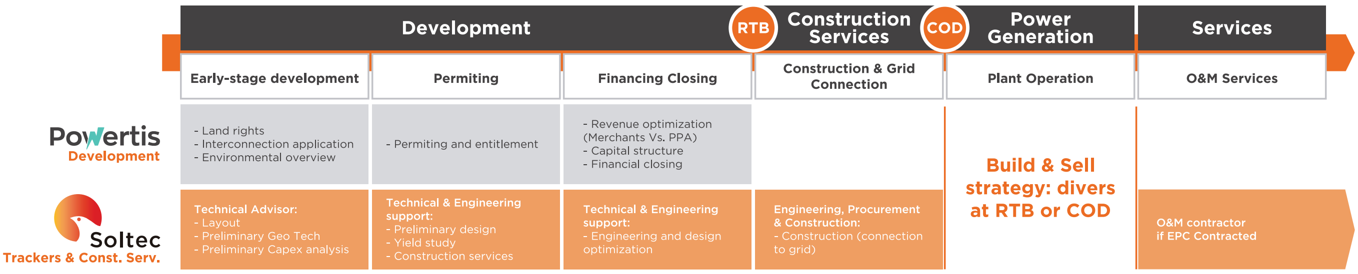
In 2019, Soltec continued to consolidate itself as one of the world leaders in the sector, and is among the best tracker manufacturers according to the study carried out by Wood Mackenzie Power & Renewables called "The Global PV Tracker Landscape 2019".

1.6.1 Business Model

As previously mentioned, the constitution of Soltec Power Holdings, S.A. and the subsequent contribution of the Soltec Energías Renovables and Powertis businesses to the aforementioned company, have allowed two different branches of business to be established commercially and operationally:

- Trackers service line and services related to construction, which is carried out by the company Soltec Energía Renovables and subsidiaries, referred to as an "industrial" activity segment
- Project development service line, which is carried out by the Powertis company, referred to as the "project development" segment

The aforementioned vertical integration has provided us with a greater capacity to generate business opportunities by carrying out a larger portfolio of services.



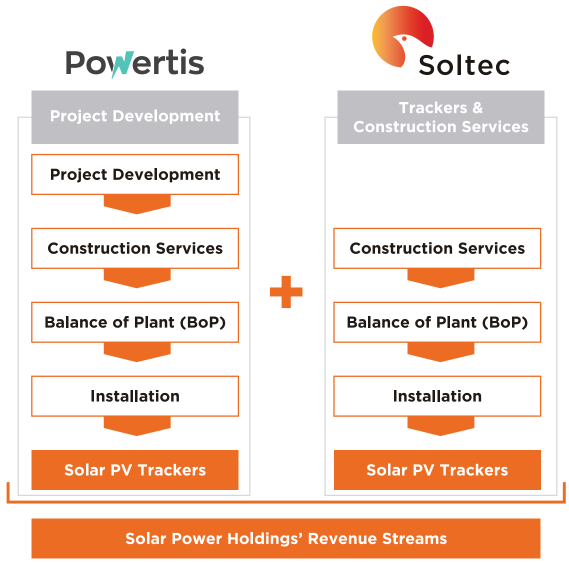
The vertical integration strategy is based on three fundamental pillars:

1. The development of photovoltaic projects in high-growth strategic markets in which we have a wealth of experience.
2. The supply of equipment and installation services, which refers to the entire solar park with the exception of the solar panel.
3. The incorporation of EPC services into our portfolio.

The implementation of the three cornerstones will help us become a vertically integrated company in the value chain. The implementation of the aforementioned strategy stems from our commitment to generating significant resources derived from vertical integration. Specifically, we have identified that this strategy enables us firstly to increase the identification of opportunities and, secondly, to increase our presence throughout the value chain, which allows us to anticipate market trends.

Furthermore, we consider that the installation projects for producing photovoltaic solar electric power diversifies our exposure to risk within the solar market, allowing us to capture and maximise additional margins.

Consequently, this strategy will allow us to maximise the obtaining of operating flows for the Group. In summary, the income generation flow of the Soltec Group is attached. Our main traditional clients include the following:



Trackers & Construction Services

Powertis-Development

PPAs and MoU agreements with Tier I investors and Off-Takers

Furthermore, we have experienced an increase in our client portfolio in the past few years. Our growth and internationalisation strategy has allowed us to increase the volume of sales to our five main customers and, in spite of this, reduce their sales concentration level.

A summary is below of sales for the five main customers and their concentration within the Group's industrial segment.

Revenues (€ Mn)	FY 2019		FY 2018		FY 2017		FY 2016	
1st	enel Green Power	110 (31%) ↑	ENGIE	29 (17%) ↑	enel Green Power	120 (67%) =	enel Green Power	55 (86%)
2nd	中国电建 POWERCHINA	69 (19%) ↑	enel Green Power	26 (16%) ↓	ENGIE	33 (19%) ↑	PRODIEL	3 (5%)
3rd	METKA	23 (7%) ↑	TSK	24 (14%) ↑	CYPRESS CREEK	7 (4%) ↑	SOLAR PACK	1 (2%)
4th	GRUPO ORTIZ	18 (5%) ↑	Scatec Solar	21 (13%) ↑	ISOLUX CORSÁN	6 (3%) ↑	ISOLUX CORSÁN	1 (2%)
5th	SINDUSTRIAL	18 (5%) ↑	biosar	16 (10%) ↑	Scatec Solar	5 (3%) ↑	TOZZIgreen	1 (2%)
Other customers		118 (33%)		51 (30%)		7 (4%)		3 (4%)

Our customer portfolio has seen consistent growth. Our main customers since our establishment have been:

- Enel, to which we have supplied solar trackers with an installed capacity of more than 800MW.
- Power Contribution China, with total supplies for an installed capacity of 678 MW.
- Engie -Solardirect, with a total installed capacity of 152 MW.
- TSK, with a total installed capacity of 106 MW
- Grupo Cobra to which we have provided trackers with a total installed capacity of 148 MW.

With respect to the execution of contracts in the segment responsible for implementing projects for producing photovoltaic solar electric energy, the degree of maturation of these projects is still in its earliest stages at the end of the year, so the contractual conditions have not been met to have recorded operating profit. Some of the most important projects in progress up to that date are as follows:

- In Brazil, solar projects with an installed capacity of 427.5 MW and 337 MW, regulated under a PPA that ends in 2041, with a contractual term reaching COD in January 2021 and 2022.
- In Spain we have 100 MW of projects underway across the country with an energy production capacity between 5 and 10 MW, and whose estimated COD date is the end of 2020 and 2021.

1.6.2 Operating Portfolio

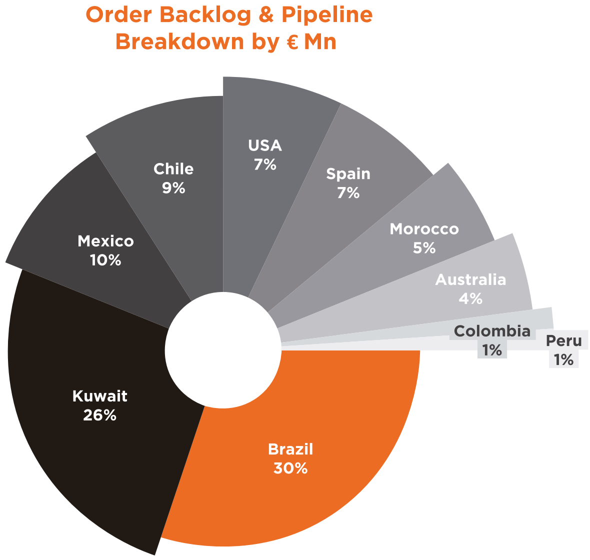
Regarding the manufacturing segment, we have a solid portfolio of supply and construction projects, with a wide geographical diversification, as a consequence of the Group's high international profile. At the end of financial year 2019, our backlog[1] has an energy production capacity of 1,3 GW.

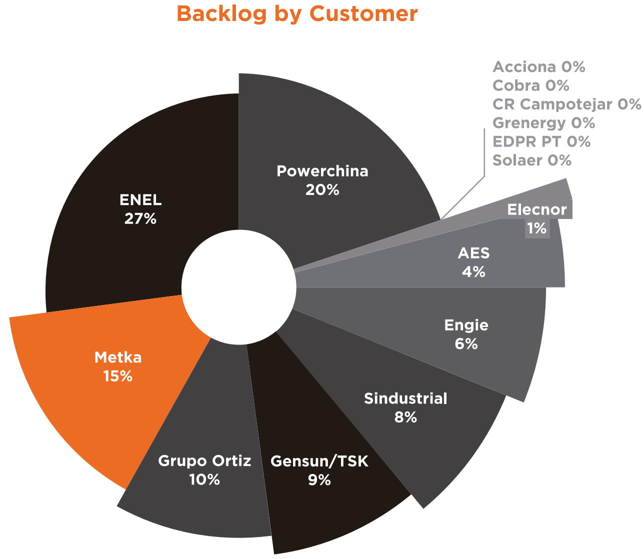
Additionally, a pipeline[2] of 1.171 billion euros was identified, representing 9,7 GW of installed capacity.

The geographical distribution of the backlog total and the pipeline by millions of euros is mainly concentrated in Brazil [30%], Kuwait [26%] and Mexico [10%]. A graph is included of the distribution of the aforementioned portfolio by geographic area at the end of the 2019 financial year:

[1]Portfolio of signed projects pending supply and execution.

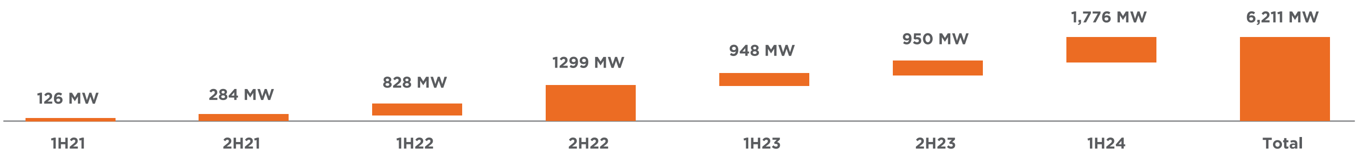
[2]Portfolio of objective projects already carried out.





We also include a graph of the backlog distribution for each of the main customers at the end of 31 December 2019.

Regarding the development of the future business portfolio of the segment focused on the execution of installation projects for producing photovoltaic solar electric energy, taking into account both the backlog and pipeline, from 31 December it is estimated that it will amount to a total of 6.2 MW, with the following performance over time:



The level of development of the aforementioned business portfolio at the end of the year is as follows

- Backlog amounting to 1,245 MW
- Pipeline:
  - Opportunities in advanced status for a total of 575 MW
  - Opportunities in a preliminary status for a total of 494 MW
  - Opportunities identified for a total of 3,897 MW

2. BUSINESS PERFORMANCE AND RESULT

2.1 Key Indicators of a Financial Nature[3]

The results of the 2019 financial year have exceeded the previously established targets, mainly as a result of the favourable performance experienced in the renewable energy sector. This business development is supported by various aspects, such as an increase in the demand for projects resulting from the efficiency gained in recent years in energy production cost; an improvement in customer negotiation capacity, as well as the ability to participate in larger bids due to the line of guarantees signed in the 2018 syndicated loan.

The most notable figures in the 2019 operating results are the following:

Thousands of Euro	2019
Net turnover	356,812
Gross margin	97,050
% Gross margin	27.20%
EBITDA	17,721
Contribution to Ebitda turnover	4.97%
Adjusted EBITDA	20,373
Contribution to the adjusted Ebitda turnover	5.71%
Net Profit	(1,340)

[3] The financial indicators Gross Margin, Ebitda, Adjusted Ebitda, Contribution to Ebitda's Business Figures and Contribution to Adjusted Ebitda's Business Figures have been described in section 2.1.1 "Alternative Performance Measures".

At an equity level, total assets as of 31 December 2019 amount to 251,130,000 euros, net equity amounts to 17,982,000 euros and short and long-term liabilities amount to 233,148,000 euros, of which 82,320,000 euros correspond to financing with financial institutions.

The Group is mainly exposed to changes in the exchange rate of the US dollar and the Brazilian real.

The Group's sensitivity to a revaluation or depreciation of the euro against the foreign currencies mentioned above is detailed below, without taking into account the potential effect of the exchange rate insurance contracted. The sensitivity analysis includes the most relevant monetary and non-monetary items pending and transactions carried out with third parties, adjusting their conversion at the end of the 2019 financial year to take into account the variation in the exchange rate.

		Thousands of Euro	
Currency	Variation	Impact on Consolidated Results	Impact on Shareholder's Equity
United States Dollars / Euro	10%	(12,217)	(8,108)
Brazilian real / Euro	10%	(1,758)	(793)
United States Dollars / Euro	(10%)	14,932	10,085
Brazilian real / Euro	(10%)	2,149	962

Revenue and Gross Margin

The Soltec Group has two main lines of activity: the installation and sale of photovoltaic solar trackers (industrial segment), and the development of installation projects for the production of photovoltaic solar electric energy (project development segment).

The photovoltaic tracker business has contributed to almost the entire net amount of the Group's turnover for 2019. Thus, the aforementioned line of activity has seen a 115% increase in turnover from an amount of 165,954,000 euros in the 2018 financial year (according to the consolidated financial statements prepared under IFRS of Soltec Energías Renovables and subsidiaries) to 356,672,000 euros in the 2019 financial year.

With respect to the line covering the development of installation projects for the production of photovoltaic solar electric power, due to its degree of maturity, the net turnover amounted to 140,000,000 euros in 2019.

In relation to the gross margin at a Group level, there has been an increase of approximately 58,000,000 euros in the year, so the gross margin generated has increased from 39,714,000 euros to 97,050,000 euros in the 2019 financial year. In relation to the contribution of the gross margin on sales, there has been an improvement in profitability per project, with the margin situated at 27% of sales compared to 24% in 2018, which represents an improvement of 4 percentage points in the sales margin.

The increase in the net turnover amount and the gross margin improvement have mainly occurred for two reasons:

1. As a result of obtaining liquidity resources and guarantees provided to the Group through the signing of the syndicated loan in 2018. This loan has allowed us to offer larger projects by increasing liquidity resources.

2. The international expansion target set in previous years was consolidated in 2019 with a wide portfolio of projects worldwide. The breakdown of turnover by geographic region is detailed below:

Turnover (€)	Thousands of Euro	% of total
Spain	73,521	21%
Brazil	104,508	29%
North America (*)	131,835	37%
Rest of South America (*)	39,961	11%
APAC (*)	5,511	2%
Others (*)	1,476	-
Total	356,812	

(*)North America: United States of America and Mexico Rest of South America: Argentina, Chile, Colombia and Peru. APAC: Australia, India and Thailand. Others: Denmark, Egypt, Israel, Jordan, Kenya and Namibia.

EBITDA and Contribution to EBITDA

The EBITDA at the end of the 2019 financial year was situated at 17.721.000 euros compared to 5.060.000 euros in 2018. With respect to the contribution of the turnover to EBITDA, there has been an increase of 57% over the previous year, having gone from 3,17% to 4,97% in the 2018 and 2019 financial years, respectively.

Adjusted EBITDA

The adjusted EBITDA at the end of the 2019 financial year was situated at 20.373.000 euros compared to 5.060.000 euros in 2018. With respect to the contribution of the turnover to EBITDA, there has been an increase of 87% over the previous year, having gone from 3,05% to 5,71% in the 2018 and 2019 financial years, respectively.

Financial Year Results

The result for the 2019 financial year has amounted to a profit of 1.340.000 euros, mainly derived from the increase in the margin in EBITDA and the income registered by the negative difference originated in the business combination in Brazil, partially offset by the start-up status of the operations of the business line in charge of carrying out installation projects for the production of photovoltaic solar electric energy, the Group's financial expenses, as well as the evolution of the exchange rate of the euro with respect to the dollar and the Brazilian real.

Financial Situation

The short and long-term liabilities as of 31 December 2019 amount to 233.148.000 euros compared to 121.522.000 euros as of 31 December 2018 (according to the consolidated financial statements prepared under IFRS-EU of Soltec Energías Renovables and subsidiaries), which represents an increase of 118.957.000 euros, mainly due to the increase in use which occurred in 2019 which has led to an increase in commercial accounts payable and the financial liability in the amount of 16.764.000 euros (see note 2.6.iv of the consolidated annual accounts) as a result of the acquisition of certain licences for the development of projects in Brazil.

The leverage position as of 31 December 2019 amounts to 46.15% of the total consolidated assets.

Financial Debt

The financial debt with credit institutions heading at the end of 2019 records an amount of 82.320.000 euros. Said financial debt is mainly composed of the syndicated loan signed in 2018 with a group of financial institutions. Drawdowns on this loan at the close of the 2019 financial year total 78.559.000 euros. The main features of the aforementioned loan are the following:

- The loan will only be used in the business line for tracker supply and installation.
- Freely available tranche amounting to a maximum of 10 million euros to be used to finance working capital needs.
- A conditionally available tranche amounting to 70 million euros. This tranche will be linked to the execution of supply and installation projects formalised by Soltec Energías Renovables, S.L. and subsidiaries, and their amortisation is conditional on the charges received as a result of these.
- A tranche of the guarantee line for a maximum amount of 20 million euros to be used as guarantees of supply, installation, faithful compliance or guarantee of the contracts financed in the previous portion.

The maturity date of said credit policy is established as 28 September 2021, extendable annually by the parties' agreement on two occasions. However, the provisions made are expected to be amortised in less than twelve months.

Other Financial Liabilities

The sum recorded as other long and short-term financial liabilities amounts to 31.104.000 euros, which in financial year 2019 mainly came from:

- The purchase we made, specifically in the line of activity for executing the installation projects for producing photovoltaic solar electric energy, for special licences to develop photovoltaic farms in Brazil for 21.916.000 euros. A total of 16.764.000 euros will be disbursed between 2020 and 2021.
- As well as the accounting impact that the application of IFRS 16 "Leases" has caused in the consolidated annual accounts.

DEBT TRENDS

The Soltec Group's medium-long term objective is to continue its growth path of recent years, which will allow it to increase its financial position through capital gains, thereby boosting equity.

2.1.1 Alternative Performance Measures

The Group prepares its consolidated annual statements in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). Additionally, it presents some Alternative Performance Measures (APMs) to provide additional information that is conducive to the comparability and understanding of its financial information, and facilitates decision-making and evaluation of the Group's performance. The APMs should be considered by the user of the financial information as complementary to the amounts presented, in accordance with the basis of presentation of the consolidated annual statements, but in no case substitutes them. The most significant APMs are the following:

GROSS MARGIN

Definition: Net amount of turnover + Change in stocks of finished and ongoing products - Supplies.

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of the use: the profit/loss or gross margin is considered by the sole administrator of the Parent Company as a measure of the performance of its activity, since it provides information on the profit/loss or gross margin of project execution, which is obtained from external sales and subtracting the cost incurred to achieve said sales. This margin is the best measure for the cost of the manufacturing and supply of photovoltaic trackers.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	2019
Net turnover	356,812
Changes in stocks of finished products and those in progress	917
Supplies	(260,679)
Purchase of goods	(254,838)
Change in stocks	9,820
Work carried out by other companies	(15,661)
Gross margin	**97,050**

GROSS MARGIN ON SALES

Definition: Gross margin / Net turnover

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: the gross margin on sales is considered by the sole administrator of the Parent Company as a measure of the performance of its activity, as it provides information on the percentage contribution that said margin represents on the amount of sales. This contribution allows for comparative analyses to be made on the performance of the margin of the projects for the sole administrator of the Parent Company.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	2019
Gross margin	97,050
Net turnover	356,812
Gross margin on sales	27%

NET MARGIN

Definition: Gross margin - Other Personnel expenses - Other operating expenses + Losses, impairment and variation of provisions for commercial operations (See note 14.e) - Provision for guarantees (See note 11).

