A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

D. Pablo Burgos Galíndez, en nombre y representación de Solarpack Corporación Tecnológica, S.A. (en adelante, la "**Sociedad**"), en su condición de Consejero Delegado, y debidamente apoderado a tal efecto, en relación con el Folleto Informativo completo correspondiente a la oferta pública de suscripción y admisión a negociación de las acciones de la Sociedad en las Bolsas de Valores de Madrid, Bilbao, Barcelona y Valencia (el "**Folleto Informativo**"),

CERTIFICA

Que la versión en soporte informático del Folleto Informativo que se adjunta a este escrito coincide con el Folleto Informativo registrado y autorizado por la Comisión Nacional del Mercado de Valores con fecha 20 de noviembre de 2018.

Asimismo, se autoriza a la Comisión Nacional del Mercado de Valores para que haga público el mencionado Folleto Informativo en soporte informático en su página web.

Para que conste, expido la presente certificación en Getxo, a 20 de noviembre de 2018.

Solarpack Corporación Tecnológica, S.A.

____

D. Pablo Burgos Galíndez

PROSPECTUS

Between 9,708,738 and 12,500,000 Ordinary Shares of
SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
(*incorporated in the Kingdom of Spain*)
at an Offering Price of between €8.00 and €10.30 per share

This is the initial offering (the "**Offering**") of new ordinary shares with a par value of €0.4 each in the share capital of Solarpack Corporación Tecnológica, S.A. ("**Solarpack**" or the "**Company**" and, together with its subsidiaries, the "**Group**"), a *sociedad anónima* incorporated under the laws of the Kingdom of Spain, by the Company to qualified investors inside and outside of Spain.

The Company is offering between 9,708,738 and 12,500,000 of its ordinary shares, representing between 32.68% and 38.46% of its share capital, being such number of shares as it is required, at the Offering Price set forth above to provide the Company with gross sale proceeds of €100 million (the "**Initial Offer Shares**"). In addition, the Company will grant an option to the Underwriters, exercisable by the Stabilizing Manager (as defined in "*Plan of Distribution—Stabilization*") (the "**Over-allotment Option**") no later than 30 calendar days after the date on which the ordinary shares of the Company (the "**Shares**") commence trading on the Spanish Stock Exchanges, to subscribe a number of additional Shares (the "**Over-allotment Shares**" and, together with the Initial Offer Shares, the "**Offer Shares**") at the Offering Price representing up to 10% of the Initial Offer Shares, solely to cover over-allotments of Shares in the Offering, if any, and short positions resulting from stabilization transactions, if any.

The indicative offering price range at which the Offer Shares are being offered in the Offering is between €8.00 and €10.30 per Offer Share (the "**Offering Price Range**"). The Offering Price Range is indicative only, it may change during the course of the Offering and the Offering Price may be set within, above or below the Offering Price Range.

The final price of the Offer Shares in the Offering (the "**Offering Price**") and the final number of Initial Offer Shares will be determined by us after consultation with the Joint Global Coordinators, upon finalization of the book-building period (expected to occur on or about December 3, 2018) and will be announced through the publication of a relevant fact notice (*hecho relevante*). No independent experts will be consulted in determining the Offering Price.

We will use the proceeds from the issue of Initial Offer Shares and the Over-allotment Shares in the following order, (i) to pay the Offering expenses, (ii) to acquire operating assets in Spain representing an incremental installed capacity of approximately 13 MW (the "**Spanish Operating Assets**"), (iii) to fund investments for the development and construction of the Granja project in Chile, the Monclova and Grullas plants in Spain and the KA2 project in India (collectively, the "**Planned Project Investments**"), and (iv) for general corporate purposes (including investing in additional projects) and, as detailed under "*Plan of Distribution—Offering Expenses*".

Investing in our Shares involves a high degree of risk. Prospective investors should read this entire document and, in particular, "*Risk Factors*" beginning on page 21 of this prospectus, which investors should consider prior to making an investment in our Shares.

This document constitutes a prospectus for the purposes of Article 3 of the European Parliament and Council Directive 2003/71/EC of November 4, 2003 (as amended, including by Directive 2010/73/EU, the "**Prospectus Directive**"), its implementing measures in Spain and the Commission Regulation (EC) No 809/2004 (as amended, including by Commission Delegated Regulation (EU) 486/2012, Commission Delegated Regulation (EU) 862/2012 and Commission Delegated Regulation (EU) 301/2016, the "**Prospectus Regulation**") (together, the "**Prospectus Rules**"). This document has been prepared in accordance with, and includes the information required by, Annexes I, II, III and XXII of the Prospectus Regulation in connection with the Offering and application for the admission to trading (the "**Admission**") of the Shares to the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the "**Spanish Stock Exchanges**"), which are regulated markets for the purposes of Directive 2014/65/EU (the Markets in Financial Instruments Directive, "**MiFID II**"). This prospectus has been approved by the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**"), as competent authority under the Prospectus Directive and its implementing measures in Spain, on November 20, 2018.

Prior to this Offering, there has been no public market for our Shares. The Company will apply to have the Shares listed on the Spanish Stock Exchanges and quoted on the Automated Quotation System or "*mercado continuo*" of the Spanish Stock Exchanges (the "**AQS**"). The Shares are expected to be listed on the Spanish Stock Exchanges and quoted on the AQS on or about December 5, 2018 under the symbol "SPK". The Initial Offer Shares are expected to be delivered against payment of the Offering Price, through the book-entry facilities of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Sociedad Unipersonal ("**Iberclear**") and its participating entities (*entidades participantes*), on or about December 6, 2018.

The Offering consists of an offering not qualifying as a public offering for the purposes of the Prospectus Directive (i) in the United States , to persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and (ii) outside the United States, in compliance with Regulation S under the U.S. Securities Act ("**Regulation S**") to investors who, if resident in a member state of the European Economic Area (the "**EEA**"), are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA). This document is not a "prospectus" for the purposes of Section 10 of the U.S. Securities Act.

The Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or other jurisdiction in the United States. See "*Selling and Transfer Restrictions*" for a description of certain restrictions on the ability to offer and sell the Shares and distribute this document.

Joint Global Coordinators and Joint Bookrunners

CaixaBank
(in collaboration with Banco Português de Investimento)

Société Générale

Joint Bookrunner

JB Capital Markets

Financial Advisor to the Company

Greentech Capital Advisors, AG

Co-Lead Manager

Banco Cooperativo Español, S.A.

The date of this prospectus is November 20, 2018.

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This prospectus does not constitute an offer to the public generally to subscribe for, purchase or otherwise acquire the Offer Shares.

Investors should rely only on the information contained in this prospectus. None of us, the Underwriters, or the Financial Advisor has authorized any other person to provide investors with any information that is not contained in this prospectus. If anyone provides any investor with different or inconsistent information, such investor should not rely on it. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs and investors should assume that the information appearing in this prospectus is accurate only as of its date. Our business, results of operations, financial condition, cash flows, prospects and the information set forth in this prospectus may have changed since the date of this prospectus.

The contents of our website do not form any part of this prospectus.

Investors should not consider any information in this prospectus to be investment, legal, tax, financial or any other advice. An investor should consult its own legal counsel, financial advisor, accountant and other advisors for legal, tax, business, financial and related advice regarding subscribing for or purchasing the Offer Shares. None of us, the Underwriters or the Financial Advisor or their respective affiliates makes any representation or warranty to any offeree, subscriber or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under appropriate investment or similar laws.

Investors also acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this prospectus or their investment decision; and (ii) they have relied only on the information contained in this prospectus, and (iii) no person has been authorized to give any information or to make any representation concerning us or our subsidiaries or the Offer Shares (other than as contained in this prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Underwriters or the Financial Advisor.

Solely for the purposes of the product governance requirements contained within: (a) MiFID II; (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares the subject of the Offering have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

Each Underwriter based in the United Kingdom is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Each of these Underwriters is acting exclusively for us and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than us for providing the protections afforded to their respective clients nor for providing advice in relation to the Offering or any transaction or arrangement referred to herein.