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of the use: the net margin is considered by the sole administrator of the Parent Company as a measure of the performance of its activity, as it provides information on the net margin of the projects that have been manufactured and installed during the period.

Said net margin is calculated based on the result or gross margin, net of personnel expenses and operating expenses excluding losses, deterioration and variation of commercial provisions endowed in the year adjusted for the guarantees provision.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	2019
Gross margin	97,050
Personnel expenses	(32,309)
Other operating expenses	(49,750)
Losses, impairment and changes in provisions from commercial transactions (see note 14)	3,151
Provision for guarantees (See note 11)	(499)
Net margin	17,643

NET MARGIN ON SALES

Definition: Net margin / Net turnover

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: the margin on sales is considered by the sole administrator of the Parent Company as a measure of the performance of its activity, as it provides information on the percentage contribution that said margin represents on the net amount of sales. The sole administrator of the Parent Company considers which contribution allows comparative analysis on the performance of the project margin, considering the direct and indirect costs associated with their execution.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	2019
Net margin	17,321
Net turnover	356,812
Margin on sales	5%

EBITDA

Definition: Net Margin + Other operating income + Work done by the Group for its assets - Losses, impairment, and variation of provisions for commercial operations (See note 14.e) + Provision for guarantees (See note 11).

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: EBITDA is considered by the sole administrator of the Parent Company as a measure of the performance of its activity, as it provides an analysis on the profit/loss of the year (excluding interest and taxes, as well as amortization) as an approximation to the operational cash flows that reflect cash generation. Additionally, it is a magnitude widely used by investors when assessing companies, as well as by rating agencies and creditors to assess the level of indebtedness by comparing EBITDA with net debt and also comparing EBITDA with debt service.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	2019
Net Development Margin	17,643
Other operating revenue	1,762
Works carried out by the Group for its assets	968
Losses, impairment and changes in provisions from commercial transactions (see note 14)	(3,151)
Provision for guarantees (See note 11)	499
EBITDA	17,721

ADJUSTED EBITDA

Definition: EBITDA + Losses, impairment and variation of provisions for commercial operations (See note 14.e) - Provision for guarantee provision (See note 11).

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: Adjusted EBITDA is considered by the sole administrator of the Parent Company as a measure of the performance of its activity, as it provides an analysis of the operating results excluding commercial provisions that do not represent cash outflow.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	2019
EBITDA	17,721
Losses, impairment and changes in provisions from commercial transactions (see note 14)	3,151
Provision for guarantees (See note 11)	(499)
Adjusted EBITDA	20,373

BORROWINGS

Definition: Debts with current credit institutions + Non-current financial liabilities + Other current financial liabilities + Derivatives

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: Borrowings are considered by the sole administrator of the Parent Company as a measure of the performance of its activity as it measures the financial position of the Group and is necessary for the calculation of leverage quantities typically used in the market.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	31/12/2019
Current debts payable to credit institutions	82,320
Total non-current financial liabilities	15,552
Other current financial liabilities	15,552
Derivatives	2,468
Borrowings	115,892

NET FINANCIAL DEBT

Definition: Borrowings - Deferred payment for the acquisition of the business in Brazil (see note 2.6.iv) - Cash and other equivalent liquid assets (excluding those other components of the treasury that are pledged as collateral for the syndicated loan).

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: Net Financial Debt is a financial magnitude that measures the net debt position of a company. Additionally, it is a magnitude widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to assess the level of net indebtedness.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	31/12/2019
Borrowings	115,892
Deferred payment for business acquisition in Brazil (see note 2.6.iv)	(3,191)
Cash and other equivalent liquid assets - cash available (Notes 8.1.2 and 11.c)	(25,935)
Net financial debt	86,766

LEVERAGE

Definition: Borrowings / Total assets.

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: Leverage is an indicator that measures the company's indebtedness position. It is widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to assess the level of net indebtedness.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	31/12/2019
Borrowings	115,892
Total assets	251,130
Leverage	46.15%

RETURN ON CAPITAL EMPLOYED (ROCE)

Definition: Adjusted EBITDA / (Net Equity + Net Financial Debt)

Reconciliation: the reconciliation of this APM with the consolidated annual statements for the 2019 financial year is as follows (figures in thousands of euros).

Explanation of use: the return on capital employed (ROCE) is considered by the sole administrator of the Parent Company as a measure of the performance of its activity, as it measures the profitability of a company taking into consideration an issue that is especially relevant and it is the efficiency with which capital is used. It is widely used by investors when assessing the real profitability of a company.

Comparison: The Parent Company does not present a comparison with that of the previous period since the company Soltec Power Holdings, S.A. did not exist in the 2018 financial year and therefore has not prepared consolidated annual statements for said financial year.

	31/12/2019
Adjusted EBITDA	20,051
Net equity	15,671
Net financial debt	73,193
ROCE	22.56%

2.2 Key Indicators of a Non-Financial Nature

ENVIRONMENT

Regarding the non-financial information that affects the Group, as detailed in note 2 of the consolidated annual statements, our activity, by its nature, does not have a significant environmental impact. However, we have a social commitment to respect the environment and renewable energy, which is shown by investments in research with the purpose of providing technology that reduces environmental impact. Respect for the environment and sustainability are part of the Group's make-up.

The organisation and each project have a quality, environment and safety and health management system, which ensures compliance with environmental measures.

The construction of renewable energy farms requires a substantial initial investment, but in the medium term these facilities are cheaper and much less polluting than those based on fossil fuels. This is due in large part to the fact that the sun is the fundamental natural resource with which photovoltaic renewables operate, which lowers the cost of the electricity produced and has no impact on the environment. In addition to basing our activity on renewable energy, we constantly carry out awareness actions for the care of the environment and energy resources.

PERSONNEL

The people who work at the Group are the true driving force behind the company.

In 2019, we launched Soltec Wellbeing, a wellness programme for members of the entire team. This program set out to generate a greater sense of business, improving horizontal and vertical relationships in the company and working atmosphere, and promoting communication, integration, a good working environment and employee motivation, thereby reducing the risk of exclusion at work and encouraging greater employee engagement in the company's goals.

In addition, it plays a role in the training of our employees and new engineers by holding training courses based on innovation. In the constant search for the best prepared professionals that adapt to our needs, we have developed the Solteach Scholarship to train newly graduated engineers in solar energy and a Solteach On-Site training course, focused on training electronics professionals and the electricity in the field work that is needed for the correct operation and installation of the photovoltaic farms. These courses introduce the student to the key aspects of the international photovoltaic market and to the processes that our products follow.

At the Soltec Group, we will continue working on programmes such as those mentioned above, investing in our employees, whom we consider one of the best assets of the company. Through training programmes both in the projects and in the Group's subsidiaries, we can ensure high-quality jobs and lifelong training of our employees. We believe that this contributes to the progress of society in general and to the professional development of our employees.

As of 31 December 2019, the Group has 1,629 employees. The distribution by geography and professional category is as follows:

Geography	Number of Employees	% of total
Spain	660	41%
Brazil	656	40%
North America (*)	234	14%
Rest of South America (*)	68	4%
APAC (*)	11	1%
Total	1,629	

(*) North America: United States of America and Mexico. Rest of South America: Argentina, Chile, Colombia and Peru. APAC: Australia, India and Thailand.

Category	Number of Employees	% of total
Director / Department	74	5%
Person in charge	171	10%
Technician	269	17%
Administrative	140	9%
Operator	975	60%
Total	1,629	

3. LIQUIDITY AND CAPITAL RESOURCES

3.1 Liquidity

Below are the Group's most significant financial resources, as well as the policy we follow for their use.

Item (thousands of euros)	31/12/2019
Cash and other equivalent liquid assets	25,935
Other non-current financial assets - Short-term deposits (note 8.1.2)	1,808
Current financial liabilities (Short-term debts)	100,340
Non-current liabilities (Long-term debt)	15,552

Prudent management of the liquidity risk means the maintenance of sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this sense, the Group's strategy is to maintain, through our financial department, the necessary flexibility in financing through the availability of credit lines.

At the end of the 2019 financial year, the Working Capital Fund, the difference between current assets and current liabilities, amounted to a negative amount of 17.927.000 euros. The working capital must be understood separately for the industrial and project development segments.

INDUSTRIAL SEGMENT

The working capital of this segment amounts to 294.000.000 euros at the end of 31 December 2019.

Although the magnitude of the working capital considered in isolation is not a key parameter for the understanding of the Group's consolidated annual statements and their corresponding explanatory notes, the Group actively manages its Working Capital and Net Financial Debt through effective management based on the strength, quality and stability of relations with its customers and with the partners that it has made investments with in other countries, as well as comprehensively monitoring its situation with financial institutions.

The composition of the Working Capital is affected by the decision to classify the revolving syndicated loan financing with due date on 28 September 2021 (See note 8.2 of the consolidated annual statements), due to the nature of the financed contracts. The balance available at the end of the 2019 financial year for the aforementioned financial instrument recorded in current liabilities amounted to 78,559,000 euros.

PROJECT DEVELOPMENT SEGMENT

During the 2019 financial year, Powertis has continued the deployment of its operations by identifying projects in the various action regions. During this year, progress has been made in the investment of projects in Brazil, and in turn, several greenfield[4] projects were launched in Spain and Italy. The development of these activities has required an investment effort by the company and partners.

The Working Capital for the development area is a significantly negative amount, mainly due to the item recorded under "Other short-term financial liabilities" for an amount of 14,129,000 euros. This heading records the amount pending payment for the acquisition of various projects in Brazil. The sales contract includes a payment schedule associated with the achievement of the fixed development milestones, according to the achievement of the necessary permits and milestones for the construction of the photovoltaic solar plants. The investment strategy in Brazil is focused on the management of a portfolio of projects based on the rotation of assets, with the strategy of selling the projects at the ready-to-build point and the securing of financing. That is why these future payments for the purchase will be self-financed with the income from the sale of their own projects. The counterpart of these future payments is under the heading "Intangible Fixed Assets", where the assets associated with the companies acquired in Brazil for 21,916,000 euros have been recognised.

Consequently, the development area presents a negative working capital of 18,221,000 euros, which management will manage with sound financial planning to meet economic and financial objectives.

As a consequence of all this, since the beginning of the 2019 financial year, we have been working to improve working capital to reduce its financing needs and optimise cash generation.

To improve the situation, we have taken various measures. Work is currently being done to improve the terms and conditions of the contracts with clients and to diversify their portfolio, to reduce the strong dependence on a small number of clients, as well as optimise the payment terms to suppliers. In this way, we are trying to mitigate the risk of default or late payments by customers that could generate a cash deficit situation in the Group.

Our efforts to change this situation are materialising. The following shows the relevance of each customer over the amount of sales over the last years.

	2016	2017	2018
#1	Enel	Enel	Solaire Direct
#2	Prodiel	Solaire Direct	Enel
#3	Solarpack	Cypress Creek	TSK
#4	Isolux Corsán	Isolux Corsán	Scatec Solar
#5	TozziGreen	Scatec Solara	Biosar

Our leading customers for the financial year 2019 were Enel Green Power and Power Construction Corporation of China. Transactions with each of these customers represented 31% and 19,5%, respectively, of the net amount of the turnover during the year 2019. The customer portfolio is currently being diversified in the Group.

In addition to the changes and improvements in the customer portfolio, we are also working on perfecting the terms and conditions agreed with suppliers (for example, the average period of payment to suppliers, as of 31 December 2019, was 44 days), analysing in greater detail the risks of the potential suppliers with whom they wish to contract.

Through these measures, we intend to achieve positive cash flows that mitigate the insolvency or default risks of the Group, which will reduce the use of external financing resources, keeping the business running and facilitating its growth

3.2 Capital Resources

The Group's goals in relation to capital management are to safeguard its capacity to continue as a company in operation, ensure a return to its shareholders and maintain an optimal capital structure by reducing its cost.

The liquidity risk is managed by the sole director of the Parent Company following a strict financial policy and with the support of the company's partners, which until now have been a cornerstone in the financing of the investments made.

The Group's industrial activity, in terms of manufacturing, supplies and installation of solar trackers, projects are financed under the umbrella of a syndicated loan negotiated from its parent company and with the main banks in Spain, specifically adapted to the particular

[4]Developed since the beginning with the creation of the vehicle

operation of the business within the industrial sector of photovoltaic technology, having been a basic pillar during the year 2019 to support the company in the planned international expansion plan.

As for the project development business at the end of 2019, the current status of the projects has not yet required project finance debt, as all the projects under the company's management are in the developmental phase, still showing different degrees of maturity during this phase. By geographic area, in South America the resources have been used to acquire projects underway and sell the unit holding in them upon completion before starting construction of the plants themselves. Meanwhile, in Spain resources have been allocated to the identification and launch of greenfield projects, which includes various photovoltaic plants, mainly in the east of the Iberian Peninsula.

3.3 Analysis of Contractual Obligations and off-balance Sheet Operations

Note 7 of the consolidated annual accounts for the year ending 31 December 2019, details the contractual lease obligations assumed by the Group. We lease various assets, including land and assets and other assets subject to leases.

Note 11 of the consolidated annual accounts includes the off-balance sheet transactions, which correspond to committed sureties and guarantees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has a commitment to risk management. Risks are evaluated and treated through the Risk Management Department, which was created during this year. This Department analyses market and industry so that we can gain competitive advantage in the industry by mitigating the possible threats we face.

Because of this, we have a tool for the detection and measurement of risks. This system allows proactive management of operational risks, and those related to the financial situation. This system assesses the risks to which we are exposed according to their probability of impact and severity. It also controls risks and, through regular updates, responds and adapts accordingly, while mitigating the threats that may arise from the globalised environmental changes in which the Group operates.

Risks are classified into operational risks and financial risks.

3.3.1 Operational Risks

The operational risks that affect us are detailed below:

VOLATILITY IN THE RENEWABLE ENERGY MARKET

In general terms, the solar energy market is still in development, and the expectations of demand for products and services related to this energy are uncertain. In recent years, demand in Europe has increased, as well as in other regions such as the United States, China, India and emerging markets in Latin America, Asia and Africa. However, it cannot be assured that this positive trend will be sustained indefinitely.

INABILITY TO ADAPT

Our activities are carried out in numerous countries throughout the world. Our goal is to extend the market share in such markets and enter new countries in the future. As a result, there are numerous risks that arise from having an operation spread across different geographical areas, such as political, legal, labour and fiscal risks, which could have a material adverse impact on the business, its financial conditions, results and future prospects. These risks include, among others, the adaptation to the regulatory environment of each country and the any legislative amendments, the absence and/or repeal treaties or favourable agreements with the local authorities or policies of each country; and economic, political or social tensions.

EVER-GROWING COMPETITIVENESS

The increasing competitiveness in the tracker industry has, in recent years, caused a global decrease in prices that has significantly affected our business. In particular, the unit price of solar trackers has been progressively decreasing. The fall in prices is also due to the action of governments, which are imposing trade barriers for solar products and the continued reduction of financial support for the solar industry in those countries where we have subsidiaries, such as the United States.

However, in this highly competitive market, some of our competitors have greater experience or recognition, access to a larger customer base or resources and have access to economies of scale. In addition, there is a potential risk of new competitors or partnerships between existing ones, which means that they may take on a significant market share.

CUSTOMER CONCENTRATION

We have a very strong dependence on a limited number of customers. Consequently, the loss of any of these customers or one of them declaring bankruptcy proceedings or going through a difficult financial situation could cause material fluctuations or severe reductions in the Group's income. Although we expect to continue working with the same customers in the future, while also further expanding our business, we also expect a change in our main customers every year due to rotation.

DISRUPTION OR END OF OPERATIONS

We also face a risk of disruption of business. Our normal operations can be affected by supply interruptions, system failures, or natural disasters. Therefore, we have insurance policies to cover us for this type of damage; however, this could cause significant damage to our results and future operations.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

Since our creation, we have invested in the research and development of new products and services. This has allowed us to occupy an advantageous position with respect to our competitors, which we aim to preserve through major investment in the protection of our intellectual property. Intellectual property rights grant only limited protection, so the actions we take to protect these rights must be appropriate. Otherwise, our competitive advantage could be threatened.

BREACH OF REGULATIONS

We are subject to extensive environmental and health & safety regulations, as well as political, social, environmental and community actions. Failure to comply with this could result in adverse publicity for the Group and potentially significant monetary damages, which could culminate even in the suspension or termination of business operations. Consequently, we work hard on ensuring compliance with all regulations and actions.

In addition, we are subject to many laws, regulations and policies at international, European, national, regional and local levels in our markets. Any change in current regulations could present technical, regulatory and economic barriers, which could significantly cut the demand for products and services.

3.3.2 Risks Related to the Financial Situation

The risks related to the financial situation that affect us are detailed below:

MARKET RISK

The existence of bank debts with reference to variable interest rate, in part of the financial debt, means that we are subject to the risk of varying interest rates, which directly affects the values of fixed-income securities and cash generation of the business.

We develop a business model each year that establishes a 3-year forecast to check the expected performance of the main financial figures, from a business perspective, revised with other corporate departments.

This makes it possible to analyse cash flow behaviour, the company's main financial ratios and the evolution of sales, among others, so it is used to outline the company's long-term financing needs in order to help the business run better.

Financing structure. Manufacturing segment

Due to the nature of the company's business model, as long as we are able to strike a balance between the methods of payments to suppliers and the methods of payment from our customers, a very high financing structure should not be necessary, even more so as we grow and have higher solvency ratios, at which time our negotiating capacity with both customers and suppliers will be greater. This is possible because the company does not require major investment in non-current assets.

With all the aforementioned, Soltec Energías Renovables, S.L., is the matrix of the trackers installation and supply segment, which contracts and manages the Group's financing due to (i) it being the entity with the highest solvency, and can meet higher totals at a better price, (ii) it being in Spain where the Group's property and senior management are located, in addition to the specialised financial technical team and (iii) it having a relationship with the Spanish banks sharing a mutual knowledge and trust as well as being funded in euros with the European Central Bank.

The principal financing operations are in euros as (i) it is the company's functional currency, (ii) the macroeconomic environment makes reference rates negative, which makes debt service more attractive than in other currencies, such as the US dollar (iii) as well as the company being born in Spain, meaning the main relationships to date have been with Spanish banks, offering financing in euros at more competitive prices.

In relation to the risk of interest rates implicit in financing operations, we seek to minimise any relevant risk in each area, although, as is the current case, provided that financing is through a credit line, where there are no existing undrawn balances, coverage is not considered efficient in these circumstances.

Finance Structure. Project Development Segment

Within the development division, at the end of the 2019 fiscal year, bank debt is recorded at a variable rate that can influence on the company's income statement due to variations of this.

Currently, bank debt held by this division can be considered operational, so these resources have mostly been applied to finance development costs incurred. As the maturity of the development projects of the photovoltaic solar plants progresses, finance structures associated with project finance will need to be in place with a longer term debt life, which will increase the risks of variations and will need a company definition with tighter financial policies.

EXCHANGE RATE RISK

Our activity is highly internationalised, so it is subject to the influence of various currencies. Two of the most important are the US dollar and the Brazilian real.

The exchange rate risk manifests itself differently in each of the Group's segments.

Manufacturing segment

Given the Group's strategy, which is very focused on international business, in both sales and purchases, and since most of the head office costs are in euros, it is significantly exposed to exchange rate risk.

The exchange rate risk is generated in two ways:

a. Via projects.

Many of the sales are in a currency other than the euro, so we have a policy of covering all relevant open positions, with exceptions authorised by the financial management team.

In some cases, due to the characteristics of the project, it will be possible to offset the exchange rate risk by taking the payment currency of some services (salaries, purchases from local suppliers, etc.). This offset may only take place once a detailed study has been carried out into the cash flow of the projects by the financial department.

b. Via financing to its subsidiaries.

International growth leads to opportunities to create new subsidiaries in different countries. Although these subsidiaries may be created with specific projects to be carried out, at the beginning they usually require financing to start operations. For these requirements, the parent company sends financing to its subsidiary, establishing payback tables for both capital and interest.

When the functional currency of the subsidiary is different from the EUR, the parent company will assume the exchange rate risk, establishing said financing in the currency of the subsidiary, with exceptions at the discretion of the financial management team.

The main tools used by the company are:

- Natural coverage, by minimising the use of different currencies for each project.
- Hiring derivatives to set exchange rates through forward contracts.

At the end of the 2019 financial year, the company has contracted exchange rate insurance for the sale of Brazilian reais and US dollars, for insurance specifically made to cover cash flows from projects in execution.

Project Development Segment

The Group has projects across the world, grouping projects in Latin America with Brazil and Europe with projects in Spain and Italy.

In the area of development, the greatest risk by exchange rate comes from investment in the Brazilian market. This exposure to exchange rate changes of the Brazilian real can affect us at different levels:

- Exposure of capital invested in companies with income in Brazilian reais.
- Outstanding debt from the purchase of photovoltaic solar plants. The outstanding debt from the purchase of holdings in these companies remains in Brazilian reais, and even though it does not have an immediate effect on the income statement, it is reflected in the value of the holding, which may affect future results.

Although development costs are incurred in the local currency, financing from the parent company to subsidiaries is in euros and may be impacted by changes in the exchange rate against the euro.

In the 2019 financial year, exposure to other currencies such as the US dollar or the pound has not been relevant.

All this means that due to the maturity and recent start of operations, as of 31 December 2019, we do not have exchange rate hedging instruments. That said, we constantly monitor exchange rate trends, and we are considering implementing the best tools for mitigating exchange risk and its possible future effects on the profit & loss account.

PRICE RISK OF FINANCIAL INSTRUMENTS

The exposure to the risk of the price of capital securities is void due to the Group not holding investments and is classified in the consolidated balance sheet as available for sale or at fair value with an influence on results.

PRICE RISK OF RAW MATERIALS

Within the manufacturing segment and given the renewable nature of the Group's tracker supply business, there is no exposure to the price of raw materials used in the production process, as during the negotiation of projects any variations in raw material prices are directly passed on to projects. Meanwhile, at the time of signing for these projects, purchases are made upon request of the necessary raw material, blocking the price structure of raw materials for the project in question.

CREDIT RISK

Note 8 of the consolidated annual accounts shows the balances of trade receivables and other accounts receivable. Meanwhile, note 11 of the consolidated annual accounts shows the balances of Cash and cash equivalents.

The credit risk that arises from cash and cash equivalents, and deposits with banks and financial institutions is relevant for their weight within the asset items, a credit insurance has been contracted for credit risk mitigation of the industrial business, and all projects are subject to strict financial control as a mandatory filter for the signing of supply projects within the Group's financial policy.

Additionally, the syndicated credit structure itself requires us to enter into contracts with companies with a BBB-rating in the main credit agencies, or fully covered by the credit insurer.

The current credit risk in the development area is not relevant, as a balance of accounts receivable is not held. However, in the future according to the development of each photovoltaic solar plant project this credit risk may rise, even though the accounts receivable will be maintained either with project development partners, with electricity companies and public entities and/or private distribution, all of them are companies with low credit risk.

LIQUIDITY RISK

Liquidity risk has been treated extensively in point[5] where the Group's financial situation is detailed.

4. INFORMATION ON THE GROUP'S FORESEEABLE EVOLUTION[3]

Regarding the forecast of evolution, we have a growth perspective based on five cornerstones: investment in innovation, long-lasting agreements, geographical expansion, commitment to sustainability, and financing and integration. We will continue to develop on these.

First, we will invest in and work intensively on developing a differentiated technology that provides customers with a better standardised cost of energy and increased production. This calls for major commitment to the innovation of our products and services to help us keep a leading position in the industry. Investment into R&D is an essential lever for the sustainable development of the business module, so we hope to continue making investments that favourably evolve the company, underlining our competitive advantages.

Secondly, in this quest for growth, we will focus on fostering long-term agreements with key industry players, whom we consider to be partners in our growth. We understand that partnerships with customers and key suppliers of the photovoltaic industry (both locally and internationally) are a priority in order to establish long-lasting relationships that allow us to expand our pipeline and reach our goals. One of our key customers is Enel, which plays a huge role in the global energy market. We also have agreements with other important players: utility suppliers, construction companies and independent power generators. Regarding suppliers, we are aware the paramount importance of maintaining a relationship of trust in negotiations. This trust means that we can sign framework agreements to reduce costs, increase efficiency and communication, mitigate price volatility, consolidate the supply chain, outsource everyday activities that generate little value for the Group, and foster continuous business improvement.

Also, there is a commitment to maintain and even implement our stable presence in the key markets of the industry in which we operate, so that we can identify and capture the largest possible market share. Consequently, we have established an international network of subsidiaries, seeking potential investments for business expansion in other currently growing markets.

In North America, we are firmly committed to Mexico. The country enjoys optimal conditions that make it one of the bastions of the photovoltaic industry. It is the leader in the Latin American market and the third in the world market. The United States is the market leader and, therefore, we will continue to increase our presence there. Our main competitors are American, so being part of this huge market and close to the competition is fundamental from a strategic point of view. Regarding Europe, Spain is growing quickly, which is mainly due to the favourable new regulations. France and Italy are also countries in which investment is very attractive. There are other important markets, such as the Middle East and Africa, where major opportunities for the Group are expected. Australia is also showing significant growth opportunities in Asia. As for China, although the prospects for the tracker market are not large, the size of its renewable energy generation industry, and our extensive experience there, makes it a suitable country for investment. In addition, Chinese companies are investing heavily in some of our main markets outside of China. Therefore, we must take advantage of the synergies that arise from our experience in the markets where these Chinese companies wish to invest.

In addition to seeking a stable presence in key markets, we also seek to offer solutions to our customers wherever they are installed. We demonstrate this commitment by committing to establishing long-lasting links with them, while we gain experience and knowledge about new markets and diversify our presence.

Fourthly, we want to boost our financial position to be able to keep up with the expected growth rate of the photovoltaic industry. We should never neglect our financing needs and leverage structure in order to remain in a strongly competitive market.

[5]This section of the management report has certain prospective information that reflects projections and estimates with its underlying assumptions, statements about plans, goals, and expectations in relation to future operations, investments, synergies, products and services, and statements about future results or estimates of directors, based on assumptions considered reasonable by them.

In this regard, although the Group considers that the expectations contained in such statements are reasonable, it is cautioned that information and statements with future projections are subject to risks and uncertainties, many of which are difficult to predict and are, in general, outside the Group's control, risks that could cause actual results and developments to differ significantly from those expressed, implied or projected in the information and statements with future projections. The statements or claims with future projections do not constitute any guarantee of future results and have not been reviewed by the Group's auditors. It is recommended not to make decisions based on statements or claims with future projections that refer exclusively to the date on which they were expressed. All statements or future claims reflected in this report are expressly subject to the warnings made. The statements or claims with future projections included in this document are based on the information available as of the date of this management report. Except as required by applicable law, the Group assumes no obligation - even when new data is published, or new facts occur - to publicly update its claims or review the information with future projections.

Fifthly, we are focussing on vertical integration in the business value chain, with the aim of reaching ever greater margins. Since the prices and margins of the photovoltaic industry are in a downward trend due to increasing competitiveness and increasing operating volumes, it is a good idea to focus on a vertical integration in order to provide a wider range of services to potential end customers, while achieving profit throughout the value chain.

The photovoltaic industry currently has too many intermediaries that provide little added value. The commitment to vertical integration will allow the Group to provide greater value to the end customer compared to that currently provided by the intermediaries that act individually throughout the value chain. In addition, we will be able to generate differentiating factors from our competitors, and capture additional margins, while creating new entry barriers. This will diversify the Group's activity, reducing the risk exposure of trackers to a single market and gaining knowledge of the entire industry. Likewise, synergies are created, and the degree of uncertainty is reduced when all activities are carried out by the same entity.

Regarding the market evolution prospects, IHS Markit projections indicate that more than 150 GW of photovoltaic tracking systems will be installed between 2019 and 2023. The demand for photovoltaic trackers will experience its greatest growth in Europe, Africa and the Middle East (EMEA). Despite this growth, studies indicate that the Chinese, American and Indian markets will be the three largest markets by 2023. Albeit, their market share will decrease to 41% in 2023 (56% in 2016), mainly due to the emergence of new large markets, chiefly in the Middle East, and the growth of Europe, with Spain and Italy at the forefront.

WoodMac estimates that the installation of photovoltaic trackers will grow at a rate of 18% in 2023, so the share of trackers installed on the ground for solar energy projects will reach 42% in 2023.

In conclusion, our growth prospects over the next few years are based on the following cornerstones: investment in innovation, lasting agreements with strategic partners, geographic expansion, sustainability, financing and integration. Although these cornerstones indicate where the Group's progress and investment is focused, there are a number of variables of a different nature on which we have no influence and which could significantly affect the development of our business. These variables are macroeconomic, legal, political and social, influencing the evolution of our market and directly impacting its results

5. R&D+I ACTIVITIES

We are strongly committed to innovation, which is part of the Group's corporate culture. This means that we can offer a differentiated product and become an industry leader. Investment into R&D is an essential aspect for sustainable development and the annual growth of the investments made.

In financial year 2019, a decisive step was taken by creating Soltec Innovations to channel all the research and development work of the Group into a single company. Its main objective is the research and development of new designs and upgrades (patents, utility models, industrial designs), as well as adding value to the products and services we offer. Currently, this subsidiary has more than 20 employees, a figure which is expected to increase progressively.

This new subsidiary allows us to make steady progress in the area of R&D through various activities. Since its creation it has enjoyed the tax incentive of the Patent Box, through which knowledge is recapitalised, emphasising the follow-up of patents already acquired by the Group, while obtaining protection figures for new ideas or developments for its achievement in the short, medium or long term. This also provides access to tax deductions in expenses, deductions in social insurance payments, and royalties for the marketing of developed products.

Soltec Innovations is committed to autonomous R&D that allows researchers to be exclusively focused on the activity carried out at Soltec Innovations. In addition, its activity seeks the integration of the products and services offered by the

Group in the vertical chain of energy production, increasing its versatility and reducing costs through the integration of systems, thereby becoming more competitive in the industry.

Access to subsidies and other assistance is also pursued from here, as a new economic resource to boost activity. The search for new applications and application of new work methodologies to optimise project management is another of this subsidiary's main goals, which also promotes relationships with research centres and other technological partners through agreements.

Currently, one of our most important research projects is Bitech. This project has created the first testing field in the world, which evaluates the behaviour of bifacial panels by comparing different trackers. The project started in 2017 and remains underway, having obtained very favourable results for business development.

Another of the major technological developments in which we have invested the most in the 2019 financial year is the future launch of an improved tracker which significantly reduces installation and start-up costs, lowers the rate of incidents and increases the versatility of the installation by including machine learning technologies.

In summary, since its creation, Soltec Innovations has participated in several research, development and improvement activities, always in a quest for resource excellence while catalysing possible synergies, as well as enhancing communication channels in this area to maximise results.

6. ACQUISITION AND DISPOSAL OF TREASURY SHARES

There were no operations with treasury shares in 2019.

7. DIVIDEND POLICY

In the short term, we intend to reinvest the cash generation in the development of new projects and execution of the business plan and dividends will not be distributed. Later, the dividend policy will be re-evaluated, and payment will be based, among other aspects, on financial performance and business projections. Dividend payment expectations, business performance and market conditions are subject to many assumptions, risks and uncertainties that are outside of our control. The dividend payment will be proposed by the directors and will be approved by the General Meeting of Shareholders.

The ability to distribute dividends will depend on various factors that include the amount of distributable benefits and reserves, the investment plan, benefits, level of profitability, cash flow generation and compliance with obligations and restrictions established in debt instrument contracts.

8. CORPORATE SOCIAL RESPONSIBILITY

At present, we are incorporating the Sustainable Development Goals (hereinafter "SDG"), defined by the United Nations (hereinafter, "UN"), for the 2015-2030 horizon, to the exercise of our Corporate Social Responsibility and to our Sustainability Policy. Thanks to our area of business, we comply with seven of the principles:

- Goal 3: Health and Wellness
- Goal 7: Affordable and Clean Energy
- Goal 8: Decent Work and Economic Growth
- Goal 9: Industry, Innovation and Infrastructure
- Goal 11: Sustainable Cities and Communities
- Goal 13: Climate Action
- Goal 15: Life of Land

In addition, through the various solidarity and volunteer actions that we organise, in the last 12 months we have complied with the 17 SDGs of the UN, something that is especially welcomed by us.

Our Corporate Social Responsibility Policy is based on the values of sustainability and respect for the environment, the commitment to the most disadvantaged people and groups and/or related to the environment in which the company develops different projects, job creation, training and responsible and transparent communication.

We contribute to the progress of society by applying the latest technology in R&D and manufacturing and supply of single-axis solar trackers. In addition, we are aware of our social responsibility as an economic agent and driving force for development. We generate wealth through the creation of quality jobs and collaborate with various social causes to contribute to the creation of a more favourable environment for the most vulnerable.

Regarding our plans and future commitments, we can guarantee that they will be achieved satisfactorily because this is our company goal and is why we strive towards it at all times.

We have an exclusive Global Corporate Volunteering Programme in which members of our team can take part in various social causes. Volunteers help altruistically in their spare time and outside working hours. Each of the activities in which they take part are insured and our employees have the guarantees and assurances necessary for their proper development. All actions are performed jointly with non-governmental organisations or specific associations establishing alliances to meet goals, based on number 17 of the SDGs that dictates that the Sustainable Development Goals can only be achieved where firm commitment favours global partnerships and cooperation.

Among the virtues and benefits of this volunteer program, we highlight our "Global Services Solidarity Soltec" contributions making changes in society, involving its employees in solidarity causes and increasing the sense of pride in belonging and commitment to the team in the Group. In addition, it fosters new skills among employees such as leadership and teamwork, facilitates interpersonal relationships and group dynamics and significantly contributes to spreading corporate culture and to enhancing corporate image.

Volunteers are trained at the company's different subsidiaries and, by their example, help create an image of dedication and respect for the world around us.

8.1 Social Action

We contribute to the progress of society by applying the latest technology in R&D and manufacturing and supply of single-axis solar trackers. In addition, we are aware of our social responsibility as an economic agent and driving force for development. We generate wealth through the creation of quality jobs and collaborate with various social causes to contribute to the creation of a more favourable environment for the most vulnerable.

8.2 Commitment to the Most Disadvantaged Groups

Based on the commitments with disadvantaged groups, we carry out integration and charitable actions with the communities close to project sites or company subsidiaries. We are committed to the integration of women in the most disadvantaged areas through training and education programmes so that they can work at the company's plants and enjoy full incorporation into society.

People with disabilities also form part of the company's considerations and are an active part in the installation and development of several of our projects. In this way, we help create a fairer and more integrated society and confirm the company's values of equality and integration.

In addition to contributing to integration into the company's projects, we also collaborate with communities near the company's areas of business in various social outreach actions. We contribute both with one-off actions (due to natural disasters, commemoration of dates, etc.) and with ongoing projects..

8.3 Commitment to Innovation and Job Creation

We constantly strive to innovate and improve our teams, a commitment which has been certified and recognised with international awards and distinctions.

We are committed not just to creating jobs in areas close to project sites, but also to reaching agreements with local authorities to boost employment and thereby support rural areas. During the installation and maintenance of photovoltaic plants, we always try to contract specialised personnel from nearby areas. In doing so, we also commit to staff training and education.

Through training programmes both on the project sites and at the Group's subsidiaries, we can ensure high-quality jobs and the lifelong training of our employees. In this way we give both to society in general and to the professional development of company employees.

8.4 Responsible and Transparent Communication

In line with our code of ethics, we uphold the criteria of transparency and integrity regarding our projects and our dealings with employees. In our firm commitment to transparency in our communications, we keep the internal communication channel fully active with team members. This underlines the importance of transparency and access to information by company employees.

In the same way, our public face fosters transparent communication through the website, social media posts and press releases.

8.5 Sustainability and Respect for the Environment

As a business engaged in photovoltaic solar energy, respect for the environment and sustainability are part of our make-up.

In addition to basing our activity on renewable energy, we constantly carry out awareness actions for the care of the environment and energy resources.

9. IMPORTANT CIRCUMSTANCES THAT OCCURRED AFTER THE CLOSE OF THE FISCAL YEAR

On 30 January 2020, Powertis, S.A. reached an agreement with Total Solar SAS for which Powertis, S.A. granted it a preferential right to purchase certain special purpose vehicles or SPVs for a total of 1,000 MW in Spain. Under this preferential right to purchase agreement, Powertis, S.A. must transfer to Total Solar SAS 65% of the shares it holds in each of the SPVs that Total Solar SAS accepts.

Total Solar SAS is currently in an advanced phase of study for the acquisition of various SPVs that could reach a total capacity of 340 MW.

The administration of the vehicle companies will fall on a board of directors designated by both parties.

On 20 March 2020, said pre-emptive right concluded the purchase and sale agreements for 65% of the shares in the subsidiaries Amber Solar Power Uno, S.L., Amber Solar Power Tres, S.L., Amber Solar Power Cuatro, S.L., Amber Solar Power Cinco, S.L. and Luminora Solar Cuatro, S.L., for a joint sale price of 932,000 euros, which was fully disbursed on that date. The execution of said agreement involves the effective transfer of control of said vehicle companies with a generation capacity of 47 MW.

Meanwhile, the Group is in the process of completing the takeover of two SPVs in Brazil. At the date of preparation of these consolidated annual accounts, there has been no transfer of control of said SPVs to the Group.

Likewise, the sole director of the Parent Company is considering a future issue of shares in the Spanish Stock Market and, therefore, the possible inclusion of the consolidated annual accounts in the corresponding share issuance prospectus. In this regard, it has been considered appropriate to introduce additional descriptive information in some notes of the consolidated annual accounts for the year 2019, so that more detailed information is offered for the best reading and understanding of these consolidated annual accounts, as well as the inclusion of certain breakdowns that the applicable financial information framework (IFRS-EU) only requires in the case of listed entities, such as segmented information and earnings per share.

Meanwhile, the global spread of the COVID-19 coronavirus led to it being classified a pandemic by the World Health Organization on 11 March. Such events could cause, among others, delays in the supply chain due to problems at factories, delays in logistics services, impacts on employees or third parties due to quarantine periods or infection, and the slowdown of global economic growth and, therefore, domestic growth. Taking into account the complexity of the markets due to their globalisation and the absence, for the time being, of an effective medical treatment against the virus, the consequences for the Group's operations are uncertain and will largely depend on the evolution and spread of the pandemic in the coming months, as well as how all the economic players involved in the crisis react and adapt.

Therefore, at the date of preparation of these consolidated annual accounts, the management and the sole director have carried out a detailed assessment of the impacts that COVID-19 will have on the Group with the information currently available, although the final impacts will depend on the future track of the pandemic and, in particular, its consequences, in the short, medium and long term.