In connection with the Offering, each of the Underwriters and any of their respective affiliates or any other investment vehicle, directly or indirectly connected therewith, acting as an investor for its or their own account(s) may take up a portion of our Shares in the Offering as a principal position and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities and, any of our other securities or other related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this prospectus to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt with should be read as including any issue, offer, subscription, acquisition, placing or dealing by, any of the Underwriters, any of their respective affiliates or any other investment vehicle, directly or indirectly connected therewith acting in such capacity. In addition certain of the Underwriters, their affiliates or any other investment vehicle, directly or indirectly connected therewith may enter into financing arrangements and swaps with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of such securities. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This prospectus does not constitute or form part of an offer to sell, or a solicitation of an offer to subscribe for or purchase, any security other than the Offer Shares. The distribution of this prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Investors into whose possession this prospectus comes must inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution and any transfer restrictions to which they are subject see "*Selling and Transfer Restrictions*" elsewhere in this prospectus. Any investor must comply with all applicable laws and regulations in force in any jurisdiction in which it subscribes for, purchases, offers or sells the Offer Shares or possesses or distributes this prospectus and must obtain any consent, approval or permission required for its subscription, purchase, offer or sale of the Offer Shares under the laws and regulations in force in any jurisdiction to which such investor is subject or in which such investor makes such subscriptions, purchases, offers or sales. None of us or the Underwriters is making an offer to sell the Offer Shares or a solicitation of an offer to buy any of the Offer Shares to any person in any jurisdiction except where such an offer or solicitation is permitted or accepts any legal responsibility for any violation by any person, whether or not an investor, of applicable restrictions.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be sold within the United States, except to persons reasonably believed to be QIBs or outside the United States in offshore transactions in compliance with Regulation S. Investors are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. This document is not to be treated as a "prospectus" for the purposes of Section 10 of the U.S. Securities Act.

NOTICE TO UNITED STATES INVESTORS

THE SHARES HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

This prospectus and the Offering are only addressed to and directed at persons in member states of the EEA who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive ("**Qualified Investors**"). In addition, in the United Kingdom, this prospectus is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This prospectus must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons and who are also not Qualified Investors; and (ii) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors. The Offer Shares are only available to, and any investment or investment activity to which this prospectus relates is available only to (i) in the United Kingdom, relevant persons who are also Qualified Investors; and (ii) in any member state of the EEA other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.

In relation to each EEA Member State, with effect from and including the date on which the Prospectus Directive is implemented in that member state, this prospectus has been prepared on the basis that all offers of the Offer Shares in the Offering will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA from the requirement to produce a prospectus or a supplement to the prospectus for offers of Offer Shares. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which are the subject of the Offering contemplated herein should only do so in circumstances in which no obligation arises for either Solarpack, the Underwriters or any other person to produce a prospectus for such offer. None of Solarpack, any member of the Group nor the Underwriters have authorized or do authorize the making of any offer of Offer Shares through any financial intermediary, other than offers made by the Underwriters which constitute the final placement of Offer Shares contemplated herein.

For the purposes of this notice to investors, the expression an "offer of Offer Shares" in relation to the Offer Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase the Offer Shares, as the same may be varied in that member state by any measure implementing the Prospectus Directive in that member state.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") who receives any communication in respect of, or who acquires any Offer Shares to whom any offer is made under the Offering, will be deemed to have represented, acknowledged and agreed that it is a Qualified Investor; and in the case of any Offer Shares acquired by it as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, (i) persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Offer Shares to it is not treated under the Prospectus Directive as having been made to such persons. Solarpack, the Underwriters and their affiliates, and others will rely (and Solarpack acknowledges that the Underwriters and their affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. Recipients must not distribute, publish, reproduce or disclose this prospectus (in whole or in part) to any other person.

NOTICE TO INVESTORS IN CERTAIN OTHER COUNTRIES

For information to investors in certain other countries, see "*Selling and Transfer Restrictions*".

CONTENTS

SUMMARY

*Summaries are made up of disclosure requirements known as elements (the "**Elements**"). These Elements are numbered in Sections A—E (A.1—E.7).*

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with "not applicable".

Section A — Introduction and warnings		
Element	**Description**	**Disclosure requirement**
A.1.	Introduction	**THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE ORDINARY SHARES SHOULD BE BASED ON CONSIDERATION OF THE PROSPECTUS AS A WHOLE BY THE INVESTOR, INCLUDING IN PARTICULAR THE RISK FACTORS.** **Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the EU, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.** Under Spanish law, civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities. A potential update or adjustment in the information or statements contained in this Prospectus as a result of the occurrence of any of the described risk factors shall not be considered as a mistake or an inaccuracy thereof or make such information misleading.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. The Company is not engaging any financial intermediaries for any resale of securities or final placement of securities requiring a prospectus after publication of this document.
Section B — Issuer		
Element	**Description**	**Disclosure requirement**
B.1	Legal and commercial name	The Company's legal name is Solarpack Corporación Tecnológica, S.A. (the "Company" or "Solarpack") and it operates under the commercial name "SOLARPACK".
B.2	Domicile, legal form and country of incorporation	The Company was incorporated as a limited liability company (*sociedad de responsabilidad limitada*) in Spain on April 1, 2005 for an unlimited period of time. On September 19, 2018, the Company became a public limited company (a *sociedad anónima* or S.A.) incorporated under the laws of the Kingdom of Spain. The registered office of the Company is at Avenida Algorta, 16, Piso 3, 48992, Getxo, Bizkaia, Spain and its phone number is +34 944309204. The

		Company holds Spanish tax identification number (NIF) A-95363859 and is registered with the Commercial Registry of Bizkaia under Volume 4,535, Sheet 210 and Page BI-42377.
B.3	Key factors relating to the nature of the issuer's current operations and its principal activities	We are a vertically-integrated, independent solar photovoltaic ("**PV**") power producer with operations in Spain and other key solar markets around the world. We specialize in innovative solar PV power projects, particularly in the field of solar PV energy, with in-house expertise and capabilities along the entire value chain, from the design, development, financing and construction of solar PV power plants to ongoing operation, management and monitoring services as well as the production and sale of affordable, rapidly deployable and sustainable clean energy. Headquartered near Bilbao, Spain, we have been active since 2005 and we now have a diversified geographic footprint across Europe, Latin America, Asia and Africa, employing 127 people in 10 countries as of September 30, 2018. As of such date, we had offices in 10 countries (United States, Colombia, Peru, Chile, Uruguay, Spain, South Africa, India, Vietnam and Malaysia), as well as equity interests in 11 state-of-the-art solar PV power plants operating in Spain, Peru, Chile and India, which have a total capacity of approximately 252 MW, of which 128 MW (141 MW pro forma for the acquisition of the Spanish Operating Assets) were attributable to our proportional equity interests in such projects. During the year ended December 31, 2017, our solar PV power plants yielded 357.5 GWh (of which 114.3 GWh were attributable to our proportional equity interests in such projects), with a plant load factor of 28.3% and a combined plant availability rate of 99.7%. Furthermore, as of September 30, 2018, we rendered (i) O&M services to 13 solar PV power plants with a total capacity of 160 MW and (ii) management services to 23 solar PV power plants with a total capacity of 330.3 MW. In addition, as of September 30, 2018: our Backlog consisted of nine projects with a total capacity of 510 MW comprised of three projects in Spain (accounting for a total capacity of 211 MW), five projects in Chile (accounting for a total capacity of 169 MW) and one project in India (accounting for a total capacity of 131 MW); and our Pipeline consisted of 19 projects with a total capacity of 1,251 MW comprised of three projects in Spain (accounting for a total capacity of 109 MW), seven projects in Chile (accounting for a total capacity of 247 MW), six projects in South Africa (accounting for a total capacity of 517 MW), and three projects in Colombia (accounting for a total capacity of 378 MW). In addition, as of September 30, 2018, we had 31 projects with a total capacity of 1,695 MW marked as Identified Opportunities comprised of two projects in Spain (accounting for a total capacity of 9 MW), 15 projects in Chile (accounting for a total capacity of 521 MW), three projects in South Africa (accounting for a total capacity of 259 MW), one project in Colombia (accounting for a total capacity of 48 MW), two projects in USA (accounting for a total capacity of 140 MW), one project in Peru (accounting for a total capacity of 180 MW), and additional project opportunities totaling 538 MW in other markets such as Malaysia, Vietnam, Laos, Mali, and the Dominican Republic. As of September 30, 2018, the Company had 10.5 MW under construction for a third party in Colombia. Since our inception, we have developed and constructed solar PV power plants representing a total capacity of 529 MW in 19 projects and we have acted as contractor or engineering, procurement and construction ("**EPC**") contractor for solar PV power plants across four countries representing a total capacity of 190 MW. Since our inception, we have rendered management services to solar PV power plants with a total capacity of 696 MW. As a result of our understanding of and experience with the project financing structure employed for our and for similar projects, we have successfully negotiated and structured project finance loans for projects with a total capacity of 279 MW, raising an equivalent of approximately €511 million of non-recourse project debt. In addition, as of September 30, 2018, we had secured sponsored investments totaling approximately €652 million (including €202 million in Spain, €122 million in Chile, €225 million in Peru, €75 million in India and €29 million in Uruguay). Our operations are focused on three primary operational business divisions: Development and Construction, Power Generation and Services. Being a vertically-integrated platform affords us understanding and control over project development, financing,