To date, the Group has managed to uphold its supply chain for its industrial segment and has been able to continue operating relatively normally for its project development segment, so to date there has been no drop in business, and this is not expected to happen in the coming months as a result of the contracts currently signed and pending execution and the projects underway.

The Group's sole director has performed a preliminary assessment of the current situation based on the best information available. Due to the aforementioned considerations, said information may be incomplete or inaccurate. The results of this assessment include the following aspects, among others:

- Liquidity risk: the general situation of the markets could lead to a general increase in liquidity stress in the economy, as well as a contraction of the credit market. In this sense, the Group has the resources described in note 3.2 above. Additionally, at the date of preparation of these annual accounts, the development segment has obtained ICO loans from financial institutions and the renewal of existing credit policies as of 31 December 2019. The available resources, together with the new financing obtained and the implementation of specific plans for the improvement and management of liquidity, will - in the sole director's opinion - make it possible to tackle this liquidity stress and continue with the business plan planned for the future financial years.

- Operational risk: the ever-changing and unpredictable situation could lead to the risk of temporary interruption of production/ sales or, when applicable, a temporary breakdown of the supply chain. Therefore, the Group has set up specific working groups and procedures to monitor and manage the evolution of its operations at all times, in order to minimise the impact on its business. Protocols have been adopted and implemented to guarantee compliance with the standards approved in Royal Decree-Law 6/2020 and Royal Decree 463/2020, whether concerning subcontractors, staff and offices. The instructions of the Group's prevention service have been followed, which have chiefly taken into account the "Response Procedure for the Prevention of Occupational Health & Safety Services from Exposure to the Novel Coronavirus (SARS-COV-2)" of 5 March 2020, published by the Spanish Ministry of Health, as well as successive publications or updates.

- After the entry into force of Royal Decree-Law 10/2020 of 29 March, which regulates a recoverable paid leave for non-key workers, the segment of Soltec Industrial has continued business with almost total normality by maintaining export contracts with international clients and providing services for the key industry of electricity supply, while the development segment has been able to continue its business remotely. This has only caused an interruption of 5 to 10 days in installation projects based in Spain and a one-day partial stoppage of international deliveries. In the opinion of the sole director, this interruption in business is not significant for the year as a whole and it hopes to recover lost business through the recovery of working hours via the mechanisms provided by the Royal Decree-Law itself.

- Based on the evaluation of the development of the Group's activity by management in the first few months of 2020 after the emergence of COVID-19, the Group has so far been able to continue developing the budgeted projects or backlog without significant delays in the receipt of trade receivables which could affect the Group's liquidity and its operating cycle. Likewise, there have been no significant delays by suppliers in the process of supplying trackers, following all the contracts in force based on the previously established conditions.

- Recognition of revenue and credit risk: the Group's management team is also monitoring the impact which this situation is having on contracts already signed and on its customers, in terms of the potential amendments which may occur may be made to said contracts (cancellations or variations in the estimates of recognition of revenue), as well as evaluating the recoverability of rights to be paid. In this sense, the sole director understands that the fact of upholding 95% of its accounts receivable (see note 3.1) and having the majority of customers within the electricity industry, which is considered an industry resilient to global economic crises and has been considered essential despite the impact of the pandemic, means that with the information currently available, no significant impact is expected on credit risk or on the Group's recognition of revenue.

- Recognition of revenue and credit risk: the Group's management team is also monitoring the impact which this situation is having on contracts already signed and on its customers, in terms of the potential amendments which may occur may be made to said contracts (cancellations or variations in the estimates of recognition of revenue), as well as evaluating the recoverability of rights to be paid. In this sense, the sole director understands that the fact of upholding 95% of its accounts receivable (see note 3.1) and having the majority of customers within the electricity industry, which is considered an industry resilient to global economic crises and has been considered essential despite the impact of the pandemic, means that with the information currently available, no significant impact is expected on credit risk or on the Group's recognition of revenue.

- Going concern: taking into account all the aforementioned factors, the sole director considers that the application of the going concern principle remains appropriate.

Lastly, it should be noted that the sole director and the Group's management team are constantly monitoring the development of the situation, in order to successfully tackle any possible financial and non-financial impacts which may occur.

10. CONSOLIDATED NON-FINANCIAL INFORMATION

Introduction

1 January 2018 was the effective date of Law 11/2018, of 28 December, amending the Code of Commerce, the revised text of the Capital Corporations Act approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July, on the auditing of accounts in the field of non-financial and diversity information (hereinafter, "Law 11/2018"), which substitutes Royal Decree-Law 18/2017 of 24 November, transposing into the Spanish legal system Directive 2014/95/EU of the European Parliament and of the Council as regards the disclosure of non-financial and diversity information.

In accordance with the provisions of Law 11/2018, certain companies, including Soltec Power Holdings, S.A. (hereinafter, the "Parent Company") and its subsidiaries (hereinafter, "Soltec Group" or the "Group ") must prepare a non-financial information statement, which must be incorporated into the consolidated management report or in a separate report corresponding to the same year that includes the same content and meets the requirements, and which includes, among other issues: the information required to understand the Group's evolution, results and situation; the impact of its business on environmental and social issues, respect for human rights and the fight against corruption and bribery; and personnel-related matters, including the measures which, if appropriate, have been adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

In this context, the Parent Company incorporates the consolidated non-financial information statement into the Group's consolidated management report, which accompanies the consolidated annual accounts for the year ended 31 December 2019.

This non-financial information statement has been prepared in accordance with the content established in the current trading regulations, following the criteria described for each subject in the table "Content of the non-financial information statement", as well as, to the extent possible, the selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), applying the principles of comparability, reliability, materiality and relevance set forth in the aforementioned non-financial information law.

Business model

Soltec Power Holdings, S.A. and subsidiaries form a consolidated group of companies which carry out their business activity in the renewable energy industry, particularly in the photovoltaic sector.

The Parent Company was incorporated on 2 December 2019 and on 23 December 2019 received non-monetary contributions for 100% of the shares of Soltec Energías Renovables, S.L. and 100% of the shares of Powertis, S.A., both of which control their corresponding groups. In this sense, the sole director of the Parent Company considered that said operation is a business combination under common control, so the newly formed group is essentially a continuation of the pre-existing groups, which is why the Group's consolidated annual accounts include all the operations carried out by the groups Soltec Energias Renovables, S.L. and Powertis, S.A. groups for the year ended 31 December 2019. However, given that the new trading group Soltec Power Holdings, S.A. was created in 2019, this consolidated non-financial information statement is the first one that said group prepares, so no comparative information is presented.

As of 31 December 2018, the non-financial information corresponding to Soltec Energias Renovables, S.L. and Powertis, S.A., together with their corresponding groups, was included in the consolidated non-financial information statement of the parent company Grupo Corporativo Sefran, S.L., previously known as Bari Inversiones y Desarrollos, S.L.

The Group's parent company has the following corporate purpose:

a. The execution of all kinds of activities, works and services for or related to the promotion, development, construction and maintenance of electricity producing plants, including the manufacture, supply, installation and assembly of industrial equipment and other facilities for these plants.

b. The provision of assistance or support services to investee companies or those within the scope of the business group, for which purpose it may provide, in their favour, the financing, guarantees and consolidations that may be appropriate.

c. The control and administration of securities representing the own funds of companies that are resident and non-resident in Spain through the appropriate organisation of personal and material means, provided that legislation of collective investment is not affected.

The main activity of the Group in the 2019 financial year was the installation and marketing of photovoltaic solar trackers, which is the Group's industrial segment, managed by Soltec Energias Renovables, S.L. and its investees.

Additionally, the Group considers another of its main branches of activity to be the development of facilities for producing photovoltaic solar electric energy. It does this through the sale, transfer and/or acquisition on its own account of shares and/or holdings in entities with a special purpose, whether or not they have legal status, as well as the administration, direction and management of said holdings, which is an activity managed by Powertis. S.A. and its investees.

The highest decision-making authority of the Group, that is to say, the sole director of the Parent Company, individually evaluates returns by project, grouping the activities into these two segments for management purposes. This evaluation is carried out based on internal information regarding the Group's projects, which form the basis for periodic review, discussion and evaluation in the decision-making process.

The information concerning dependent companies, by activities, of the subgroups mentioned above is as follows:

- Sales and management of renewable energy equipment based on supply, installation and maintenance work: Soltec Energie Rinnovabili, S.r.L. (Italy), Soltec America L.L.C. (USA), Soltec Chile S.p.A. (Chile), Soltec Brasil Industria, Comercio e Servicios de Energías Renovaveis LTDA (Brazil), Soltec Energías Renovables, S.A.C. (Peru), Seguidores Solares Soltec SA de CV (Mexico) y Soltec Trackers PVT LTD (India).
- Sales and management of equipment for renewable energy: Soltec Australia, PTY LTD (Australia), Soltec Argentina, S.R.L. (Argentina), Soltec France, S.L. (France), Soltec Trackers Colombia SAS (Colombia), Amber Solar Power (0-30), S.L. (Spain), Luminora Solar (0-10), S.L. (Spain), Powertis Leo Silveira (1-6), S.L. (Brazil) y Powertis S.r.L. (Italy).
- Technical engineering services and activities related to technical advice: Soltec Innovations, S.L. (Spain).
- Development services office, management of solar and photovoltaic projects, and supervision of electrical contracting works, among other activities: Usina de Energía Fotovoltaica de Araxa LTDA (Brazil).
- Search for and development of greenfield projects: Powertis Brasil Desenvolvimento de Projetos de Energía e Participaçoes LTDA.

The Group's main facilities are located in Molina de Segura (Murcia), with further facilities in Chile, the United States, Brazil, Peru, Mexico, Argentina, Australia, India, Italy, France, Colombia and Israel, among other countries.

The Group's international presence is a challenge that inspires us to take part in global practices and procedures that are cross-sectional and applicable in all the countries where we operate. This means that the entire Group is growing globally in a sustainable way.

The geographical segments in which the Group distributes the net amount of its turnover, which amounted to 356,000,000 euros in 2019, are the following: Spain, Brazil, North America (United States of America and Mexico), Rest of South America (Argentina, Chile, Colombia and Peru), APAC (Australia, India and Thailand) and others (Denmark, Egypt, Israel, Jordan, Kenya and Namibia).

As the Group was incorporated in the last month of 2019, most of the information included in this statement corresponds to subsidiaries that have had the most significant activity throughout the year. In the aforementioned context, the Group undertakes to develop policies and procedures on the matters included in this statement in order to provide all entities with a framework of internal regulations that guarantee the highest standards of regulatory compliance.

The Soltec Group, in developing its strategy, strives to ensure that its subsidiaries are leaders in their business. For this, it is essential to ensure proper application of the Group's values. In this sense, the Group's governing bodies promote a commitment to excellence with its customers, suppliers and partners, responsibility for its goals and needs, and a governance and control model.

The Group's strategic goal is to provide its customers with the most advanced technology at the most competitive price, focusing its activity on product innovation to deliver the best performance while reducing the cost of installation. The Group's success has positioned it as leaders in solar tracking and is thanks to its ability to turn each project into a success by meeting time, cost and quality criteria.

Although each of the companies that make up the Group's business segments has its own human team and its own strategy, they all share the same values:

- **Customer and quality orientation:** in all companies a relationship of trust and transparency is created and upheld with customers, where professionalism and an approachable service are the main goals.
- **Team:** the Group's main resource is the people who make up the human team, their experience and their professional and technical knowledge. Their personal and professional development is a priority, and respect and trust in them is a cornerstone.
- **Responsibility:** the Group's culture is to take charge of things by looking for solutions.
- **Communication:** while communication is taken as a fundamental value, an environment is facilitated where internal and external relationships and connections are flowing and sincere.
- **Safety:** above all, the health and safety of employees is guaranteed beyond the legal requirements to provide a comfortable and accident-free workplace.
- **Integrity:** both the Group and its people act with honesty, sincerity, respect and transparency.
- **Innovation:** in all companies, changes and new creations are encourage, both in goods and services and in working and strategic methodologies, while a commitment is made to a workplace where the generation and implementation of ideas are facilitated, meaning that the company can respond to the changes in its surroundings.

With a firm commitment to renewable energies and the environment, the Group is committed to product development and research to provide cutting-edge technology in the industry, minimising the environmental impact and championing the development of local economies.

The Soltec Group's technical solvency comes from its large team of people, 1,629 professionals at the end of 2019, who combine professional experience in solar tracking with talent and an innovative approach. The Soltec Group team is led with passion and experience at all levels, with personnel around the world to provide the best region-specific solution and attend to the needs of each project.

The Group manufactures and supplies solar tracking equipment designed and tested to withstand extreme conditions, making it the perfect solution for any type of climate. The Group's trackers are self-powered, not requiring any additional photovoltaic module or network connection.

The Soltec Group solar tracker has great performance and better ground adaptation, perfect for large-scale solar plants. These characteristics, combined with high performance in installation and operations, have turned the Group and its trackers into market leaders.

Each module can be installed in a short time, reducing construction time and labour, which reduces the final cost of the installation and provides a greater return on investment with a higher rate of installed MW.

Additionally, as a result of continuous investments into product innovation to ensure market leadership, the Group expects to obtain a reduction in costs, a shorter assembly time, as well as a greater simplicity of the assembly system.

In addition to the trackers, the main services offered by the Group are the following:

- **Project engineering:** design without losing sight of performance. Our engineers have the experience and dedication to optimise the performance of each project, allowing the Group to develop the most profitable solar tracking solution that allows the highest return on investment in the project. Each project is unique, so project engineers work together with customers to meet their needs and to provide the most innovative and profitable solutions. Project engineering services include optimised design to maximise the performance and profitability of each project and to minimise earthworks and environmental impact, all provided by dedicated engineering teams throughout the project in the office and on site.
- **Onsite services:** services include orientation, logistics, training, commissioning, installation and O&M. The onsite advisory plan service is profitable for many customers. The engineers guide the plant installation and the organisation of logistics, plant work and procurement, giving installers the freedom to supervise, manage and direct the plant.

  The teams of specialists dedicated exclusively to support the installation, whether onsite or electronically, serve as a guide and support at each phase of the project to ensure the best organisation and installation, as well as meeting deadlines. The Group's pullout tests are not commonplace among tracker providers, but have become a popular choice among customers to reduce investment risk and meet due diligence criteria in the pre-construction phase.

- **Solhub:** the standard factory service includes the innovative Solhub logistics and warehousing system, which delivers unified tracker components to the project site, within agreed deadlines and without intermediary transport companies.

  Stock inventory and shipping activity between factory warehouse locations are synchronised with regional operations and project schedules to provide the best customer experience when it comes to reliable delivery times.

  Solhub, combined with the Group's annual manufacturing capacity, meets customer needs for the supply of large-scale solar tracking projects.

- **Training:** the Group's training service connects the experience of fifteen-plus years of history in solar manufacturing and construction with the needs of each customer's projects to ensure that they comply with deadlines and meet the highest quality criteria.

  Whether on-site or remotely, factory experts provide training services that solve problems both proactively and when an urgent response is needed.

- **Commissioning:** the Group offers its own plant commissioning service that includes the commissioning of the plant and the correct application of monitoring of the project's solar trackers by specialised engineers. With a commissioning capability of 5 MW per day, extendable up to 10 MW per day, the Group provides a more efficient start-up.

- **Installation:** customer demand for contracting and executing the installation varies from market to market. The Group responds with the turnkey delivery of equipment which, together with regional stock capacity, has proven to meet the strictest timeframes on the market.

  In addition to ensuring customer success, the Group is strongly committed to improving the local economies in which its companies operate. The Group recruits and trains local people to incorporate them into the team and thereby provide each project with the necessary resources.

- **Customer service:** Solmate is the new customer service of the Group via a new platform that provides the best guarantee, care, operation and maintenance to customers. With local infrastructure in countries such as Mexico, the United States, Brazil, Spain, Chile and Australia, in addition to Solhub warehouses in different countries to initiate rapid spare parts management, the Group guarantees the best and fastest response to any operating incident.

In 2019, the Group continued to consolidate itself as one of the world leaders in the industry, and is among the three best tracker manufacturers according to the study carried out by Wood Mackenzie Power & Renewables called "The Global PV Tracker Landscape 2019".

Furthermore, the Soltec Group is a platform for development and investment in photovoltaic solar projects on a global level. This activity is based on vast experience that covers the entire life cycle of each project: development, financing, construction and operation of photovoltaic solar plants. It has an attractive portfolio of projects in Europe and Latin America with interesting opportunities for development or acquisition.

The Soltec Group has a firmly committed team with extensive experience in the development and execution of large-scale photovoltaic projects around the world, tailoring to the customer's needs and accompanying owners and investors through each step of the process.

Material aspects and stakeholders

Based on the analysis of relevant priority issues, the sustainability practices of the Soltec Group have been developed.

The Soltec Group enforces its commitment to open and continuous dialogue with its stakeholders in order to add value in an open and participatory way. By promoting this dialogue in company strategy, there are improvements in competitiveness and in the quality of products and services.

Stakeholders are an important pillar in the success of the organisation, so the Group continually strives to achieve effective engagement in order to obtain their important input and concerns. The aim is to build and develop transparent solutions based on trust with all stakeholders, respecting their points of view, key expectations and concerns as the business strategies are being developed.

The Soltec Group regularly engages with stakeholders through the stakeholder engagement process, for which there are multiple communication channels. In-depth stakeholder engagement helps define the main material issues, which are clearly expressed in future decisions and aspirations.

The Soltec Group evaluates issues related to materiality considering the importance of economic results; the expansion of operations and territorial presence; relationships with stakeholders, especially customers, employees and suppliers; a commitment to social issues, mainly associations, local community and public and environmental authorities; issues related to emissions, energy consumption and waste management; and relationships with investors and shareholders.

The material aspects identified by the Soltec Group have been structured around the following areas:

- **Corporate governance:** transparency, ethics and integrity (policies to ensure that it operates in a transparent, ethical and complete manner); risk management (due diligence procedures, policies and procedures communicated to staff to guarantee correct risk management); corruption and bribery (measures taken to join the fight against corruption and bribery); and regulatory compliance (policies and procedures to ensure strict compliance with applicable regulations, continually monitoring for any changes which may occur).

- **Environmental:** efficient management of resources (appropriate management of the use of materials and energy); circular economy (the organisation's commitment to product responsibility, prevention, recycling, reuse and other forms of waste recovery and disposal); and climate change (emission management and efficiency).

- **Occupational:** work-life balance (promotion of measures to guarantee the balance between work, personal life and family life); equality and diversity (measures implemented in the organisation to promote diversity, ensure equal opportunities and inclusion, and guarantee the proportion of a fair salary for all employees); training and talent retention (programmes to improve the development of employee skills through ongoing training tailored to individual needs); health and safety of employees (ensuring that job conditions guarantee the health and safety of employees); and human rights (measures defined and implemented to guarantee the human rights of everybody who works at the organisation or who has an employment relationship with it).

- **Social commitment:** contribution to the sustainable development of the community in which it operates. The Group ensures that it has two-way communication channels to promote relationships and partnerships with the local community.
- **Economic:** supply chain (commitment to a responsible supply chain); long-term business sustainability (measures to ensure profitability and business continuity in the long term) and tax contribution of activities.
- **Product and service management:** relationship with the customer (communication channels established to guarantee transparent and fluid communication with customers) and customer health and safety (commitment to ensure the maximum health and safety of customers throughout the entire value chain of the organisation).

Within the Soltec Group, socially responsible behaviour is manifested in the respect for the rights of workers; free collective bargaining; equal opportunities between men and women; non-discrimination based on age, racial origin, religion or disability; and the protection of employee health.