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<td>construction and operation, which in turn provides us with insight and certainty with regard to our construction costs, timeline and maintenance. Our in-house EPC expertise coupled with in-house O&M and asset management capability and efficient financial strategy, allow us to offer cost-effective solar PV power solutions. Because we have our own EPC and O&M capabilities as part of our Development and Construction and Services divisions we are able to retain the profit margins associated with those services. Furthermore, our Services and Power Generation divisions offer stable income with highly predictable cash flows to feed our future development and construction activities and thus counterbalance the cyclicality of the construction industry.</td>
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<td>B.4a</td>
<td>A description of the most significant recent trends affecting the issuer and the industries in which it operates</td>
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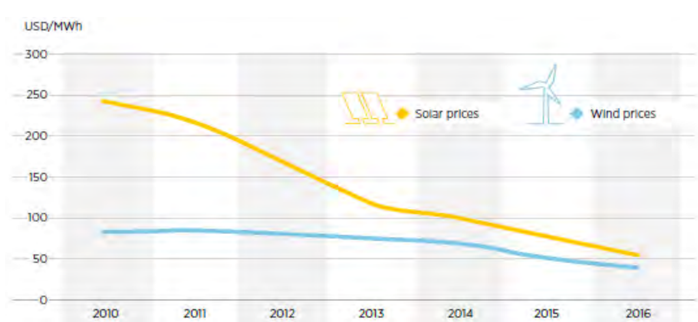
Solar Industry Current Trends and Dynamics

Solar PV is a relatively young industry which has developed extremely rapidly and has entered its growth phase in late 2000s when capacity additions have started to increase substantially boosted by healthy incentive schemes granted by local governments across Europe and China with the intent of accelerating respective economies decarbonization.

Compared to the first expansion phase experienced by the solar industry between 2000 and 2012 that was focused on Europe, some significant changes with respect to key markets and key growth drivers have shaped the market resulting in today’s solar industry status. Some of the key trends include:

- Increased awareness of renewables with investors demanding more corporate social responsibility
- Transition from subsidy-driven to self-sustained solar markets regulated through competitive auction and reverse-auction mechanisms which have resulted in solar prices reducing from approximately 250$/MWh in 2010 to below 50$/MWh in most recent auctions
- Emergence of new high growth markets across Latin America, Africa, Middle East and Southeast Asia
- Evolution in investor’s perception with respect to renewable energy projects which are now perceived as long-term contracted de-risked assets
- Improved financing terms and conditions underpinned by more sophisticated comprehension by lenders as well as access to new funding solutions such as green bonds and similar instruments
- Drastic levelized cost of electricity reduction driven by continuous technological improvements resulting in higher performance, reliability, predictability and thus lower operational and maintenance costs

Figure: Average Global Prices Resulting from Solar PV and Onshore Wind Auctions, 2010-2016



(Source: © IRENA, OECD/IEA and REN212018, ‘Renewable Energy Policies in a Time of Transition’.)

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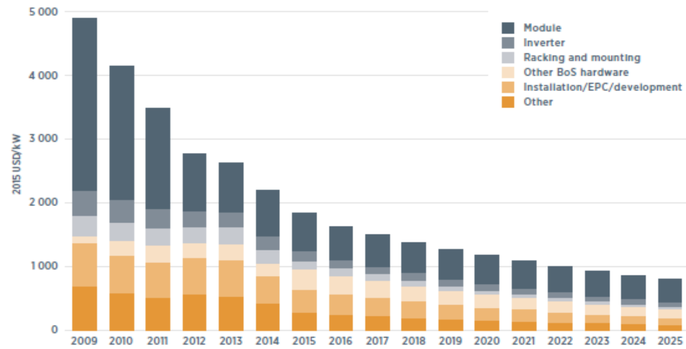
Figure: System Investment Cost Breakdown for Utility-Scale Solar PV, Global Weighted Average



(Source: IRENA (2017), Boosting Solar PV Markets: The Role of Quality Infrastructure, International Renewable Energy Agency, Abu Dhabi)

The rapid market evolution has resulted in several companies being displaced and forced out of business due to their inability to adapt to market dynamics. With solar becoming a mainstream technology and the industry global, long-term success will be guided in our view by factors including the following:

- No direct exposure to component manufacturing as all components have become increasingly commoditized and experienced massive price reductions;
- Vertical integration across the entire development value chain to ensure best practices in project development and execution possible to achieve only through own staff based in relevant countries with skills spreading from development to financing and EPC; and
- Managerial ability to retain organizational agility and flexibility to address any new market opportunity as they become available.

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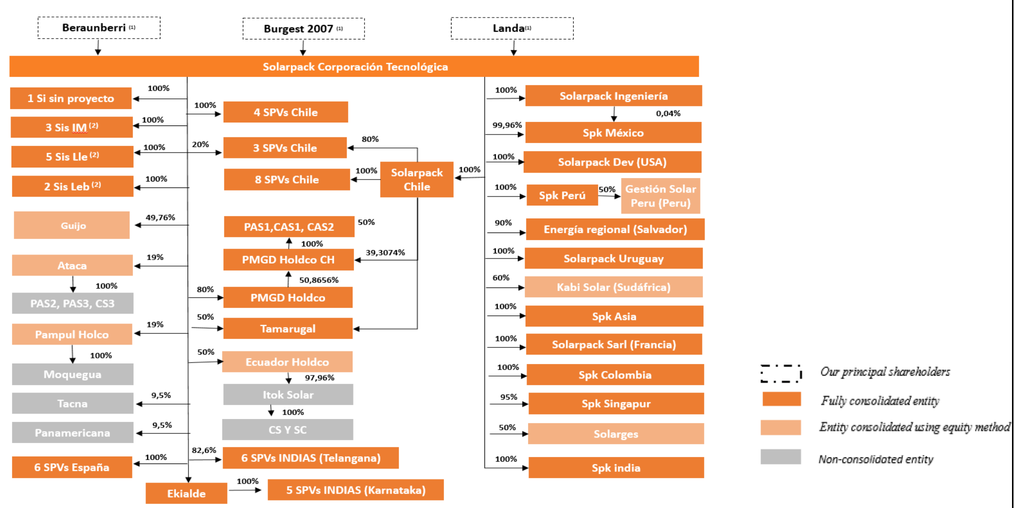
<tr><td>B.5</td><td>Group description</td><td>

The following chart illustrates the Group's structure as of the date of this Prospectus:



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(1) Beraunberri, S.L. is wholly-owned by the family of Mr. José María Galíndez Zubiría; Burgest 2007, S.L. is wholly owned by the family of Mr. Pablo Burgos Galíndez; Landa LLC is wholly owned by Mr. Antonio Galíndez Zubiría and his family. Effective August 2018, Ardian (through ACE) became a nominal shareholder of the Company.