In this model, ethical, responsible and sustainable management is the yardstick for the team. This, together with the corporate commitments mentioned above, will help the Group adapt to the changes that are continually occurring in today's society.

Stakeholder assessment has provided the Soltec Group with a sustainability context, helping it to align the strategy with the expectations of stakeholders, as well as to improve environmental, social and economic behaviour and performance in the coming years.

The Soltec Group contributes to the economic and social development of its surroundings. The creation of wealth, employment and knowledge are the main benefits generated.

This non-financial information statement includes all the aspects identified as material, aligned with the requirements covered by Law 11/2018 on non-financial information..

Corporate governance and risk management

The sole director is the supreme governing body of the Soltec Group in matters of corporate responsibility and risk management.

The sole director of the parent company of the Soltec Group acknowledges and accepts the importance of having a corporate governance system that guides the structure and operation of its corporate bodies, in the interest of the different companies and their shareholders. The Group firmly believes that good corporate governance leads to effective decision-making, which is essential for the success of any organisation.

The way of managing the business ensures sustainable growth and supports the growth of operations.

Corporate governance rules are regularly reviewed and updated, always relying on commitment to business ethics and corporate responsibility.

The Soltec Group's corporate governance rules are inspired by the following good practices in the aforementioned area:

- ✔ Fostering internal and external communication, responding to the expectations of stakeholders and applying the principle of transparency.
- ✔ Guaranteeing the protection of human rights, as well as respect for the ethical standards and regulations applicable through internal and external regulations.
- ✔ Zero tolerance for corruption and unfair competition practices.
- ✔ Fostering corporate social responsibility by promoting initiatives and monitoring the degree of compliance with commitments.
- ✔ Continuously working on identifying risks and opportunities, while prioritising key issues for long-term business sustainability.

The Soltec Group's governing body knows that risk management is one of the key cornerstones of the Group's internal control system, and therefore of the organisation's strategy itself.

The Group regularly identifies, classifies and assesses the potential risks which may affect all relevant business units, and it establishes control mechanisms by allocating responsibilities derived from each of them.

Risks are assessed and managed through the risk management department, which was created in this financial year. The Group's risk management system enables the proactive management of the identified risks, implementing both preventive and reactive measures to potential events, as well as the regular monitoring of their evolution.

The main operational risks affecting the Group are linked to the uncertainty in the demand for products and services in an ever-changing environment; difficulties in adapting to different regulatory environments, as well as the potential regulatory changes derived from operations in many countries; the increasing competitiveness in the tracker industry with the resulting price reductions; the concentration of business on a small number of customers; potential regulatory breaches at an operational level; information leaks related to product R&D; and potential problems derived from natural disasters, system failures and/or supply outages.

As for financial risks, the main ones are related to interest rates, exchange rates, liquidity and customer credit.

To ensure proper risk management, a first line of defence has been defined that carries out daily risk management tasks by implementing policies and procedures to mitigate them. This team is made up of the managers of each business division. Meanwhile, the second line of defence is responsible for implementing and monitoring the internal control and compliance model.

Environmental aspects

The Soltec Group is fully committed to respecting and caring for the environment and is fully aware of its commitment to customers and to society in general, which motivates it to work constantly and regularly to minimise the impact of activities on the environment. In this sense, it has developed a series of internal mechanisms that lay the foundations for commitment to the environment. The central framework is the quality management, environment and health and safety system, as well as the existence of a specific Health, Safety and Environment Department, which oversees compliance with all environmental measures.

For the management and coordination of all the Group's environmental actions related to the design, manufacture and assembly of solar trackers, the environmental management system implemented at the Group's sites in Murcia, Mexico, Brazil and Chile is regularly monitored, based on ISO-14001:2015.

The Group's quality, environment and health and safety policy establishes the following principles that must be complied with:

- Ensure that the services comply with the applicable specifications, standards and codes, as well as the applicable laws and regulations on quality, environment and occupational safety.
- Establish actions and programmes aimed at continuous improvement, prevention of pollution and prevention deterioration of health, with regard to the quality of services, protection of the environment and the safety of people.
- Incorporate the minimisation or elimination of environmental impacts into services and make this objective compatible with the rational use and consumption of raw materials, energy and natural resources.
- Increase customer satisfaction, taking on the concepts of quality and respect for the environment and commitment to occupational safety.
- Maintain permanent communication with stakeholders in order to work together on improving services, whether in technical aspects, quality assurance, occupational health and safety, and prevention of environmental risks.
- Inspire and motivate staff through the necessary training and awareness, in order to enhance their integration in the management and development of the quality, environment and occupational health and safety systems.
- Establish mechanisms that encourage the participation of workers in order to improve health and safety in the workplace.

In addition to the framework established by said policy, the Group's EHS department is responsible for identifying environmental aspects and determining areas that may have a significant impact on the environment in order to implement the strategic planning of the environmental management system.

In addition to the in-house environmental processes of the Soltec Group, the organisation implements an environmental management plan for the installation projects of solar trackers, which takes into account specific environmental legislation in the different countries where the projects are underway.

In order to identify the main impacts and risks in the environmental field, the different stages of the life cycle of the products and services provided by the Group are taken into account.

The main environmental risks considered by the Soltec Group are the use of raw materials, waste generation, noise pollution and atmospheric emissions derived from energy consumption.

As a result of the environmental management plan and the main risks identified, the Group prepares environmental monitoring plans, the goal of which is to create a mechanism that ensures compliance with the proposed protective and corrective measures and the detection of unforeseen alterations.

A further line of environmental risk control is the management of the applicable legal requirements on international, national, regional and local levels, thanks to which no significant breach occurred during the period covered by this non-financial information statement.

Additionally, regular internal audits are carried out by the health, safety and environment department, the scope of which covers both the central offices and the ongoing projects for the design, manufacture and installation of solar trackers.

Last but not least, there are awareness-raising and training activities for all Soltec Group employees, the goal of which is to show them how to save resources in the workplace and reduce the environmental impacts of everyday activities, with a view to reducing their carbon footprint. In this context, the Group's manual of best environmental practices is used as the basis for training and awareness-raising among its employees.

Contamination

The Soltec Group has modelled economic growth based on respect for the environment through innovation and the optimisation of photovoltaic technology.

Thanks to its cutting-edge technology, the Group continues to strengthen its position in the photovoltaic solar energy market with revolutionary products such as its monofacial and bifacial solar tracker. The functionality of the solar trackers is to make the photovoltaic module rotate around its axis following the direction of the sun, and therefore generating more energy. In the 2019 financial year, projects with an accumulated power of 2,414 MW have been completed, which have allowed the reduction of 1,931,561 CO2 emissions (Tn).

Meanwhile, the standard factory service includes the innovative Solhub logistics and warehousing system, which delivers components within agreed deadlines and without intermediary transport companies. This provides a better service, keeps full control of the entire process, controls CO2 emissions, controls the management of hazardous waste and, ultimately, means that the organisation is responsible for environmental sustainability.

At the same time, the Soltec Group is in charge of implementing measures to reduce spillages, noise pollution or soil pollution. The Group ensures that carbon emissions from the combustion of vehicles have passed all the regulatory controls and that the traffic speed on site is limited, thereby guaranteeing a lower emission of gases.

Similarly, noise control measures are implemented in projects through the use of noise reduction systems on machinery and construction vehicles, the verification of the certificates of conformity of machinery manufacturers, the use of low-sonic compressors and drills, and regular checks of machinery and silencers.

Circular economy: waste prevention and management

The Soltec Group understands that the transition from a linear to a circular economy is a key step in improving and caring for the environment, as it entails a considerable reduction in waste through the optimal use of available resources.

The Group follows a methodology to properly manage the waste generated throughout the organisation, which it conveys to employees and the people responsible for internal or external waste management.

Training is carried out regularly, both for employees and subcontractors, which conveys a series of best practices and underlines the importance of the proper separation of waste for recycling purposes.

The Group's activity generates different types of waste, both hazardous and non-hazardous, due to the diversity of activities carried out at its workplaces, such as administration, logistics, manufacturing, installation and maintenance.

The amount of hazardous waste (mainly oils) and non-hazardous (mainly plastic, paper, cardboard and wood) generated in 2019 is shown in the following table:

	Tons
Hazardous	12
Non-Hazardous	1.464
Total	**1.476**

In all projects there is a measurement of the waste generated, suggesting different alternatives in relation to them, such as reuse within the projects or the recycling of cardboard or wood.

The Group has contracted external companies as authorised managers to provide the collection and management service for hazardous waste, in accordance with the provisions of current legislation.

All hazardous waste is correctly labelled, allowing for its rapid identification and the reporting of the associated risk, both to users and managers. In addition, all the Group workplaces that generate hazardous waste have a properly marked storage place.

The hazardous waste storage area has a size and characteristics consistent with the volume of hazardous waste generated in the workplace. The Department of Health, Safety and Environment conducts regular reviews of the state of hazardous waste warehouses to detect anomalies, assess possible improvements and check that the internal management of hazardous waste is being carried out correctly.

Meanwhile, the Soltec Group in Spain registers all its production centres in the Office of the Environment's register of low-scale waste producers and keeps each file updated in accordance with the regulations published by the Ministry of the Environment. In relation to the aforementioned area, each country adheres to local legislation in this regard.

Sustainable use of resources

The aim of the Soltec Group is to integrate corporate sustainability into decision-making processes in line with the UN Sustainable Development Goals, which also generates value for both society and the company.

Its purpose is to attend to current needs without compromising the ability of future generations to satisfy their own, thereby guaranteeing the balance between economic growth, care for the environment and social well-being.

As a result, all products are designed without losing sight of performance. The Group's engineers have the experience and dedication to optimise the performance of each project, allowing them to develop the most profitable, efficient and sustainable solar tracking solution. The manufactured trackers generate more energy per hectare occupied and guarantee a better use of space.

Within the field of saving limited resources, the Group has created a list of best practices for employees, with special emphasis placed on saving energy and water. A reduction in the use of paper is also encouraged.

Thanks to new technologies, the Group has developed a process of digital transformation of all its activities and the way in which they relate to stakeholders. In this sense, it has created a digital intranet for the entire organisation, which means that all communications to employees are always available, using electronic means such as email whenever possible and using the website and other digital means for promotion or marketing, which cancels out the need for advertising brochures, for example.

Raw materials

The main raw materials used in 2019 have been the following:

	Tons
Steel	123.989
Other components	19.051
Total	**143.040**

The raw material supply model includes a hub system that supplies demand efficiently and globally. In this way, various supply solutions are available to achieve a global supply chain that optimises the transport of materials.

Energy

Caring for the environment concerns all employees, which is why the Soltec Group carries out several training and awareness campaigns each year, in which special emphasis is placed on the responsible use of resources, and especially energy. In addition, this knowledge is regularly refreshed with continuous training pills using posters on notice boards, small labels on taps or switches, etc.

In the 2019 financial year, the Group's total consumption of electrical energy amounted to 521.322 kWh, with the energy consumed in Spain being approximately two thirds of the total and 100% renewable, thereby helping protect the environment. In relation to the consumption of diesel and propane, in the 2019 financial year they rose to 844.144 litres and 880 kg, respectively.

Climate change

The Soltec Group is committed to the fight against climate change, aiming to be a GHG-neutral (greenhouse gases) company in the long term, with a progressive reduction in emissions in the short and medium term.

For this, in the case of Spain, the Group only works with electricity suppliers with an electricity mix that does not generate CO2 or other GHG emissions due to electricity consumption, duly undertaking not to vary this selection criterion. From a sustainability front, the Group is committed to progressively reducing its electricity consumption by carrying out control campaigns, performing awareness-raising activities, changing equipment for more efficient types, etc.

Meanwhile, the Group in Spain has implemented a plan to reduce its carbon footprint each year, in which its emissions are continuously monitored. That said, the carbon footprint generated by the Soltec Group is very low, considering the size of the organisation, but it still seeks excellence in terms of low emissions, and is committed to achieving this.

The emissions for the 2019 financial year, calculated based on the standard emission factor at each of the subsidiaries, amounted to 2,107 tons of scope 1 CO2 and 29 tons of scope 2 CO2. Scope 1 includes emissions from all direct sources of combustion, mainly diesel, and Scope 2 includes emissions associated with electricity consumption.

With the aim of reducing its emissions at a logistical level, the Group has introduced the Solhub solution, which delivers tracker components to the project site without intermediary transport companies, based on environmental aspects related to transport and packaging in the supplier approval process.

Precautionary principle

As far as the precautionary principle is concerned, it is not appropriate for the Soltec Group to address this principle, as its activities do not generate impacts that may lead to serious or irreversible damage to the environment.

Biodiversity

The Soltec Group has an environmental management plan that supports the construction process of photovoltaic installations with the company's products. The environmental management plan foresees the control of potential effects on flora and fauna, among other aspects. In this way, mechanisms for the protection of biodiversity are foreseen in operations where there may be some kind of impact, beside operations that are usually carried out in industrial areas with no risks of impact on biodiversity.

Impact on fauna

Recommendations include the installation of wildlife fencing on which rectangular plates are placed to prevent bird strikes, the planning of activities to prevent impacts on fauna, the necessary surveys to detect the possible presence of wildlife nests or habitats, and compliance with the rescue protocol for wildlife that could be affected by the works.

The recommendations also include not making any blitzes to scare away mammals and birds in the project area; cleaning the work area and not leaving waste behind; limiting noise levels, vibrations and the generation of dust, especially during breeding and nesting seasons; limiting the maximum speed inside the project to 20 km/h; strictly following the environmental monitoring plan; observing whether the works are affecting the neighbouring fauna habitats and acting accordingly; and restoring an area of approximately 8 ha as an ecological corridor to create a favourable ecotone for birds in the area.

Impact on flora

Forecasts include appropriately planning activities so as not to affect flora; restricting the area of action, including access roads and auxiliary facilities; watering down vegetation if there is a build-up of dust on it; not stockpiling of any materials, not even temporarily, in areas occupied by natural vegetation; and informing staff about important or protected species and communities around the site.

Furthermore, the application of herbicides or pesticides is not allowed, nor is the clearing of vegetation located outside the project area. Operational areas must be equipped with regulatory firefighting equipment in order to protect the area and the surroundings from possible fires; the maximum speed inside the project must be limited to 20 km/h; and ecological corridors should be rehabilitated if they exist.

Impact on ecological heritage

With regard to ecological heritage, activities must be properly planned to minimise the effects on neighbouring heritage, paying particular attention to earthworks in sensitive areas. Information and plans must be collected from the competent agencies, identifying and signalling the most sensitive areas and prohibiting the use of heavy machinery.

Company and personnel issues

The people who work at the Soltec Group are the basis for the growth and development of the organisation. The core of the Soltec Group's success is its staff, their passion for products, teamwork and customer relationships in order to provide quality service.

The Group believes in the skills of its employees, in the diversity of talent and in the vocation to grow. This is why it always understands professional relationships as a long-term partnership in which everyone benefits. In the aforementioned context, the Group provides its employees with job stability, stable contracts and a motivating professional project where they can continuously develop and learn in an environment of generational diversity.

For this reason, one of the main goals of the Group is the creation of an inclusive corporate culture, which embraces and encourages diversity in order to help all employees attain their maximum potential. This involves the need for forward-thinking employment management, bearing in mind that the current market requires professionals capable of working in a collaborative, dynamic, diverse and flexible environment.

The Soltec Group's team of professionals is made up of people with a high level of commitment, a passion for doing things well and a desire to exceed customer expectations at all times. The organisation always welcomes creativity, new approaches and different points of view offered by any member of the team.

In line with the above, the Soltec Group is fully aware that leadership was the key to success in its past venture and will also be the key to success in its future goals, along with the commitment of 1.629 employees at the end of 2019. Therefore, human resource management is based on a leadership model that provides each person with the necessary tools for their professional development, allowing employees to map out their own pathway, that of their colleagues and that of the Group as a whole.

The Soltec Group's global human resources policy is based on that idea, believing in people and focussing on their talent to continuously grow and expand. The Group's international presence is a challenge that inspires us to take part in global practices and procedures that are cross-sectional and applicable in all the countries where we operate. This means that sustainability is not limited to Spain and the head office, but that the entire Group grows globally in a sustainable manner.

The most significant risks that could affect the organisation in employment matters include equal treatment and opportunities between women and men, discrimination and inclusion of people with disabilities, and universal accessibility. The Soltec Group works with a firm commitment to operating within the framework of a management model which includes business ethics. In the abovementioned context and as a commitment linked to the values and standards of action of the Group, it is preparing a code of conduct that will be implemented as soon as possible, which among other aspects will include the general benchmark principles for its activities, the action guidelines to be respected by the entire organisation, and the follow-up mechanisms to control compliance with the aforementioned code and its continuous improvement.

Attracting, developing and retaining the talent of candidates and employees is a key goal at the Soltec Group. The Group is convinced that the development of people will make it an increasingly efficient, productive and competitive organisation, consolidating its leadership based on the values and contributions of each employee.

In the 2019 financial year, the Soltec Group launched the Soltec Wellbeing programme for members of the entire team. This program sets out to generate a greater sense of business, improving horizontal and vertical relationships in the company and working atmosphere, and promoting communication, integration, a good working environment and employee motivation, thereby reducing the risk of exclusion at work and encouraging greater employee engagement.

Along these same lines, the Group has internal social networks that facilitate two-way and transversal communication between workers, allowing for collaborative and conversational work, the display of documentation on the network, the provision of public information groups and private work groups, and immediate participation and communication.

In the abovementioned context, the Soltec Group's priorities in the field of employment management are as follows:

- ✔ Guarantee a safe and healthy workplace, adapting to the general and job-specific requirements.
- ✔ Develop recruitment and internal promotion processes based on equal opportunities, promoting training and the development of employee skills to improve their experience and performance.
- ✔ Commitment to compliance with employment conditions established by law, offering decent wages adapted to each circumstance.

Employees

The total number and distribution of employees by country as of 31 December 2019 is as follows:

	Número de empleados
Brazil	660
Spain	656
Mexico	234
Chile	30
Argentina	17
Peru	12
USA	9
Australia	8
India	3
Total	**1,629**

The total number and distribution of employees as of 31 December 2019 by sex, age and professional classification is as follows:

	Number of employees					
	Men	Women	Total	<30	30-49	>49
Director of department	52	22	74	11	54	9
Manager	149	22	171	34	122	15
Technician	220	49	269	96	151	22
Administrative Assistant	66	74	140	58	76	6
Operator	895	80	975	430	473	72
Total	**1.382**	**247**	**1.629**	**629**	**876**	**124**

The total number and distribution of employment contracts by type of contract, sex, age and professional category as of 31 December 2019 is as follows:

	Number of employees					
	Men	Women	Total	<30	30-49	>49
Permanent	785	164	949	341	557	51
Temporary	597	83	680	288	319	73
Total	**1,382**	**247**	**1.629**	**629**	**876**	**124**

	Number of employees		
	Permanent	Temporary	Total
Director of department	73	1	74
Manager	148	23	171
Technician	132	137	269
Administrative Assistant	105	35	140
Operator	491	484	975
Total	**949**	**680**	**1,629**

The annual average in the year ended 31 December 2019 of permanent and temporary contracts by sex, age and professional category is as follows:

	Annual average of contracts (%)					
	Men	Women	Total	<30	30-49	>49
Permanent	35%	8%	43%	15%	26%	2%
Temporary	52%	5%	57%	23%	27%	7%
Total	**87%**	**13%**	**100%**	**38%**	**53%**	**9%**

	Annual average of contracts (%)		
	Permanent	Temporary	Total
Director of department	3%	-	3%
Manager	7%	1%	8%
Technician	7%	8%	15%
Administrative Assistant	5%	2%	7%
Operator	21%	46%	67%
Total	**43%**	**57%**	**100%**

The total number of dismissals by sex, age and professional category is as follows:

	Number					
	Men	Women	Total	<30	30-49	>49
Dismissals	119	28	147	50	90	7

	Número
Director of department	2
Manager	23
Technician	16
Administrative Assistant	23
Operator	83
Total	**147**

The salary model generally applicable to the Soltec Group workforce is fundamentally a fixed salary model, based on the provisions of the applicable collective agreements or by the conditions and agreements in force in each country, which consider the level of responsibility, the functions performed and the professional career of each employee. The principles of in-house equality and the value of the employee's role play an important role in the total salary. The award and amount of this fixed salary is based on predetermined and non-discretionary objective criteria.