(2) As of the date of this prospectus, the Company owns 100% of three SIS SPV entities in Isla Mayor (out of the 70 SPV entities that comprise the Isla Mayor project), 2 SPV entities in Lebrija (out of the 32 SPVs that comprise the Lebrija project), two SPVs in Llerena 1 (out of the 40 SPV entities that comprise the Llerena 1 project), and three SPV entities in Llerena 2 (out of the 40 SPV entities that comprise the Llerena 2 project). These entities are related to the plans to complete acquisition of the Spanish Operating Assets upon completion of the offering of new ordinary shares by the Company (the "**Offering**").

B.6 Major shareholders

The following table sets forth certain information with respect to the ownership of the Shares prior to the settlement of the Offering.

	Shares owned prior to the Offering	
	Number	**%**
Beraunberri, S.L.[(1)]	15,999,960	80%
Burgest 2007, S.L.[(2)]	2,999,995	15%
Landa LLC[(3)]	999,995	5%
ACE Renewable Holding USD, S.A.	50	0%
Total	20,000,000	100%

(1) Beraunberri, S.L. is wholly owned by the family of Mr. José María Galíndez Zubiría. Mr. José María Galíndez Zubiría owns 50% of Beraunberri, S.L. and his wife, Pia Aguirreche owns the remaining 50%.

(2) Burgest 2007, S.L. is wholly owned by the family of Mr. Pablo Burgos Galíndez. Mr. Pablo Burgos Galíndez owns 53.5% of Burgest 2007, S.L. and his wife, Irene Estefania owns the remaining 46.5%.

(3) Landa LLC is wholly owned by the family of Mr. Antonio Galíndez Zubiría. Mr. Antonio Galíndez Zubiría owns 12.9% of Landa LLC and the remaining 87.1% is split equally among Mr. Antonio Galíndez Zubiría's three sons named Alvaro, Jorge and Juan.

B.7 Selected historical key financial information

We present below selected consolidated financial information for the Group as of and for the years ended December 31, 2015, 2016 and 2017 which has been derived from the 2017 Audited Annual Consolidated Financial Statements prepared in accordance with IFRS and included elsewhere in this prospectus. We also present below selected audited consolidated interim financial information for the Group as of and for the six months ended June 30, 2018 together with comparative unaudited information for the six months ended June 30, 2017, which has been derived from our Audited Interim Consolidated Financial Statements prepared in accordance with IFRS and included elsewhere in this prospectus. In addition, we also present below selected unaudited consolidated condensed interim financial information for the nine months ended September 30, 2018 together with comparative unaudited information for the nine months ended September 30, 2017, which has been derived from our Interim Consolidated Financial Statements prepared in accordance with IAS 34 "Interim Financial Information" and included elsewhere in this prospectus.

We have reformulated our 2017 Audited Consolidated Financial Statements on November 6, 2018. To improve period-to-period comparability with the financial information for the years ended December 31, 2015 and 2016, the financial information shown in the prospectus for said years has been extracted from the restated comparative financial information for those years 2015 and 2016 included in the 2017 Audited Consolidated Financial Statements. See Note 2.2 of the 2017 Audited Consolidated Financial Statements for the specific reasons that motivated this reformulation and the changes that it implies in our accounts.

Prospective investors should read the selected data presented below in conjunction with "*Presentation of Financial and Other Information*," "*Use of Proceeds*," "*Capitalization and Indebtedness*," and "*Operating and Financial Review*", the Audited Consolidated Financial Statements, the Audited Interim Consolidated Financial Statements and the Interim Consolidated Financial Statements (which have not been audited but have been subject to limited review by Deloitte, S.L.) and the related notes included elsewhere in this prospectus.

Consolidated Income Statement

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015*	2016*	2017	2017**	2018	2017**	2018
			(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	
				(in € thousands)			
Net business turnover	16,988	152,934	13,160	3,980	12,431	7,876	20,029
Other operating revenues	38	628	1,959	1,684	112	1,798	109
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	41,263	(111,262)	17,167	14,713	203	15,241	683
Operating revenues	**58,289**	**42,300**	**32,286**	**20,378**	**12,747**	**24,915**	**20,821**
Raw and indirect material consumption	(37,564)	(7,413)	(14,158)	(14,292)	43	(14,722)	(2,234)
Cost of personnel	(4,515)	(5,434)	(7,622)	(3,136)	(3,250)	(4,661)	(4,827)
Amortizations and impairments	(362)	(367)	(416)	(206)	(799)	(309)	(2,102)
Other operating expenses	(5,975)	(6,708)	(4,813)	(2,734)	(2,214)	(4,803)	(3,106)
Operating expenses	**(48,416)**	**(19,922)**	**(27,008)**	**(20,368)**	**(6,220)**	**(24,495)**	**(12,269)**
Operating profit (EBIT)	**9,873**	**22,378**	**5,279**	**10**	**6,527**	**420**	**8,552**
Financial income	543	447	539	130	345	186	455
Financial expenses	(6,416)	(4,653)	(2,371)	(454)	(4,321)	(1,003)	(6,513)
Change in fair value of financial instruments	—	(652)	7,326	7,105	577	8,176	1,179
Net differences in exchange rates	4,201	2,716	(3,576)	(1,363)	324	(3,322)	(152)
Net Financial Income / (Expense)	**(1,672)**	**(2,142)**	**1,919**	**5,417**	**(3,076)**	**4,037**	**(5,031)**
Interests in profits and loss of associates	691	131	(1,215)	(11)	327	(11)	276
Earnings before corporate income tax	**8,892**	**20,367**	**5, 983**	**5,415**	**3,778**	**4,447**	**3,798**
Tax on profits	(1,494)	(5,358)	(623)	(639)	(871)	(49)	(984)
Profits from the year	**7,397**	**15,009**	**5,360**	**4,777**	**2,907**	**4,397**	**2,814**
Profits attributable to non-controlling interests	***1,231***	***1,342***	***635***	***509***	***458***	***86***	***528***
Profits attributable to shareholders of the Company	***6,167***	***13,667***	***4,726***	***4,268***	***2,449***	***4,311***	***2,286***

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

** June 2017 and September 2017 figures are unaudited and included for comparative purposes.

Consolidated Balance Sheet

	As of December 31,			As of June 30,	As of September 30,
	2015*	2016*	2017	2018	2018
			(audited)	*(audited)*	*(unaudited)*
Assets			*(in € thousands)*		
Non-current assets					
Tangible fixed assets	5,569	5,572	5,196	117,208	113,732
Tangible fixed assets-photovoltaic solar plants	*5,452*	*5,087*	*4,767*	*114,165*	*109,879*
Tangible fixed assets-photovoltaic solar plants in progress	—	—	—	*2,593*	*3,282*
Tangible fixed assets-other	*117*	*486*	*429*	*450*	*572*
Goodwill and Intangible assets	714	3	86	4,571	4,652
Non-current investments in group companies and associates	2,069	4,254	4,971	5,250	4,978
Non-current investments	2,627	2,574	2,083	4,904	4,888
Deferred tax assets	7,558	2,343	4,143	4,066	4,317
	18,537	**14,746**	**16,479**	**136,000**	**132,568**
Current assets					
Inventories	136,098	34,070	117,958	1,404	1,691
Inventories-photovoltaic solar plants	135,078	34,070	117,958	1,185	1,538
Inventories-other	1,020	—	—	219	152
Trade and other receivables	6,774	3,982	8,292	8,334	10,700
Current Investments in group companies and associates	880	2,879	978	736	909
Current investments	4,057	4,187	4,046	7,933	6,515
Prepayments for current assets	644	2,647	248	348	244
Cash and cash equivalents	16,338	16,474	19,529	13,064	12,440
	164,790	64,238	151,051	31,818	32,498
Total assets	**183,327**	**78,984**	**167,531**	**167,818**	**165,066**
Equity					
Equity attributable to the parent					
Capital	4	427	427	427	400
Share premium	100	5,213	5,213	4,861	4,887
Reserves	41,857	45,174	46,596	43,539	43,348
Interim dividend	—	—	(263)	—	—
Translation differences	1,183	259	(3,033)	(3,691)	(4,274)
Valuation adjustments	—	—	—	2,318	2,341
Non-controlling interests	5,758	5,300	4,020	4,517	4,518
Total Equity	**48,903**	**56,373**	**52,960**	**51,970**	**51,220**
Liabilities					

Non-current liabilities					
Non-current provisions	1,365	168	325	412	418
Non Current payables	3,943	4,558	3,352	92,697	91,167
Long-term loan funds-photovoltaic solar plants	*3,943*	*3,664*	*3,352*	*79,251*	*78,114*
Subordinated debts with non-controlling partners related to plants	—	—	—	*3,452*	*3,417*
Derivatives	—	*576*	—	—	—
Other non current financial liabilities	—	*318*	—	*9,994*	*9,637*
Group companies and associates, non-current	*329*	*92*	—	—	*34*
Deferred tax liabilities	3,655	1,658	1,133	2,006	2,297
	9,292	**6,476**	**4,810**	**95,115**	**93,917**
Current liabilities					
Current provisions	516	213	332	189	187
Current payables	115,389	5,494	94,895	7,735	11,269
Short-term loan funds-photovoltaic solar plants	*90,779*	*327*	*85,098*	*5,979*	*7,213*
Short-term loan funds-other	*18,378*	*31*	*28*	*172*	*2,857*
Subordinated debts with non-controlling partners related to stock	—	—	*3,717*	*449*	*495*
Derivative financial instruments	—	—	*780*	*611*	*177*
Other current financial liabilities	*6,232*	*5,135*	*5,272*	*524*	*528*
Group companies and associates, current	680	21	—	—	—
Trade and other payables	8,345	10,191	14,332	12,715	8,431
Current accruals	202	216	202	94	41
	125,133	**16,134**	**109,761**	**20,733**	**19,929**
Total liabilities	**134,424**	**22,610**	**114,571**	**115,848**	**113,846**
Total equity and liabilities	**183,327**	**78,984**	**167,531**	**167,818**	**165,066**

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

Consolidated Cash Flow Statement

	Year ended December 31,			Six Months ended June 30,		Nine months ended September 30,	
	2015*	2016*	2017	2017**	2018	2017**	2018
			(*audited*)	(*unaudited*)	(*audited*)	(*unaudited*)	
				(*in € thousands*)			
Cash flow generated from/(used in) operating activities (1) ……	**(36,401)**	**(2,370)**	**(74,318)**	**(64,135)**	**73**	**(74,297)**	**(3,530)**
Profit for the period after tax	***7,397***	***15,009***	***5,360***	***5,047***	***3,778***	***4,447***	***3,798***
Adjustments for:							
Depreciation and amortisation charge	362	367	416	206	799	309	2,102
Impairment and gains or losses on disposal of financial instruments	(245)	170	645	(221)	82	-	83
Changes in fair value of financial instruments	-	652	290	1,327	(577)	(798)	(1,179)
Changes in provisions	108	(1,536)	305	(18)	(132)	-	(81)
Finance income	(543)	(222)	(474)	(130)	(345)	(186)	(455)
Finance costs	5,836	4,126	2,875	454	4,240	1,003	6,430
Exchange rate differences	(4,201)	(2,716)	3,576	1,363	(324)	3,322	152
In-house work on non-current assets	-	-	-	-	(18)	173	(71)
Other income and expenses	1,494	(5,358)	(623)	11	(327)	11	(276)
Changes in working capital:							
Inventories	(38,629)	(13,825)	(87,637)	(62,609)	(2,754)	(75,621)	(2,814)
Trade and other receivables	(1,084)	681	(3,553)	(6,273)	281	(8,200)	(2,737)
Trade and other payables	(1,262)	(425)	5,578	750	(940)	3,326	(5,788)
Other non-current assets and liabilities	149	(2,367)	1,677	(121)	(207)	(174)	-
Other cash flows from operating activities:				-	-		
Interest paid	(5,836)	4,126	(2,875)	(454)	(4,197)	(1,003)	(3,618)
Interest received	429	119	213	130	345	186	455
Other payments	(375)	(1,172)	(92)	(3,596)	-	(1,091)	-
Dividends received	-	-	-	-	367	-	470
Cash flow generated from/(used in) investment activities (2) ….	**5,454**	**21,463**	**(5,365)**	**(3,923)**	**(4,010)**	**(48)**	**(4,064)**
Non-current assets	(37)	(372)	(148)	10	(227)	-	(1,807)
Other financial assets	5,491	21,836	(5,217)	(3,934)	(3,783)	(48)	(2,258)
Cash flow generated from/(used in) financing activities (3) ……	**13,823**	**(19,474)**	**83,565**	**62,143**	**(2,218)**	**85,468**	**1,272**
Proceeds and payments relating to financial liability instruments:							
Capital increase	-	5,240	-	-	-	-	-
Proceeds from issue of bank borrowings, net	20,964	3,995	92,110	64,880	-	90,167	4,715
Proceeds from issue of bank with associates						-	190
Repayment of bank borrowings	(1,881)	(272)	(4,043)	(2,109)	(1,872)	(4,042)	(2,920)
Other repayment	(745)	(18,380)	(4,151)	(337)	(178)	(337)	(544)
Dividends and returns on other equity instruments paid:							
Dividends	(4,514)	(10,056)	(350)	(290)	(168)	(319)	(168)
Variations in exchange rates on cash and cash equivalents (4)……	**2,956**	**516**	**(827)**	**(500)**	**(310)**	**(751)**	**(767)**
Increase/(decrease) of cash flow (1 +2+3+4) ……	***(14,168)***	***136***	***3,055***	***(6,415)***	***(6,465)***	***10,372***	***(7,089)***
Cash and cash equivalents at beginning of period	30,505	16,338	16,474	16,474	19,529	16,474	19,529
Cash and cash equivalents at end of period	16,338	16,474	19,529	10,059	13,064	26,845	12,440

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

** June 2017 and September 2017 figures are unaudited and included for comparative purposes.

B.8	Selected key pro forma financial information	Between July and August 2018, the Company entered into several share sale and purchase agreements to acquire: (i) 100% equity interests in the share capital of several entities holding 88 solar PV farms of nominal alternating current (AC) capacity 100 kW located in Isla Mayor, Lebrija and Llerena (the "**SIS Acquisition**") and (ii) 46.74% of the share capital of Solarpack Promo2007 Cientoveintuno, S.L., the SPV holding the Guijo de Coria solar PV plant so that the Group's shareholding will increase from 49.76% to 96.50% (the "**Guijo Acquisition**" and together with the SIS Acquisition, the "**Acquisition**"). Taken together, upon completion of the Acquisition, we will therefore own operating assets in Spain representing an installed capacity of approximately 13 MW (the "**Spanish Operating Assets**"). To give effect to the Acquisition of the Spanish Operating Assets, we present below selected pro forma consolidated condensed financial information for the Group as of and for the year ended December 31, 2017, and the six months ended June 30, 2018, which has been prepared in accordance with IFRS. The Pro Forma Financial Information included in this prospectus is based on available information and certain assumptions and estimates that we believe are reasonable, but that may differ from actual amounts. The Pro Forma Financial Information

reflects the acquisition of the Spanish Operating Assets and related events as if they occurred (i) for income statement data, on January 1, 2017 with respect to financial information for the year ended December 31, 2017 and with respect to financial information for the six months ended June 30, 2018 and (ii) for balance sheet data, on June 30, 2018, and gives effect to pro forma events for the period considered, as applicable, that are directly attributable to the acquisition, factually supportable, and expected to have a continuing impact on the combined results of the Group following such acquisition.

On November 12, 2018 Deloitte, S.L. issued a special auditor's report in accordance with ISAE 3420 *Assurance Engagement to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* with respect to this Pro Forma Financial Information, a copy of which is included elsewhere in this prospectus.