The abovementioned model includes a variable salary made up of income subject to the fulfilment of certain conditions, normally related to the employee's performance, and is implemented by means of incentives and commissions.

Additionally, the Soltec Group salary system also includes a flexible salary to voluntarily design the make-up of the compensation package for employees according to their personal and/or family needs, substituting the cash salary for certain products and services, such as transport tickets, childcare, restaurants and medical insurance.

The Group's average salaries in the 2019 financial year have been as follows, broken down by sex, age and professional category:

	Euros				
	Hombres	Mujeres	<30	30-49	>49
Remuneración	16.686	18.766	11.184	19.701	20.386

	Euros				
	Director/a	Encargado/a	Técnico/a	Administrativo/a	Operario/a
Remuneración	56.325	33.805	23.613	12.999	9.575

The Group's salary policy promotes equal treatment between men and women, which does not establish or promote a pay gap. The salary model rewards the level of responsibility and professional career, ensuring in-house equality and external competitiveness.

To calculate the Group's salary gap, the average salary of men and women by professional category has been considered. This information is conditioned by the following aspects:

i. the professional categories are formed by an assimilation of different professional categories according to the legal and employment framework of the country

ii. professional categories include different jobs with different salaries depending on the position

iii. not all professional categories or both sexes exist in all companies/countries

iv. the salary structures of each company/country are different

In this context, the salary difference for each category has been calculated as the difference in average salary between men and women divided by the average salary of men. With the abovementioned information, the weighted average has been calculated taking into account the weighting of each category with respect to the workforce during the year. Finally, these calculations give the contribution to the overall salary difference by professional category, not identified in relation to the pay gap for the Group as a whole.

In the 2019 financial year, the sole director of the Parent Company (a man), who also exercised the duties of senior manager, earned 180,000 euros in monetary income. He did not earn amounts classified as income in kind for his work as senior manager in any of the periods.

The relationship between the minimum salary paid by the Soltec Group and the interprofessional minimum salary in the 2019 financial year is greater than one unit for Spain. Meanwhile, the Group, at all the subsidiaries, undertakes to respect the local regulations in force concerning agreements related to a local minimum wage.

Working hours

The companies of the Soltec Group have independence to organise their working hours based on the applicable collective agreement and/or company pact that regulates the annual working day, as well as the operational needs applicable to each situation.

Based on compliance with legal requirements, and in balance with the obligations of each of the companies, the Soltec Group promotes flexibility practices that help adapt working hours to its workers: flexible starting times, adjusted lunch breaks depending on the starting time, intensive hours on Fridays, etc.

In Spain, the working day for the 2019 financial year was at 1.759 hours of effective annual work for full-time employees. For part-time workers, the percentage reduction is applied in proportion to the contractually agreed working day.

The annual average in the year ended December 31, 2019 of full-time and part-time employees by sex, age and professional category is as follows:

	Annual average of employees (%)					
	Men	Women	Total	<30	30-49	>49
Full-time	87%	13%	100%	38%	53%	9%
Part-time	-	-	-	-	-	-
Total	**87%**	**13%**	**100%**	**38%**	**53%**	**9%**

	Annual average full-time employees (%)
Director of department	3%
Manager	8%
Technician	14%
Administrative Assistant	7%
Operator	68%
Total	**100%**

Although currently there is no common policy that establishes measures for employees' right to disconnect from work, the Group strives to ensure a work-life balance for everyone. To do this, courses and meetings are held during business hours and all staff can take advantage of the reduced working hours scheme.

In 2019, a total of 19 men and 1 woman were able to enjoy parental leave. Meanwhile, the Group has established a set of preventive measures aimed at protecting mother and child during pregnancy and breastfeeding.

The total number of hours of absenteeism in the year ended 31 December 2019 has amounted to 30.127, which is equivalent to 1% of the total hours.

Health and safety

One of the Soltec Group's fundamental commitments is the protection of its employees' health and safety. These are conveyed to stakeholders by means of group-wide policies and systems, such as a quality, environment, health and safety policy and management system based on OSHAS 18001:2007 and ISO 14001:2015 standards, which certify the design, manufacture and assembly of solar trackers in locations in Spain, Mexico, Brazil and Chile.

This system is eminently preventive in nature and is based on the identification and prior planning of units that may pose a risk to the health and safety of workers, in order to implement these units in accordance with the criteria established.

The Group has opted, as a blanket prevention measure, to outsource a prevention service that covers the specialities of safety, industrial hygiene, ergonomics and applied psychosociology. In addition, in the field of occupational medicine, it has an agreement for health surveillance.

Meanwhile, the Soltec Group has its own preventive resources through an EHS department that is designed as a specific organisational and functional unit, integrated within the Group's management team and directly dependent on the company's management team, which is also responsible for providing training to all employees and for carrying out inspections and audits to help maintain a high level of prevention throughout the Group. It also has prevention officers and a Health and Safety Committee.

Given that the activity of the organisation is so geographically dispersed across the world, the global director of the EHS department is physically located at the Murcia head office, with a head of the EHS department at each of the Group's projects and offices in the world.

The Soltec Group recognises the importance of working conditions as a key factor in employee commitment and talent retention. In this sense, it ensures the quality of life of its workers, providing them with conditions suitable for their comfort in a stable and high-quality working environment.

In the countries where the Soltec Group operates, there are several collective agreements that regulate the recruitment of employees, and most of them address specific conditions regarding health and safety, in order to foster and encourage safe working conditions. These conditions generally cover aspects such as:

- The obligation to provide PPE suitable for the task in question.
- The need to ensure the training and skills of employees who perform hazardous work.
- The right of any employee to stop work that is being carried out in unsafe conditions.

- The obligation of employees to comply with the established rules, procedures and guidelines to carry out the work safely.
- The obligation of workers to undergo occupational medical examinations to validate their medical aptitude in relation to the work in question.

The frequency rate and severity of workplace accidents, not including accidents on the way to and from work, categorised as minor, were 1.4 and 0.07, respectively, in the year ended 31 December 2019, with four accidents involving male employees. During the year, no cases of occupational diseases were declared. In this context, no high-risk job was identified.

The Group is committed not just to continuing to decrease the accident rates, which have already fallen below the national or industry average, but also to continuing to strictly comply with environmental matters as per ISO 14001:2015. The Soltec Group has adhered to the Luxembourg Declaration on Workplace Health Promotion, with the aim of not just maintaining but also improving the health of all the Group's staff.

Due to the continuous effort of the Soltec Group to take care of its employees' health, in the 2019 financial year an agreement was signed with a healthy eating company, thereby reducing staff journeys and avoiding potential traffic accidents, as well as providing a healthy and balanced lunch that will benefit employee health.

The Soltec Group offers its employees a personal trainer twice a week, encouraging them to develop healthy and sporting habits. In 2019, it also organised a course with a Civil Guard captain (who holds a national award for occupational health and safety) for employees interested in improving their skills in stressful situations.

Company relations

In accordance with current regulations, the working conditions and rights of Soltec Group employees, such as freedom of trade union membership and representation, are set forth in standards, agreements and covenants signed, where appropriate, with the corresponding employee representatives. Dialogue and negotiation are part of how to address any differences or conflicts in the Group, for which there are specific procedures for consultation with the aforementioned representatives, with the most relevant percentages being in Spain, Mexico and Brazil, which amount to 100% , 95% and 77%, respectively.

A high percentage of Soltec Group employees are recruited under the conditions of one or more collective agreements in the industry/region to which the activity or project belongs.

The collective agreement for the iron and steel industry of the Autonomous Region of Murcia is the most relevant benchmark agreement for Spain, with all the workers of Spanish companies covered by a collective agreement. Meanwhile, the other subsidiaries are governed by any applicable collective agreements, with a significant number of Group employees covered by them, mainly in Brazil and Mexico. In countries where there are no collective agreements, employees are covered by the employment laws in force.

The Group companies acknowledge the right to join any trade union and to non-discrimination due to this membership as well as equal opportunities, treatment and non-discrimination for pay in jobs with the same value. The application of these rights results in a continuous, open and constructive dialogue that the Group maintains constantly with the unions and which results in a significant number of consultations and negotiations throughout the year, with no relevant conflict between the company representatives.

Training

Staff training and motivation play a fundamental role in the Soltec Group value creation process. That is why, year after year, the Group companies develop training plans appropriate to the needs of the team's education, integration and professional and personal development, taking into account the collective goals of the Group and the individual goals of each employee.

The internal training plans have set out to expand the training on offer and course duration in order to provide a greater variety of training that can be accessed by all staff, addressing aspects not just related to general development (languages and IT skills), but also incorporating specific courses to expand job-related skills and abilities in each area.

The Group companies encourage their workers to express their goals and expectations, maintaining an open dialogue with them in order to know how to retain and motivate workers by proposing attractive, realistic and long-term skills development options. Training needs are analysed at all levels, including business strategy, operational difficulties, and other issues such as individual performance, development and succession, and legal requirements.

In this sense, the Group makes professional development plans available to all its employees to address their short, medium and long-term professional development goals. These plans guide and monitor the evolution and development of employees' skills and careers in order to ultimately achieve the goals set. The development plan is fully aligned with the training plan, thereby ensuring consistency throughout the employees' time at the company.

What's more, in the constant search for the best prepared professionals that adapt to the Group's needs, we have developed the Solteach Scholarship to train newly graduated engineers in solar energy and a Solteach On-Site training course, focused on training electronics professionals and the electricity in the field work that is needed for the correct operation and installation of the photovoltaic farms. These courses consist of different sections to introduce the student to the key aspects of the international photovoltaic market and the processes that our products follow.

All courses taught are due to training needs identified in the workforce and involved a total of 59,827 hours in the year ended 31 December 2019, of which 4,812 were carried out by directors, 5,081 by administrative staff, 14,337 by technical staff, 11,052 by managers and 24,545 by operators. The hours of training delivered in Spain, Brazil and Mexico accounted for 45%, 41% and 11%, respectively, of the total hours in 2019.

Accessibility

For the Soltec Group, the integration of people with diverse abilities into the employment market is vital both from the point of view of human rights and from an economic perspective, leading to equal opportunities and higher employment rates.

The Soltec Group strives towards this integration, implementing action protocols to resolve the questions that arise in cases where health conditions, biological status, disability or any other causes give rise to a special sensitivity for an employee in their usual job.

The Soltec Group specifically guarantees the protection of these workers and takes these aspects into consideration in the risk assessment, based on which it will adopt the necessary preventive and protective measures.

As of 31 December 2019, the Group had 18 people with different abilities. In the abovementioned context, the Group supports occupational integration and the incorporation of people with disabilities into the world of work. The distribution by gender and category of the number of people employed by the Group with a disability greater than or equal to 33% (8 in Spain and 10 in Brazil) as of 31 December 2019 is as follows:

	Number
Manager	1
Technician	2
Administrative Assistant	4
Operator	11
Total	**18**

Equality

The Group declares its commitment to the creation and development of policies that integrate equal treatment and opportunities for all its employees, without discriminating directly or indirectly for reasons of gender, ideology, race, age, social origin. It also fosters and promotes measures to achieve real equality within the organisation, establishing the same opportunities between men and women as a strategic principle of its corporate policy and human resources, in accordance with Organic Law 3/2007 of 22 March, for the effective equality between women and men, and Royal Decree-Law 6/2019 of 1 March, on urgent measures to guarantee equal treatment and opportunities between women and men in employment and occupation.

In each and every one of the areas of its business, from recruitment to promotion, including salary policy, training, working and employment conditions, occupational health, organisation of working times and work-life balance, the Group implements the principle of equal opportunities between women and men, paying special attention to indirect discrimination, understanding this as a situation "where an apparently neutral provision, criterion or practice would put persons of one sex at a particular disadvantage compared with persons of the other sex".

The stated principles will be put into practice by the Soltec Group through the promotion of equality measures or through the implementation of an equality plan, taking into account, among other aspects, the following measures:

- Fully and actively incorporating the principle of equal opportunities in the Group.
- Developing and incorporating specific measures that help enhance the employability of women who work in the Group.
- Creating working procedures in human resources that are governed by the principles of equal opportunities when selecting and recruiting personnel.
- Incorporating a gender perspective into all decision-making processes that affect the Group's business and employment matters.
- Implementing work-life balance measures from an equality level within the internal structure of the Group.
- Fostering and implementing within the company a professional development model based on quality and equal opportunities between women and men.
- Formally acquiring the commitment to promote equal opportunities cross-sectionally in all the actions undertaken by the Group.

In the abovementioned context, the Group will appoint a permanent equality committee and implement its operating regulations, which will provide the basic instruments to identify and correct possible direct or indirect situations of discrimination or inequality that may exist in the workplace.

The Soltec Group acknowledges the need to prevent harassment at work, eradicating any behaviour which may be considered as harassment, emphasising the non-acceptability of workplace harassment of any type and coherently proposing preventive and sanctioning actions if it occurs.

Respect for the dignity and privacy of people, the fight against all forms of discrimination, the promotion of effective equality of women and men, the guarantee of health and safety and of physical and moral integrity, are all basic rights of all the Group's employees.

In this sense, and in order to guarantee the protection of the legally recognised rights of the person, the Soltec Group, in its commitment to establish an organisational culture of guidelines and values against such harassment, states that a basic principle is the right of employees to receive respectful and dignified treatment, committing to put in place procedures that prevent, detect and eradicate the psychosocial risks of employees and, in particular, formalising the response protocol to behaviours which may lead to workplace harassment, having implemented an action protocol against workplace harassment that establishes the procedures, response measures and prevention, as well as the follow-up and monitoring of any incident related to it.

In the year ended on 31 December 2019, no relevant risks in the field of equality were identified and no complaints were received in relation to equality.

Human rights

As a responsible company, the Soltec Group is committed to respecting and complying with numerous laws, regulations and other legally binding rules that are applicable. As a result, the Group's employees undertake to respect the laws in force in the countries where they carry out their activities and not to do anything that could damage the company's interests.

The Soltec Group may be declared legally liable for violations of laws and other mandatory regulations, as well as for any other illegal activity of its employees, so it expects all its employees to act lawfully, ethically and professionally in the performance of their duties.

The commitment to comply with the legislation in all areas in each business location is an inexcusable and vitally important premise to maintain and improve trust with citizens and society.

In all professional conduct, the Group's employees strive to do not just what is legal, but also what is correct, and they strictly respect the human rights and public liberties included in the Universal Declaration of Human Rights of the United Nations.

Furthermore, the Group's suppliers are required to support and respect the protection of human rights, as defined in the United Nations declaration, and are not authorised to take any action which violates these principles, either directly or indirectly.

The Soltec Group assumes the following principles of the United Nations Global Compact that derive from the UN's declarations on human rights, labour, environment and anti-corruption, and which enjoy universal consensus

i. The Soltec Group does not use or support the use of child labour.

ii. The Soltec Group does not use or endorse the use of forced labour for employees.

iii. The Soltec Group establishes a safe and healthy working environment, taking the appropriate measures to prevent accidents and injuries. All unavoidable risks are assessed. Actions are planned to eliminate or reduce the identified risks. The facilities are correct in terms of occupational health and safety.

iv. The Soltec Group respects the right of its employees to form trade unions and select a trade union of their choice. The Soltec Group guarantees that staff representatives are not discriminated against and can have access to the rest of the workers in the workplace.

v. The Soltec Group does not practise or endorse any type of discrimination based on race, origin, nationality, religion, disability, sex, sexual orientation, trade union participation, political, ideological orientation, employment category or age. The Soltec Group does not tolerate conducts, gestures and language that threaten the dignity or integrity of people.

vi. The Soltec Group does not use or support corporal punishment, mental or physical coercion, or verbal abuse.

vii. Soltec Group employees have at least one day off during each seven-day period of work. Overtime is paid according to agreement and is always voluntary for employees.

viii. The salary paid meets the legal requirements of the minimum wage for each job. The Soltec Group fulfils all the labour and social security obligations established in current legislation.

ix. The Soltec Group controls compliance with social and occupational risk prevention regulations by relevant suppliers and subcontractors.

In 2019, the Soltec Group has not detected any important risk of a possible breach of human rights in the organisation's activities, whether direct or indirect.

In the year ended on 31 December 2019, no complaint has been received for the violation of human rights.

Fight against corruption and bribery

In every step of the business, from corporate governance to operations and supply chain, the Group strives for integrity, respecting fundamental responsibilities in the areas of human rights, work, the environment and the fight against corruption. The Soltec Group has a commitment to zero tolerance towards fraud, bribery or corruption that may occur in the environment of its operations, either by its professionals or by third-party collaborators.

The Soltec Group has management tools to guarantee that all employees act with integrity, complying with the law and respecting people and human rights. Specifically, the Group is developing a code of conduct that details corporate principles and establishes a series of values that all employees must follow, which will be a yardstick for all attitudes and conducts.

Along these lines, in the 2019 financial year, the Soltec Group has developed a series of mechanisms and procedures in the aforementioned area, which will be approved in the first few months of the 2020 financial year.

The purpose of the code of conduct will be to establish the guidelines and areas of action for all its directors, managers and employees in their daily tasks, regarding the relationships they maintain with all their stakeholders, with a transparent, effective and efficient management of resources, while being honest with customers, suppliers and institutions, and being socially and environmentally responsible. Likewise, the Soltec Group will promote and incentivise the adoption of behavioural guidelines developed in this code of conduct among its suppliers and partner companies.

This code of conduct will in turn be the basis for the corporate compliance programme developed by Grupo Soltec in 2019 and will also be implemented during the first few months of 2020 to anticipate, prevent and identify punishable crimes in the world of business according to the Penal Code, and for which it plans to appoint a compliance committee to supervise the model.

The strategic goals of the Soltec Group's criminal prevention function will be:

- To promote a culture of compliance within the Soltec Group, as well as its members' knowledge of the guidelines and regulations applicable to the matters mentioned above, by means of advisory, promotion, training and awareness-raising actions.
- To define and promote the implementation and full commitment of the organisation to the risk management frameworks and measures related to compliance issues.

Based on the foregoing, an analysis of the activities carried out by the Group has been carried out, as well as of its internal operations, identifying the crimes that may be applicable or which may be committed during business.

Currently, the Soltec Group is aligning internal protocols or procedures aimed at preventing or, where appropriate, mitigating crimes committed by employees while acting on behalf of the Group in the course of their activities and related to potentially identified risks.

The Group requires all its employees to strictly comply with all applicable anti-corruption regulations, and in this regard they will not be able to offer, directly or indirectly, any benefit or service to customers, partners or any other person or entity which has or may have dealings with the company, in order to unlawfully influence said dealings.

Group employees may not make or offer, directly or indirectly, any payment in cash, in kind or any other benefit, to any public official, with the intention of illegally securing or maintaining business or any other advantages. Likewise, they may not, under any circumstances, accept gifts, handouts, special benefits or any other kind of favour from any person or private entity in the course of their activity, unless they are symbolic and insignificant or as a sign of courtesy.