The Pro Forma Financial Information is presented for illustrative purposes only and does not purport to present what our financial position or results would actually have been had the acquisition of the Spanish Operating Assets occurred on the dates assumed, or to project our results of operations or financial position for any future period or our financial condition at any future date. The assumptions adopted are described in Note 4 of Pro Forma Financial Information.

The accounting principles used for the preparation of the Pro Forma Financial Information are consistent with those used in the preparation of the 2017 Audited Consolidated Financial Statements and the Audited Interim Consolidated Financial Statements which have been prepared in accordance with IFRS. However, the Pro Forma Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act. Details of the accounting policies applied are provided in the Audited Consolidated Financial Statements and in the Audited Interim Consolidated Financial Statements. Our future operating results may differ materially from the amounts set forth in the Pro Forma Financial Information due to various factors, including changes in operating results. Any reliance you place on the Pro Forma Financial Information should fully take this into consideration.

Prospective investors should read the selected data presented below in conjunction with the Pro Forma Financial Information, the Audited Consolidated Financial Statements, the Audited Interim Consolidated Financial Statements and the Interim Consolidated Financial Statements included elsewhere in this prospectus.

Pro Forma Consolidated Income Statement for the six months ended June 30, 2018

	Six months ended June 30, 2018[1]	**SIS Acquisition**[2]	**Guijo Acquisition**[3]	**Pro Forma Adjusted for Six months ended June 30, 2018**
		(*in € thousands*)		
Net business turnover	12,431	3,188	1,262	16,881
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	203	-	-	203
Works performed by the Company for its assets	18	-	-	18
Other operating revenues	95	-	-	95
Operating revenues	**12,747**	**3,188**	**1,262**	**17,197**
Raw and indirect material consumption	43	-	-	43
Cost of personnel	(3,250)	-	-	(3,250)
Other operating expenses	(2,695)	(368)	(185)	(3,248)
Amortization of fixed assets	(799)	(1,699)	(603)	(3,101)
Impairment of goodwill	-	(68)	(20)	(88)
Other results	481	-	-	481
Operating expenses	**(6,220)**	**(2,135)**	**(808)**	**(9,164)**
Operating profit (EBIT)	**6,527**	**1,052**	**454**	**8,033**
Financial income	345	-	(6)	339
Financial expenses	(4,118)	(882)	(230)	(5,230)
Change in fair value of financial instruments	455	428	-	884
Net differences in exchange rates	324	-	-	324
Impairment losses and income from disposals of financial instruments	(82)	-	-	(82)
Net Financial Income / (Expense)	**(3,076)**	**(454)**	**(237)**	**(3,766)**
Result of companies applying the equity method	327	-	-	327
Earnings before corporate income tax	**3,778**	**598**	**218**	**4,594**
Tax on profits	(871)	(18)	(134)	(1,023)
Profits from the year	**2,907**	**580**	**84**	**3,571**

Note: As Pro Forma Income Statement for the six months period ended June 30, 2018 reflects the acquisition of the Spanish Operating Assets and related events as if they occurred on January 1, 2017, all adjustments included in the six months period ended June 30, 2018 are expected to have a continuing impact.

(1) Represents the Audited Interim Consolidated Financial Statements prepared in accordance with IFRS.
(2) Represents the pro-forma adjustment for the SIS Acquisition
(3) Represents the pro-forma adjustment for the Guijo Acquisition.

Pro Forma Consolidated Income Statement for the Year ended December 31, 2017

	Year ended December 31, 2017(1)	SIS Acquisition(2)	Guijo Acquisition(3)	Pro Forma Adjusted for Year ended December 31, 2017
		(in € thousands)		
Net business turnover	13,160	6,505	2,562	22,227
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	17,167	-	-	17,167
Works performed by the Company for its assets	-	-	-	-
Other operating revenues	1,959	-	-	1,959
Operating revenues	**32,286**	**6,505**	**2,562**	**41,354**
Raw and indirect material consumption	(14,158)	-	-	(14,158)
Cost of personnel	(7,622)	-	-	(7,622)
Other operating expenses	(4,813)	(850)	(361)	(6,024)
Amortization of fixed assets	(416)	(3,399)	(1,205)	(5,020)
Impairment of goodwill	-	(136)	(40)	(177)
Excess provisions	-	-	-	-
Other results	-	-	-	-
Operating expenses	**(27,008)**	**(4,385)**	**(1,608)**	**(33,001)**
Operating profit (EBIT)	**5,279**	**2,120**	**955**	**8,353**
Financial income	539	-	(13)	526
Financial expenses	(2,371)	(1,913)	(505)	(4,789)
Change in fair value of financial instruments	7,326	1,364	-	8,690
Net differences in exchange rates	(3,576)	-	-	(3,576)
Impairment losses and income from disposals of financial instruments	-	-	3,682	3,682
Net Financial Income / (Expense)	**1,919**	**(549)**	**3,164**	**4,533**
Result of companies applying the equity method	(1,215)	-	-	(1,215)
Earnings before corporate income tax	**5,983**	**1,571**	**4,118**	**11,672**
Tax on profits	(623)	(427)	(141)	(1,191)
Profits from the year	**5,360**	**1,143**	**3,978**	**10,481**

(1) Represents the 2017 Audited Consolidated Financial Statements prepared in accordance with IFRS.
(2) Represents the pro-forma adjustment for the SIS Acquisition
(3) Represents the pro-forma adjustment for the Guijo Acquisition.

Pro Forma Consolidated Balance Sheet

	As of June 30, 2018(1)	SIS Acquisition(2)	Guijo Acquisition(3)	Capital Increase(4)	Pro Forma Adjusted As of June 30, 2018
			(in € thousands)		
Assets					
Non-current assets					
Intangible fixed assets	4,571	13,255	4,840	—	22,666
Intangible fixed assets- Goodwill	—	*2,565*	*937*	—	*3,502*
Intangible fixed assets- Other	*4,571*	*10,689*	*3,903*	—	*19,164*
Tangible fixed assets	117,208	40,210	18,701	—	176,120
Non-current investments in group companies and associates	5,250	—	(690)	—	4,560
Non-current investments	4,904	269	—	—	5,174
Deferred tax assets	4,066	6,708	4,463	—	15,238
	136,000	**60,443**	**27,314**	**—**	**223,758**
Current assets					
Inventories	1,404	—	—	—	1,404
Trade and other receivables	8,334	1,666	739	—	10,740
Current Investments in group companies and associates	736	—	—	—	736
Current investments	7,933	4,170	—	—	12,103
Prepayments for current assets	348	61	20	—	429
Cash and cash equivalents	13,064	(17,872)	(1,794)	25,091	18,489
	31,818	(11,975)	(1,034)	25,091	43,900
Total assets	**167,818**	**48,468**	**26,280**	**25,091**	**268,736**
Equity					
Equity attributable to the parent					
Shareholders' equity	45,135	(78)	3,672	25,091	73,820
Share capital and issue premium	*5,287*	-	-	*26,980*	*32,267*
Reserves	*37,339*	-		*(1,889)*	*35,510*
Profit for the period	*2,449*	*(78)*	*3,672*	-	*6,042*
Valuation adjustments – Derivatives	-	-	-	-	-
Valuation adjustments - Shares	2,318	-	-	-	2,318
Non-controlling interests	4,517	-	117	-	4,634
Total Equity	**51,970**	**(78)**	**3,790**	**25,091**	**80,772**
Liabilities					
Non-current liabilities					
Non-current provisions	412	724	591	-	1,727

Non Current payables	92,697	37,110	15,145	-	144,952
Group companies and associates, non-current	-	-	-	-	-
Deferred tax liabilities	2,006	6,803	5,560	-	14,369
	95,115	**44,638**	**21,295**	**-**	**161,049**
Current liabilities					
Current provisions	189	-	55	-	244
Current payables	7,735	2,860	977	-	11,572
Group companies and associates, current	-	-	6	-	6
Trade and other payables	12,715	1,049	156	-	13,920
Current accruals	94	-	-	-	94
	20,733	**3,909**	**1,195**	**-**	**25,837**
Total equity and liabilities	**167,818**	**48,468**	**26,280**	**25,091**	**267,657**

(1) Represents the Audited Interim Consolidated Financial Statements prepared in accordance with IFRS.
(2) Represents the pro-forma adjustment for the SIS Acquisition.
(3) Represents the pro-forma adjustment for the Guijo Acquisition.
(4) Represents the pro-forma adjustment for the Acquisition, net of the expenses associated with the Acquisition. We estimate a capital increase of €26.9 million, which, after accounting for expenses of €1.9 million (allocated to reserves, and which are considered to be paid at that time), represents an increase in treasury amounting to €25.1 million. These funds will be obtained in the context of Admission to trading of the Shares on the Spanish Stock Exchanges.

B.9	Profit forecast or estimate	Not applicable. The Prospectus does not contain profit forecasts or estimates.
B.10	A description of the nature of any qualifications in the audit report on the historical financial information.	The audit reports corresponding to the Company's audited annual consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017, which have been audited by Auren Auditores SP, S.L.P. (formerly, Auren Auditores BIO, S.L.P.), are unqualified. The audit report corresponding to the Company's audited interim consolidated financial statements as of and for the six months ended June 30, 2018, which have been audited by Deloitte S.L., are unqualified. The report corresponding to the Company's unaudited consolidated condensed interim financial statements as of and for the nine months ended September 30, 2018 cannot be considered an audit exercise and therefore, no qualifications are required.
B.11	Qualified working capital	Not applicable. The Company is of the opinion that the Group has sufficient working capital for its present requirements that is for at least the next twelve months commencing as of the date of this Prospectus.

Section C — Securities

Element	**Description**	**Disclosure requirement**
C.1	Type and class of security	The ordinary shares have the ISIN code ES0105385001. It is expected that the ordinary shares will be traded on the Madrid, Barcelona, Bilbao and Valencia stock exchanges (the "**Spanish Stock Exchanges**") and quoted on the Automated Quotation System or "*mercado continuo*" of the Spanish Stock Exchanges (the "AQS") on or about December 5, 2018 under the symbol "SPK".
C.2	Currency of the securities issue	The ordinary shares will be denominated in euro.
C.3	The number of shares issued	As of the date of this prospectus, our share capital consists of €8,000,000 divided into a single series of 20,000,000 ordinary shares denominated in euro, with a nominal value of €0.4 per Share. Each Share entitles the holder to one vote. All of the Company's ordinary shares are fully subscribed and paid up. On Admission, there will be between 29,708,738 and 32,500,000 shares fully paid (at the lower and upper ends of the Offer Price Range, respectively and excluding the over-allotment option).
C.4	A description of the rights attached to the securities	The Shares grant their owner the rights set forth in the Company's by-laws and in the consolidated text of the Spanish Companies Act, including that each of our Shares entitles the holder to one vote at a general shareholders' meeting and there is no limit as to the maximum number of votes that may be issued by any shareholder, companies belonging to the same group or any person acting in coordination with any of the former. Shareholders are not required to

		hold a minimum number of Shares in order to exercise their right to attend any general shareholders' meeting. None of our shareholders have different voting rights. Holders of our Shares are entitled to receive dividends proportionally to their paid-up share capital. However, there is no right to receive a minimum dividend.
C.5	Restrictions on the free transferability of the shares	There are no restrictions on the free transferability of the Company's ordinary shares in our by-laws without prejudice to the provisions described in section E.5.
C.6	Admission	Application will be made for the Shares to be admitted to trading on the Spanish Stock Exchanges and to have them quoted on the AQS. No application has been made or is currently intended to be made for the Company's shares to be admitted to listing or trading on any other exchange.
C.7	Dividend policy	We intend to reinvest our operating cash flow in new project developments to drive long-term growth and enhance shareholder value and do not anticipate paying any cash dividends on the Shares for the three to five years following the Offering. After the third anniversary of the Offering, we will reassess our dividend policy and the payment of future cash dividends, based on our business prospects and financial performance. The amount of future dividends that we decide to pay, if any, will depend upon a number of factors, including, but not limited to, our earnings, financial condition, cash generation, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as may be deemed relevant at the time. In addition, our ability to pay dividends may be subject to certain limitations, including provisions contained in the agreements governing our indebtedness that could restrict the ability to distribute dividends or make any other payment or distribution to shareholders and thus our ability to pay dividends on our Shares. The amount of dividends will be proposed by our board of directors and approved by our shareholders at the general shareholders' meetings. The Initial Offer Shares will be eligible for any dividends paid or declared after the settlement of the Offering. Any dividends paid in the future will be subject to tax under Spanish law. As an exemption to the above, certain distributions could be tax exempt under Spanish law if certain circumstances are met.
Section D — Risks		
Element	**Description**	**Disclosure requirement**
D.1	Key information on the key risks that are specific to the Company or its industry	*An investment in the Shares involves a high degree of financial risk. You should carefully consider all information in this prospectus, including the risks described below, before you decide to buy the Shares. This section addresses both general risks associated with, among others, the industry in which the Group operates and the specific risks associated with its business. If any such risks were to materialize, the Group's business, results of operations, financial condition and/or prospects could be materially and adversely affected, resulting in a decline in the value of the Shares and a loss of part or all of your investment. Further, this section describes certain risks relating to the Offering and the Shares which could also adversely impact the value of the Shares.* *The risks and uncertainties discussed below are those that the Group's management currently views as material, but these risks and uncertainties are not the only ones that it faces. Additional risks and uncertainties, including risks that are not known to the Group at present or that its management currently deems immaterial, may also arise or become material in the future,*

		which could lead to a decline in the value of the Shares and a loss of part or all of your investment. **Risks Relating to Our Business** • We may not be able to successfully realize our Identified Opportunities and complete the development of our Pipeline and Backlog portfolio, which is subject to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of our future revenue or earnings. • Our off-take arrangements, including our Power Purchase Agreements, may expose us to certain risks which may affect our business, future results of operations and cash flows. • Our operations require us to obtain licenses, authorizations and permits for our projects, which may entail a long and complex process. Any failure to obtain or renew such approvals, licenses and permits or to comply with the terms of such approvals, licenses and permits may have a material adverse effect on our business, results of operations and financial condition. • We operate in a highly regulated sector and are exposed to regulatory changes across the multiple jurisdictions in which we operate. • Our projects may be delayed or exceed their budget. We have experienced delays in the completion of our projects in the past, and we cannot assure you that we will be able to conclude our projects within the stipulated time periods and budget. • The delay between making significant upfront investments in our solar PV projects and receiving revenue could materially and adversely affect our liquidity, business, financial condition, results of operations and cash flows. • Any constraints in the availability of the electricity grid, including our inability to obtain access to transmission/distribution lines or control of suitable sites in a timely and cost-efficient manner could adversely affect our business, financial condition, results of operations and cash flows. • If we fail to successfully implement our new business strategy, our financial condition and future performance could be adversely affected • We operate in a highly competitive industry and competitive pressures could have a material adverse effect on our business. • Our future business growth depends, in part, on winning new bids in complex competitive bidding and auction procedures, in respect of which we need to devote our time and financial resources and may not be successful. • We may be unable to acquire or maintain the performance guarantees and bonds necessary to complete our ongoing projects or to obtain new contracts. • If sufficient demand for solar PV projects does not develop or takes longer to develop than we anticipate, our future business growth, financial condition, results of operations and cash flows could be materially and adversely affected. • We are exposed to interest rate and currency exchange risks, given the highly levered nature of our assets and our diverse international activity.