With a view to reporting possible breaches, the Soltec Group will provide a whistleblowing channel for employees through which they must report any type of well-founded suspicion or proof of possible violations of the code of conduct, as well as any general or particular protocol implemented by the Group within the framework of corporate compliance.

The potential crime of money laundering has been specifically assessed in the context of the Soltec Group's business, and no relevant aspect has been identified in relation to it.

Likewise, although due to its business it is not a reporting party, the Soltec Group is committed to fighting against money laundering, in order to prevent the financing of terrorism, faithfully following the recommendations of the international financial action group. To this end, the Soltec Group will not establish commercial dealings with persons or entities which fail to comply with the obligations regarding money laundering and terrorist financing in each country or which fail to provide adequate information in relation to compliance.

In the year ended 31 December 2019, there have been no relevant sanctions or complaints related to the areas described in this section.

Social outreach

Society

For the Soltec Group, sustainability is understood as something permanent and it is necessary to respond to society's and stakeholders' expectations on the matter. This is why the Group pursues economic, environmental and social goals in equal measure.

The Group is committed to ensuring that its business has a positive impact on the society in which it operates, establishing a good relationship with the local community by means of various active initiatives.

The Soltec Group is committed to everything that involves being socially responsible. The business takes place in an environment that must be respected, in a society to which a good part of what is delivered every day must be returned, and in a state to which taxes and contributions must be contributed.

The first goal is focused on customer satisfaction, based on the following priorities: (i) the achievement and fulfilment of the specific and temporary expectations raised by customers; and (ii) the guarantee that said expectations will be adapted to the new demands that the market and customers may demand in the future. Therefore, this is a commitment to the continuous improvement of quality.

With a firm commitment to renewable energies and the environment, the Soltec Group is committed to product development and research to provide cutting-edge technology in the industry, minimising the environmental impact and championing the development of local economies.

The Group is fully aware of the socioeconomic development of all the areas in which it operates. The commitment to recruiting local labour is real, especially in areas plagued by unemployment or other social disasters.

Providing access and cheaper energy to the most disadvantaged sectors is another of its priorities, having installed, for example, photovoltaic panels to provide energy to shelters for abused women.

What's more, education is a cornerstone in its commitment to local communities. The Group provides theoretical/practical training courses in the communities where it operates, not just in renewable energies, but also in other trades that may benefit the target group. These courses are free for local staff, who generally come from areas plagued by unemployment without the possibility of accessing the employment market due to a lack of specific training.

This training is especially appreciated in developing countries, where either unemployment is very high or the population can only work in jobs that are detrimental to health. In this context, the aforementioned training helps them significantly improve their quality of life.

Social projects are also implemented, addressing the needs of each location. The Soltec Group team has once again demonstrated its commitment and solidarity to those in need by collecting and donating toys to various non-governmental organisations across the world.

The Group also reacted to the earthquakes in Mexico, making financial donations and delivering food to the victims. Likewise, the Group's volunteering team was mobilised in Murcia, Spain, to respond to serious flooding, launching a campaign to clean up and rebuild the most affected and economically depressed areas. In the 2019 financial year, the team of volunteers also organised a clean-up of plastics on the Cabo Palos coast.

Finally, among many other contributions, the Group took part in the reforestation of Mount Roldán, an area of incomparable beauty, to repopulate this area with its most indigenous and endangered species, such as cypress and albaida.

Associations and sponsorships

Aware of the social responsibility that the Group has as an organisation, all means are provided to guarantee the integrity of employees and partners.

The Soltec Group collaborates with the community by promoting sporting, cultural and charitable activities. The Group encourages social contribution thanks to partnership initiatives with non-profit groups or entities with the commitment to assess the potential impacts and inherent risks of the business which may affect society.

Actions include the sponsorship of the Murcia International Tennis Tournament, sponsorship of the annual cycle of concerts by young musicians in Murcia, or sponsorship of one of the electric cars that competed in the 2019 Greenpower Iberia South-East race.

Below are some of the associations with which the Group actively collaborates:

- UNEF (Spanish Photovoltaic Union)
- APPA (Association of Renewable Energy Companies)
- SEIA (Solar Energy Industries Association)
- MESIA (Middle East Solar Industry Association)
- Green Council Australia
- AREMUR (Murcia Association of Renewable Energy and Energy Saving Companies)
- FREMM (Regional Federation of Metal Entrepreneurs of Murcia)
- RES4Africa (Renewable Energy Solutions for Africa)
- ABSOLAR (Brazilian Association of Photovoltaic Solar Energy)

The amount of donations made by the Soltec Group in 2019 was eleven thousand euros.

Outsourcing and suppliers

The procurement policy sets out to build a solid base of approved suppliers to meet the demands and expectations of customers. The Group, by means of efficient and transparent procurement management, continually seeks to identify and mitigate the social and environmental risks inherent to the entire supply chain.

What's more, the Group is committed to evaluating suppliers to ensure the quality, safety, ethical compliance and sustainability of its integrated practices in the value chain, thereby responding to the ever-growing interest in the source of raw materials. The Group also strives to make logistics providers efficient and reduce their environmental impact.

The management of supplier relationships also includes the added value that human aspects of the business can bring to operations, respecting the following foundations: two-way, open and effective communication; mutual respect and willingness to consider the needs and opinions of the other party; fairness in negotiations; building trust, so that the Group can find innovative ways of working and solving problems together; and the flexibility to meet the needs of both parties.

Because the success of the projects carried out by Soltec Group depends largely on the good performance of those suppliers that supply tracker components or provide services for their installation on site, they undergo a strict process of approval and control.

As a prerequisite to making any purchase order, these suppliers' facilities, materials, equipment or services must be audited and approved by the Group's approval committee, which is made up of a member from the areas of quality, administration, engineering, procurement, production, logistics, safety and the environment.

By approving these suppliers, the aim is to reduce the risks inherent to the supply of these goods and services, which are considered essential, and also to promote quality in the management of suppliers in general. As a result of the approval process, a list of approved suppliers is obtained, outside which the procurement managers will not be able to use when it comes to purchasing components for the trackers or contracting services for their installation on site.

In relation to the suppliers of goods or services that are not directly related to the tracker manufactured by the Group, they will not be required to undergo the approval process, but they must provide a series of formal documentation in order to be accredited. This group includes all suppliers that do not supply tracker components or provide services for their assembly and installation.

Additionally, the procurement procedures and supply contracts signed with suppliers require compliance with all provisions that are in force at all times, especially those of a labour, social security or fiscal nature, as well as those related to the environment, health and safety, and must demonstrate compliance in the established terms and conditions. Available quality certificates (ISO 9001), environmental policies (ISO 14001), occupational health and safety policies (ISO 18001 and ISO 45001), human rights and compliance with international labour guidelines will be requested, while additional internal and external audits will be carried out periodically.

Furthermore, the Group's suppliers are required to support and respect the protection of human rights, as defined in the United Nations Universal Declaration of Human Rights, and are not authorised to take any action which violates these principles, either directly or indirectly.

The material supply contracts signed by suppliers clearly specify that the products supplied must not contain asbestos or any other hazardous or radioactive material or substance in any form, either in the raw material or in the components used.

In this sense, the supplier must certify and guarantee that "conflict minerals", such as tin, tantalum, tungsten or gold from conflict-affected or high-risk areas, including those of its own suppliers, are not acquired or contained in the supply. In general, the supplier must follow and comply with all relevant laws and regulations related to restrictions on substances, materials and radioactivity.

Lastly, the Soltec Group supports local growth in region and economic development and, therefore, it is committed to purchasing from local suppliers whenever possible, with the supplies made in the countries in which it operates, in the 2019 financial year, accounting for fifty percent of the purchases made (39% Spain, 9% Brazil and 2% Australia). The rest of supplies came mainly from China and South Korea, with 30% and 12%, respectively.

Customers

The Soltec Group, aware of its commitment to its customers, has the necessary resources to establish a quality, environmental, and health and safety management system in its organisation, certified according to ISO 14001:2015, ISO 9001 and OHSAS 18001:2007. Its goal is to provide customers with a more efficient service every day, realising that the services provided must have a constant increase in quality, reliability and safety.

All the Group's products are guaranteed to ensure the correct operation of the photovoltaic plant, in accordance with the contracted guarantee terms, undergoing strict quality controls (FATs) to meet the specifications and requirements of its customers. As a compilation of all inspections, tests and trials carried out, a FAT certificate is issued. The goal is to provide the best service to customers, accompanying, advising and training in each case in order to guarantee the best and fastest technical assistance.

The operation and maintenance plan offers the best assistance with immediate response, regular instructions, rapid management of problems with regional coverage, onsite and online coordination, routine and urgent visits to plants, periodic reports, dedicated staff, online monitoring and administration. Additionally, there are operational procedures that set forth the necessary requirements for carrying out tracker maintenance, with the aim of standardising activities during works and thereby managing to control, reduce and/or eliminate the risks of accidents with injury to people or damage to equipment, facilities and the environment.

Likewise, the Soltec Group offers its customers a new customer service, "Solmate", and has a new 24-hour online platform via which customers can quickly report problems and track their requests at all times. With local infrastructure in countries such as Mexico, the United States, Brazil, Spain, Chile and Australia, in addition to Solhub warehouses in different countries to initiate rapid spare parts management, the Soltec Group guarantees the best and fastest response to any operating incident.

With Solmate Care, customers can enjoy permanent technical assistance, online or onsite, and additional support options. Its goal is to accompany them throughout the process, with dedicated experts from the Group that provide immediate response, as well as the diagnosis of the problem and the fastest management of the solution. Through Solmate Care, Soltec Group customers can access complementary benefits such as monitoring their Tracking Monitoring System, which provides more precise knowledge of the operation of solar trackers, as well as warranty extensions.

As part of the quality system, the Group has a procedure for identifying and managing non-conformities, which are appropriately documented by each project/subsidiary and reported to the central quality department at least once a month, as well as regular satisfaction surveys. Once the necessary actions have been implemented, the causes (source) of the non-conformities are analysed and the necessary corrective actions are determined to avoid their repetition.

Customer complaints received in the year ended on 31 December 2019 and admitted for processing by the Soltec Group totalled sixty-seven, which was not a significant number in relation to the total volume of operations. They were fundamentally resolved through the replacement of materials and/or repairs.

The Soltec Group currently has no fines or penalties for non-compliance with regulations related to consumer health and safety aspects.

Tax reporting

In 2019, the Soltec Group developed a corporate tax policy, which is expected to be approved in the first few months of 2020. This tax policy will reinforce the bases of compliance with the tax functions entrusted to the administrative body in accordance with the applicable regulations and the best tax practices.

In this sense, the Group's tax strategy has the fundamental goal of ensuring compliance with tax regulations and all tax obligations in each of the jurisdictions in which it operates, all within the framework of respecting principles of corporate integrity, transparency and corporate interests. Similarly, the Soltec Group is committed to maintaining a cooperative relationship with the public agencies.

Committing to the responsible payment of taxes and respecting in any event the local tax regulations in each of the countries where it operates, the principles that govern the Group's tax strategy and the best practices derived from them are the following:

- Adoption of the necessary measures to guarantee the reduction in significant fiscal risks and the prevention of the conducts likely to generate them, by establishing a policy of supervision, vigilance and control of the activity (tax compliance policy). This policy sets out to implement a tax structure and management model based on due control and the reinforcement of the ethical business culture regarding compliance with tax obligations.
- Implementation of effective information systems and internal control of fiscal risks, considering measures to mitigate them
- and establishing internal corporate governance rules in this matter, with compliance potentially being subject to verification.
- Rejection of the use of opaque structures for tax purposes.
- Relationship with tax agencies based on the principles of good faith, collaboration and transparency.
- Collaboration with public agencies in the detection and search for solutions regarding fraudulent tax practices that may occur in markets where the Group operates.

- Use of all the possibilities offered by the adversarial nature of the inspection procedure and encouragement, as far as possible, of the voluntary regularisation of any contingency.
- Information to the Group's management body on the tax policies applied and the tax consequences of the operations or matters that must be submitted for approval when significant.
- Adoption of decisions in tax matters on the basis of a reasonable interpretation of the rules, under the principles of prudence and responsibility and, where appropriate, avoiding possible conflicts of interpretation through the use of instruments established for this purpose by the tax agencies.
- Promotion of a tax culture of compliance and responsibility by effectively communicating the tax compliance programme and the derived obligations in order to reinforce the ethics-based corporate culture.

To comply with these guidelines, the governing body plans to appoint a tax compliance officer, in charge of supervising the model, and who will promote the review of the aforementioned tax policy, adopting the modifications and improvements which it deems appropriate, in accordance with the regulations in force at any time. The abovementioned policy will be distributed to the entire organisation.

The distribution by country of the profit/loss and income taxes paid for the 2019 financial year is as follows:

	Miles de euros		
	Pre-tax profit/loss	After-tax profit/loss	Income tax paid
Spain	1,804	2,330	1,072
Brazil	(2,273)	(1,160)	-
Mexico	(1,671)	(1,671)	138
Chile	(77)	368	-
Argentina	187	14	204
Peru	(91)	(92)	-
USA	(567)	(554)	15
India	14	13	-
Australia	(64)	(64)	6
France	3,117	2.172	-
Others	(19)	(16)	-
Total	**360**	**1,340**	**1,435**

Additionally, in the 2019 financial year, the Group applied tax deductions amounting to 149.000 euros, with an amount of 48.000 euros pending application as of 31 December 2019. CDTI loans as of 31 December 2019 amount to 388.000 euros, with an amount of 240.000 euros having been drawn down in 2019.

Subsequent events

The global spread of the COVID-19 coronavirus led to it being classified a pandemic by the World Health Organization on 11 March. Such events could cause, among others, delays in the supply chain due to problems at factories, delays in logistics services, impacts on

- Employees or third parties due to quarantine periods or infection, and the slowdown of global economic growth and, therefore, domestic growth. Taking into account the complexity of the markets due to their globalisation and the absence, for the time being, of an effective medical treatment against the virus, the consequences for the Group's operations are uncertain and will largely depend on the evolution and spread of the pandemic in the coming months, as well as how all the economic players involved in the crisis react and adapt.
- Therefore, at the date of preparation of this non-financial information statement, the management and the sole director have carried out a detailed assessment of the impacts that COVID-19 will have on the Group with the information currently available, although the final impacts will depend on the future track of the pandemic and, in particular, its consequences, in the short, medium and long term.
- To date, the Group has managed to uphold its supply chain for its industrial segment and has been able to continue operating relatively normally for its project development segment, so to date there has been no drop in business, and this is not expected to happen in the coming months as a result of the contracts currently signed and pending execution and the projects underway.
- The Group's sole director has performed a preliminary assessment of the current situation based on the best information available. Due to the aforementioned considerations, said information may be incomplete or inaccurate. The results of this assessment include the following aspects, among others:
- Operational risk: the ever-changing and unpredictable situation could lead to the risk of temporary interruption of production/sales or, when applicable, a temporary breakdown of the supply chain. Therefore, the Group has set up specific working groups and procedures to monitor and manage the evolution of its operations at all times, in order to minimise the impact on its business. Protocols have been adopted and implemented to guarantee compliance with the standards approved in Royal Decree-Law 6/2020

and Royal Decree 463/2020, whether concerning subcontractors, staff and offices. The instructions of the Group's prevention service have been followed, which have chiefly taken into account the "Response Procedure for the Prevention of Occupational Health & Safety Services from Exposure to the Novel Coronavirus (SARS-COV-2)" of 5 March 2020, published by the Spanish Ministry of Health, as well as successive publications or updates.

- After the entry into force of Royal Decree-Law 10/2020 of 29 March, which regulates a recoverable paid leave for non-key workers, the segment of Soltec Industrial has continued business with almost total normality by maintaining export contracts with international clients and providing services for the key industry of electricity supply, while the development segment has been able to continue its business remotely. This has only caused an interruption of 5 to 10 days in installation projects based in Spain and a one-day partial stoppage of international deliveries. In the opinion of the sole director, this interruption in business is not significant for the year as a whole and it hopes to recover lost business through the recovery of working hours via the mechanisms provided by the Royal Decree-Law itself.
- Based on the evaluation of the development of the Group's activity by management in the first few months of 2020 after the emergence of COVID-19, the Group has so far been able to continue developing the budgeted projects or backlog without significant delays in the receipt of trade receivables which could affect the Group's liquidity and its operating cycle. Likewise, there have been no significant delays by suppliers in the process of supplying trackers, following all the contracts in force based on the previously established conditions.
- Liquidity risk: the general situation of the markets could lead to a general increase in liquidity stress in the economy, as well as a contraction of the credit market. The available resources, together with the new financing obtained and the implementation of specific plans for the improvement and management of liquidity, will - in the sole director's opinion - make it possible to tackle this liquidity stress and continue with the business plan planned for the future financial years.
- Recognition of revenue and credit risk: the Group's management team is also monitoring the impact which this situation is having on contracts already signed and on its customers, in terms of the potential amendments which may occur may be made to said contracts (cancellations or variations in the estimates of recognition of revenue), as well as evaluating the recoverability of rights to be paid. In this sense, the sole director understands that the fact of upholding 95% of its accounts receivable and having the majority of customers within the electricity industry, which is considered an industry resilient to global economic crises and has been considered essential despite the impact of the pandemic, means that with the information currently available, no significant impact is expected on credit risk or on the Group's recognition of revenue.

Lastly, it should be noted that the sole director and the Group's management team are constantly monitoring the development of the situation, in order to successfully tackle any possible financial and non-financial impacts which may occur

Contenidos del Estado de Información No Financiera

Contenidos de la Ley 11/2018 INF			Estándar de referencia	Pág. Informe
Modelo de Negocio	Descripción del modelo de negocio del grupo	Breve descripción del modelo de negocio del grupo, que incluirá su entorno empresarial, su organización y estructura, los mercados en los que opera, sus objetivos y estrategias, y los principales factores y tendencias que pueden afectar a su futura evolución.	GRI 102-2 Actividades, marcas, productos y servicios GRI 102-4 Localización de las actividades GRI 102-6 Mercados servidos GRI 102-15 Impactos, riesgos y oportunidades clave GRI 102-7 Dimensión de la organización	p. 1 a 8
Información sobre cuestiones medioambientales	Políticas	Políticas que aplica el grupo, que incluya los procedimientos de diligencia debida aplicados de identificación, evaluación, prevención y atenuación de riesgos e impactos significativos, y de verificación y control, así como las medidas que se han adoptado.	GRI103-2 El enfoque de gestión y sus componentes GRI 103-3 Evaluación del enfoque de gestión	p. 8 a 13
	Principales riesgos	Principales riesgos relacionados con esas cuestiones vinculados a las actividades del grupo, entre ellas, cuando sea pertinente y proporcionado, sus relaciones comerciales, productos o servicios que puedan tener efectos negativos en esos ámbitos, y cómo el grupo gestiona dichos riesgos, explicando los procedimientos utilizados para detectarlos y evaluarlos de acuerdo con los marcos nacionales, europeos o internacionales de referencia para cada materia. Debe incluirse información sobre los impactos que se hayan detectado, ofreciendo un desglose de los mismos, en particular sobre los principales riesgos a corto, medio y largo plazo.	GRI 102-15 Impactos, riesgos y oportunidades clave GRI 102-11 Principio o enfoque de precaución	p. 8 a 13 p. 12
	General	Efectos actuales y previsibles de las actividades de la empresa en el medio ambiente y en su caso, en la salud y la seguridad	GRI 102-15 Impactos, riesgos y oportunidades clave GRI 102-29 Identificación y gestión de impactos económicos, ambientales y sociales GRI 102-31 Evaluación de temas económicos, ambientales y sociales	p. 8 a 13
		Procedimientos de evaluación o certificación ambiental	GRI 102-11 Principio o enfoque de precaución GRI 102-29 Identificación y gestión de impactos económicos, ambientales y sociales GRI 102-30 Eficacia de los procesos de gestión de riesgos	p. 8 a 13

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			**Estándar de referencia**	**Pág. Informe**
		Recursos dedicados a la prevención de riesgos ambientales	GRI 102-29 Identificación y gestión de impactos económicos, ambientales y sociales	p. 8 a 13
		Aplicación del principio de precaución	GRI 102-11 Principio o enfoque de precaución	p. 12
		Provisiones y garantías para riesgos ambientales	GRI 307-1 Incumplimiento de la legislación y normativa ambiental (CCAA)	El Grupo no tiene provisiones y garantías para riesgos ambientales
	Contaminación	Medidas para prevenir, reducir o reparar las emisiones de carbono que afectan gravemente al medio ambiente, teniendo en cuenta cualquier forma de contaminación atmosférica específica de una actividad, incluido el ruido y la contaminación lumínica	GRI 103-2 Enfoque de Gestión (con visión a los GRI 302 y 305) GRI 302-4 Reducción del consumo energético GRI 302-5 Reducciones en los requerimientos energéticos de los productos y servicios GRI 305-5 Reducción de las emisiones de GEI	p. 9
	Economía Circular y prevención y gestión de residuos	Medidas de prevención, reciclaje, reutilización, otras formas de recuperación y eliminación de desechos.	GRI 103-2 Enfoque de Gestión (con visión a los GRI 306)	p. 9 y 10
	Uso sostenible de los recursos	El consumo de agua y el suministro de agua de acuerdo con las limitaciones locales	GRI 303-1 Extracción de agua por fuente GRI 303-2 Fuentes de agua afectadas significativamente por extracción de agua GRI 303-3 Agua reciclada y reutilizada	Este aspecto no se considera material para el Grupo, dado que el consumo de agua es principalmente de uso humano
		Consumo de materias primas y las medidas adoptadas para mejorar la eficiencia de su uso	GRI 103-2 Enfoque de Gestión (con visión a los GRI 300) GRI 301-3 Productos y embalajes recuperados	p. 11
		Energía: Consumo, directo e indirecto; Medidas tomadas para mejorar la eficiencia energética, Uso de energías renovables	GRI 102-2 Enfoque de gestión (con visión al GRI 302 Energía) GRI 302-1 Consumo energético dentro de la organización (energía procedente de fuentes renovables y no renovables)	p. 11 y 12

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			**Estándar de referencia**	**Pág. Informe**
			GRI 302-2 Consumo energético fuera de la organización GRI 302-4 Reducción del consumo energético GRI 302-5 Reducción de los requerimientos energéticos de productos y servicios	
	Cambio Climático	Emisiones de Gases de Efecto Invernadero	GRI 305-1 Emisiones directas de GEI (alcance 1) GRI 305-2 Emisiones indirectas de GEI al generar energía (alcance 2)	p. 11 y 12
		Las medidas adoptadas para adaptarse a las consecuencias del Cambio Climático	GRI 102-15 Principales impactos, riesgos y oportunidades GRI 103-2 Enfoque de Gestión (con visión a los GRI 300) GRI 305-5 Reducción de las emisiones de GEI	p. 11 y 12
		Metas de reducción establecidas voluntariamente a medio y largo plazo para reducir las emisiones GEI y medios implementados a tal fin.	GRI 103-2 Enfoque de Gestión (con visión al GRI 305-5 Reducción de las emisiones GEI)	p. 11 y 12
	Protección de la biodiversidad	Medidas tomadas para preservar o restaurar la biodiversidad e impactos causados por las actuaciones u operaciones en áreas protegidas	No incluido GRI	p. 12 y 13
Información sobre cuestiones sociales y relativas al personal	Políticas	Políticas que aplica el grupo, que incluya los procedimientos de diligencia debida aplicados de identificación, evaluación, prevención y atenuación de riesgos e impactos significativos, y de verificación y control, así como las medidas que se han adoptado.	GRI103-2 El enfoque de gestión y sus componentes GRI 103-3 Evaluación del enfoque de gestión GRI 102-35 Políticas de retribución	p. 13 a 21

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			Estándar de referencia	Pág. Informe
	Principales riesgos	Principales riesgos relacionados con esas cuestiones vinculados a las actividades del grupo, entre ellas, cuando sea pertinente y proporcionado, sus relaciones comerciales, productos o servicios que puedan tener efectos negativos en esos ámbitos, y cómo el grupo gestiona dichos riesgos, explicando los procedimientos utilizados para detectarlos y evaluarlos de acuerdo con los marcos nacionales, europeos o internacionales de referencia para cada materia. Debe incluirse información sobre los impactos que se hayan detectado, ofreciendo un desglose de los mismos, en particular sobre los principales riesgos a corto, medio y largo plazo.	GRI 102-15 Impactos, riesgos y oportunidades clave	p. 13 a 21
	Empleo	Número total y distribución de empleados por sexo, edad, país y clasificación profesional	GRI 102-7 Dimensión de la organización GRI 102-8 Información sobre empleados y otros trabajadores GRI 405-1. b) Empleados por categoría laboral para cada una de las categorías, sexo y grupos de edad	p. 14
		Número total y distribución de modalidades de contrato de trabajo	GRI 102-8 Información sobre empleados y otros trabajadores	p. 14 y 15
		Promedio anual de contratos indefinidos, temporales y a tiempo parcial por sexo, edad y clasificación profesional	No incluido en GRI: prevé el número total de empleados por contrato (indefinido/temporal y completo/parcial) por sexo, pero no el promedio por edad y clasificación profesional (recálculo de 102-8).	p. 15
		Número de despidos por sexo, edad y clasificación profesional	GRI 401-1.b) Número total durante el periodo objeto del informe, por grupo de edad y sexo (solo lo relativo a despidos) No incluido en GRI: Número de despidos por clasificación profesional	p. 15
		Remuneraciones medias y su evolución desagregados por sexo, edad y clasificación profesional o igual valor	Se debe informar sobre la remuneración media por sexo, edad y clasificación profesional. Para su cálculo, deberán tomarse en cuenta el total de percepciones salariales en dinero efectivo y remuneraciones en especie, por lo que para el cálculo deberá tenerse en cuenta los beneficios a los que hace referencia el GRI 401-2.	p. 16

MANAGEMENT REPORT

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			Estándar de referencia	Pág. Informe
		Brecha Salarial	*OCDE: La brecha salarial de género se define como la diferencia entre los ingresos medios de hombres y mujeres en relación con los ingresos medios de los hombres	p. 16
		Remuneración de puestos de trabajo iguales o de media de la sociedad	GRI 202-1 Ratio del salario de categoría inicial estándar por sexo frente al salario mínimo local (se utiliza este indicador, ya que a medida que se avanza en la carrera profesional, pueden incidir diversos factores en la definición de la retribución de cada persona).	p. 16
		La remuneración media de los consejeros y directivos, incluyendo la retribución variable, dietas, indemnizaciones, el pago a los sistemas de previsión de ahorro a largo plazo y cualquier otra percepción desagregada por sexo	GRI 102-35 Políticas de retribución GRI 102-36 Proceso para la determinación de la retribución (para el enfoque de gestión) GRI 201-3 Obligaciones derivadas de planes de beneficios sociales y otros planes de jubilación No incluido en GRI: Información desagregada por sexo.	p. 16
		Implantación de medidas de desconexión laboral	No incluido en GRI	P. 17
		Empleados con discapacidad	GRI 405-1. b) Porcentaje de empleados por categoría laboral para cada una de la categoría de diversidad (iii. Grupos vulnerables).	p. 20
	Organización del trabajo	Organización del tiempo de trabajo	GRI 102-8. c) El número total de empleados por tipo de contrato laboral (a jornada completa o a media jornada) y por sexo.	p. 16 y 17

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			Estándar de referencia	Pág. Informe
		Número de horas de absentismo	GRI 403-2 Tipos de accidentes y ratios de accidentes laborales, enfermedades profesionales, días perdidos, y absentismo, y número de fallecimientos relacionados (apartado a)	p. 17
		Medidas destinadas a facilitar el disfrute de la conciliación y fomentar el ejercicio corresponsable de estos por parte de ambos progenitores	GRI 401-3 Permisos parentales No incluido en GRI: enfoque de gestión sobre otras medidas de conciliación	p. 17
	Salud y seguridad	Condiciones de salud y seguridad en el trabajo	GRI 103-2 Enfoque de Gestión (con visión al GRI 403 Salud y Seguridad)	p. 17 y 18
		Accidentes de trabajo (frecuencia y gravedad) desagregado por sexo	GRI 403-2 Tipos de accidentes y ratios de accidentes laborales, enfermedades profesionales, días perdidos, y absentismo, y número de fallecimientos relacionados (apartado a) GRI 403-3 Trabajadores con alta incidencia o alto riesgo de enfermedades relacionadas con su actividad	p. 18
		Enfermedades profesionales (frecuencia y gravedad) desagregado por sexo	GRI 403-2 Tipos de accidentes y ratios de accidentes laborales, enfermedades profesionales, días perdidos, y absentismo, y número de fallecimientos relacionados (apartado a) GRI 403-3 Trabajadores con alta incidencia o alto riesgo de enfermedades relacionadas con su actividad	p. 18
	Relaciones Sociales	Organización del diálogo social, incluidos los procedimientos para informar y consultar al personal y negociar con ellos	GRI 102-43 Enfoque para la participación de los grupos de interés (relativo a sindicatos y negociación colectiva) GRI 403-1 Representación de trabajadores en comités de salud y seguridad conjuntos	p. 18 y 19
		Porcentaje de empleados cubiertos por convenio colectivo por país	GRI 102-41 Acuerdos de negociación colectiva No incluido en GRI: desglosado por país	p. 18 y 19
		Balance de los convenios colectivos, particularmente en el campo de la salud y seguridad en el trabajo	GRI 403-1 Representación de trabajadores en comités de salud y seguridad conjuntos	p. 18 y 19

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			Estándar de referencia	Pág. Informe
			GRI 403-4 Temas de salud y seguridad laboral tratados en acuerdos formales con la representación legal de los trabajadores	
	Formación	Políticas implementadas en el campo de la formación	GRI 103-2 Enfoque de Gestión (con visión al GRI 404-Formación y enseñanza)	p. 19
		Cantidad total de horas de formación por categorías profesionales	GRI 404-1 Horas medias de formación anuales por empleado No incluido en GRI: horas totales de formación.	p. 19
	Accesibilidad	Accesibilidad universal de las personas con discapacidad	GRI 103-2 Enfoque de Gestión (con visión al GRI 405 Diversidad e igualdad de oportunidades y GRI 406 No-discriminación)	p. 20
	Igualdad	Medidas adoptadas para promover la igualdad de trato y de oportunidades entre hombres y mujeres	GRI 103-2 Enfoque de Gestión (con visión al GRI 405 Diversidad e igualdad de oportunidades)	p. 20 y 21
		Planes de igualdad	GRI 103-2 Enfoque de Gestión (con visión al GRI 405 Diversidad e igualdad de oportunidades y GRI 406 No-discriminación)	p. 20 y 21
		Medidas adoptadas para promover el empleo	GRI 103-2 Enfoque de Gestión (con visión al GRI 401 Empleo) GRI 404-2 Programas para mejorar las aptitudes de los empleados y programas de ayuda a la transición	p. 20 y 21
		Protocolos contra el acoso sexual y por razón de sexo	GRI 103-2 Enfoque de Gestión (con visión al GRI 405 Diversidad e igualdad de oportunidades y GRI 406 No-discriminación)	p. 20 y 21
		La integración y accesibilidad universal de las personas con discapacidad	GRI 103-2 Enfoque de Gestión (con visión al GRI 405 Diversidad e igualdad de oportunidades y GRI 406 No-discriminación)	p. 20 y 21
		Política contra todo tipo de discriminación y, en su caso, de gestión de la diversidad	GRI 103-2 Enfoque de Gestión (con visión al GRI 405 Diversidad e igualdad de oportunidades y GRI 406 No-discriminación) GRI 406-1 Casos de discriminación y acciones correctivas emprendidas	p. 20 y 21

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			Estándar de referencia	Pág. Informe
Información sobre el respeto de los derechos humanos	Políticas	Políticas que aplica el grupo, que incluya los procedimientos de diligencia debida aplicados de identificación, evaluación, prevención y atenuación de riesgos e impactos significativos, y de verificación y control, así como las medidas que se han adoptado.	GRI103-2 El enfoque de gestión y sus componentes GRI 103-3 Evaluación del enfoque de gestión	p. 21 y 22
	Derechos Humanos	Aplicación de procedimientos de debida diligencia en derechos humanos	GRI 103-2 Enfoque de Gestión (con visión al GRI 412 Evaluación de Derechos Humanos)	p. 21 y 22
		Prevención de los riesgos de vulneración de los derechos humanos y, en su caso, medidas para mitigar, gestionar y reparar posibles abusos cometidos	GRI 103-2 Enfoque de Gestión (con visión al GRI 412 Evaluación de Derechos Humanos)	p. 21 y 22
		Denuncias por casos de vulneraciones de derechos humanos	GRI 102-17 Mecanismos de asesoramiento y preocupaciones éticas (denuncias recibidas y resolución) GRI 103-2 Enfoque de Gestión (con visión al GRI 412 Evaluación de Derechos Humanos) GRI 419-1 Incumplimiento de las leyes y normativas en los ámbitos social y económico	p. 21 y 22
		Promoción y cumplimiento de las disposiciones de los convenios fundamentales de la OIT relacionadas con el respeto por la libertad de asociación y el derecho a la negociación colectiva, la eliminación de la discriminación en el empleo y la ocupación, la eliminación del trabajo forzoso u obligatorio y la abolición efectiva del trabajo infantil	GRI 103-2 Enfoque de Gestión (con visión a los GRI 406 No discriminación; 407 Libertad de asociación y negociación colectiva; 408 Trabajo Infantil; 409 Trabajo forzoso u obligatorio y 412 Evaluación de Derechos Humanos)	p. 21 y 22
Información relativa a la lucha contra la corrupción y el soborno	Políticas	Políticas que aplica el grupo, que incluya los procedimientos de diligencia debida aplicados de identificación, evaluación, prevención y atenuación de riesgos e impactos significativos, y de verificación y control, así como las medidas que se han adoptado.	GRI103-2 El enfoque de gestión y sus componentes GRI 103-3 Evaluación del enfoque de gestión	p. 22 a 24

Contenidos del Estado de Información No Financiera				
Contenidos de la Ley 11/2018 INF			**Estándar de referencia**	**Pág. Informe**
Información sobre la sociedad	Principales riesgos	Principales riesgos relacionados con esas cuestiones vinculados a las actividades del grupo, entre ellas, cuando sea pertinente y proporcionado, sus relaciones comerciales, productos o servicios que puedan tener efectos negativos en esos ámbitos, y cómo el grupo gestiona dichos riesgos, explicando los procedimientos utilizados para detectarlos y evaluarlos de acuerdo con los marcos nacionales, europeos o internacionales de referencia para cada materia. Debe incluirse información sobre los impactos que se hayan detectado, ofreciendo un desglose de los mismos, en particular sobre los principales riesgos a corto, medio y largo plazo.	GRI 102-15 Impactos, riesgos y oportunidades clave GRI 102-30 Eficacia de los procesos de gestión de riesgos	p. 22 a 24
	Corrupción y soborno	Medidas adoptadas para prevenir la corrupción y el soborno	GRI 103-2 Enfoque de Gestión (con visión al GRI 205 Anticorrupción)	p. 22 a 24
		Medidas para luchar contra el blanqueo de capitales	GRI 103-2 Enfoque de Gestión (con visión al GRI 205 Anticorrupción)	p. 22 a 24
		Aportaciones a fundaciones y entidades sin ánimo de lucro	GRI 103-2 Enfoque de Gestión (con visión al GRI 205 Anticorrupción)	p. 25
	Políticas	Políticas que aplica el grupo, que incluya los procedimientos de diligencia debida aplicados de identificación, evaluación, prevención y atenuación de riesgos e impactos significativos, y de verificación y control, así como las medidas que se han adoptado.	GRI103-2 El enfoque de gestión y sus componentes GRI 103-3 Evaluación del enfoque de gestión	p. 24 a 28
	Principales riesgos	Principales riesgos relacionados con esas cuestiones vinculados a las actividades del grupo, entre ellas, cuando sea pertinente y proporcionado, sus relaciones comerciales, productos o servicios que puedan tener efectos negativos en esos ámbitos, y cómo el grupo gestiona dichos riesgos, explicando los procedimientos utilizados para detectarlos y evaluarlos de acuerdo con los marcos nacionales, europeos o internacionales de referencia para cada materia. Debe incluirse información sobre los impactos que se hayan detectado, ofreciendo un desglose de los mismos, en particular sobre los principales riesgos a corto, medio y largo plazo.	GRI 102-15 Impactos, riesgos y oportunidades clave	p. 24 a 28
		Impacto de la actividad de la sociedad en el empleo y desarrollo local	GRI 203-2 Impactos económicos indirectos significativos GRI 413-1 Operaciones con participación de la comunidad local, evaluaciones del impacto y programas de desarrollo	p. 24 a 26

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		Impacto de la actividad de la sociedad en las poblaciones locales y el territorio	GRI 203-2 Impactos económicos indirectos significativos GRI 413-1 Operaciones con participación de la comunidad local, evaluaciones del impacto y programas de desarrollo	p. 24 a 26
		Relaciones mantenidas con los actores de las comunidades locales y las modalidades de diálogo con estos	GRI 102-43 Enfoque para la participación de los grupos de interés (relativo a comunidad) GRI 413-1 Operaciones con participación de la comunidad local, evaluaciones del impacto y programas de desarrollo	p. 24 a 26
		Acciones de asociación y patrocinio	GRI 102-12 Iniciativas externas	p. 25
	Subcontratación y proveedores	Inclusión en la política de compras de cuestiones sociales, de igualdad de género y ambientales	GRI 103-3 Enfoque de Gestión (con visión a los GRI 308 y GRI 414)	p. 25 y 26
		Consideración en las relaciones con proveedores y subcontratistas de su responsabilidad social y ambiental	GRI 102-9 Cadena de suministro GRI 103-3 Enfoque de Gestión (con visión a los GRI 308 y GRI 414) GRI 414-1 Nuevos proveedores que han pasado filtros de selección de acuerdo con los criterios sociales GRI 414-2 Impactos sociales negativos en la cadena de suministro y medidas tomadas	p. 25 y 26
		Sistemas de supervisión y auditorías y resultados de las mismas	GRI 414-2 Impactos sociales negativos en la cadena de valor y acciones desarrolladas	p. 25 y 26
	Consumidores	Medidas para la salud y seguridad de los consumidores	GRI 103-2 Enfoque de Gestión (con visión al GRI 416 salud y seguridad de los Clientes) GRI 416-1 Evaluación de los impactos en la salud y seguridad de las categorías de productos o servicios GRI 416-2 Casos de incumplimiento relativos a los impactos en la salud y seguridad de las categorías de productos y servicios	p. 26 y 27
		Sistemas de reclamación, quejas recibidas y resolución de las mismas	GRI 102-17 Mecanismos de asesoramiento y preocupaciones éticas (denuncias recibidas y resolución) GRI 103-2 Enfoque de Gestión (con visión al GRI 416 salud y seguridad de los clientes)	p. 26 y 27

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	Información fiscal	Beneficios obtenidos por país	No incluido en GRI: información obtenida de la cuenta de resultados por países	p. 28
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