		• We operate with a significant level of net debt and we require a significant amount of cash to service our debt which may adversely affect our business, liquidity, financial condition and prospects • Our business is subject to the risks generally associated with businesses that involve international operations, particularly in emerging markets, that could be subject to economic, social and political uncertainties. • A significant amount of our business comes from a limited number of customers and our revenue and profits could decrease significantly if we lost customers. • We depend on a limited number of suppliers for materials and components and various third-party contractors to construct, operate and maintain our projects. • Our success depends on the continued service of certain key personnel. • Our facilities are subject to unexpected operational and mechanical failure, which may cause additional costs and can have a negative impact in our business. • In some circumstances, we operate through strategic partnerships, including consortia and joint ventures, and are exposed to risks associated with such partnerships. • The sites in which we operate, including our power generation facilities, involve significant risks and hazards that could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may not have adequate insurance to cover these risks and hazards and if we fail to maintain safe work environments, we can be exposed to significant financial losses, as well as civil and criminal liabilities. • The generation of electricity from solar sources depends heavily on suitable meteorological conditions. If solar conditions are unfavorable, our electricity generation, and therefore revenue from our solar PV projects, may be substantially below our expectations. **Risks relating to the Legal and Regulatory Framework** • We are subject to extensive environmental, health and safety laws and regulations, as well as other political, social, environmental and community actions or pressure, which could have a material adverse impact on our consolidated results of operations, financial condition and cash flows. • We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs. • We are exposed to risks related to changes in tax legislation and we may be subject to investigations or challenges with respect to our tax liabilities that may adversely impact our business • The Company may be classified as a passive foreign investment company (“PFIC”), which could result in adverse U.S. federal income tax consequences to U.S. Holders of Shares. • If a United States person is treated as owning at least 10% of the Company’s Shares, such holder may be subject to adverse U.S. federal income tax consequences.
D.3	Key information on the key risks that are specific to the securities.	**Risks Related to the Offering and the Shares** • After the Offering, certain shareholders will remain significant shareholders and will continue to exercise substantial influence over us and we may face certain risks relating to

<table>
<tr><td></td><td></td><td>conflicts of interest. The interests of our main shareholders may be inconsistent with your interests.

• There can be no assurance that we will be able to pay dividends in the future and the Company do not anticipate paying any dividends for the three to five years following the Offering.

• There can be no assurance that the Offering Price will match the price at which trading in the Shares will develop and continue after the Offering.

• Substantial sales of our Shares, or perceptions thereof, after the Offering may cause the market price of our Shares to fall.

• There is no established trading market for the Shares and an active trading market for our Shares may fail to develop.

• Market volatility may affect the price of our Shares, and the issue of additional Shares or other equity or equity-linked securities may dilute the ownership interest of shareholders.

• Shareholders in certain jurisdictions other than Spain may not be able to exercise their pre-emptive rights.

• Shareholders in countries with currencies other than the euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of the Shares.

• The ability of shareholders residing outside of Spain to effect service of process or to enforce any foreign court judgments against us or our directors may be limited.

• The Offer Shares will not be freely transferable in the United States.</td></tr>
<tr><td colspan="3">Section E — Offer</td></tr>
<tr><td>Element</td><td>Description</td><td>Disclosure requirement</td></tr>
<tr><td>E.1</td><td>The total net proceeds and an estimate of the total expenses of the issue</td><td>The Company is offering the Initial Offer Shares and the Over-allotment Shares (both as defined in section E.3 below).

The Company expects to raise gross sale proceeds of €100 million from the issue of the Initial Offer Shares in the Offering. The fees and expenses which will be payable by the Company in connection with the Initial Offer Shares in the Offering are expected to be up to approximately €7.3 million. The Company intends to pay this out of the gross proceeds of the Offering. Accordingly, the Company expects to raise net proceeds of approximately €92.7 million from the Offering.

If the Over-allotment option is exercised in full, the Company will issue the Over-allotment Shares and would raise additional net proceeds of up to approximately €9.5 million, after deduction of €0.5 million in additional fees and expenses (€0.4 million in additional Underwriting commissions and €0.1 million in other expenses).

Offering Expenses

Due to the difficulty in determining the expenses incurred as of the date of this prospectus, for purely informational purposes, the following table sets forth the estimated expenses payable by the Company in relation to the Offering (excluding any applicable VAT):

<table><tr><th>Expenses</th><th></th></tr><tr><td></td><td>(in € millions)</td></tr><tr><td>Underwriting commissions[(1)]</td><td>4.4</td></tr><tr><td>Iberclear fee, Spanish Stock Exchanges fee and CNMV fee</td><td>0.2</td></tr><tr><td>Legal expenses and others (notary public, registration with the Commercial Registry, legal publishing, legal and financial advice, audit, POSI insurance)</td><td>3.2</td></tr></table></td></tr>
</table>

Total	**7.8**

Note:

(1) Assuming that (i) the Offering is approximately €110 million; (ii) all the Offer Shares (including the Over-allotment Shares) have been placed or underwritten by each of the Underwriters and that the Over-allotment Option has been entirely exercised; and (iii) the discretionary commission is paid in full.

E.2

Reasons for the offer, use of proceeds

We plan to use the proceeds from the issue of Initial Offer Shares and the Over-allotment Shares in the following order (i) to pay the Offering expenses of approximately €7.8 million, (ii) to acquire the Spanish Operating Assets for approximately up to a maximum of €25.0 million, (iii) to fund investments for the development and construction of the Planned Project Investments totaling approximately €62.0 million, and (iv) for general corporate purposes of approximately €15.2 million (including investing in the development of our Pipeline into Backlog, of our Identified Opportunities into Pipeline and in the origination of additional Identified Opportunities). In the event that the Offering size is reduced, we plan to still use proceeds in the following order (i) to pay the Offering expenses (ii) to acquire the Spanish Operating Assets, (iii) to fund investments for the development and construction of the Planned Project Investments but we will forego use of proceeds for general corporate purposes.

The following table illustrates the estimated sources and uses of the proceeds with respect to the Offering, assuming full subscription of the Over-allotment Shares. Actual amounts will vary from estimated amounts depending on several factors, including changes in our actual amount of expenses related to the Offering.

Sources	**€ in millions**	**Uses**	**€ in millions**
Initial Offer Shares	100.0	Offering expenses	7.8
Over-allotment Shares[(1)]	10.0	Acquisition of the Spanish Operating Assets	25.0
		Funding Planned Project Investments	62.0
		General corporate purposes	15.2
Total	**110.0**	**Total**	**110.0**

(1) If the Over-Allotment Option is exercised in full, proceeds therefrom will be used for general corporate purposes.

E.3

A description of the terms and conditions of the offer

The Offering

The Company is offering between 9,708,738 and 12,500,000 of its ordinary shares, representing between 32.68% and 38.46% of its share capital, being such number of shares as it is required, at the Offering Price, to provide the Company with gross sale proceeds of €100 million. In addition, in the case of full exercise of the Over-Allotment Option, the Company will issue a number of additional shares representing 10% of the Initial Offer Shares.

We expect that the Offering will take place according to the tentative calendar set out below:

Action	**Estimated Date[(1)]**
Registration of the prospectus with the CNMV	November 20, 2018
Commencement of the book-building period in which proposals are made by Qualified Investors	November 20, 2018
Finalization of the book-building period	December 3, 2018
Execution of the Underwriting Agreement	December 3, 2018
Publication of a relevant fact notice (*hecho relevante*) with setting of the Offering Price and the number of Initial Offer Shares	December 3, 2018
Selection of offers to subscribe Offer Shares	December 3, 2018
Final allocation of the Offer Shares	December 3, 2018
Prefunding of the Initial Offer Shares by the Joint Global Coordinators	No later than 9:00 a.m. (CET) on December 4, 2018
Expected Transaction Date of the Offering and publication of relevant fact disclosure (*hecho relevante*)	December 4, 2018
Expected admission to trading on the Spanish Stock Exchanges and commencement of the Stabilization Period	December 5, 2018
Payment by final investors (Settlement Date)	December 6, 2018
Finalization of the Stabilization Period	January 3, 2019

Note:

(1) Each of the times and dates is subject to change without prior notice. Any change, including in particular any lengthening or shortening of the book-building period, will be publicized, including by filing of a relevant fact notice (*hecho relevante*) with the CNMV.

		CaixaBank, S.A. and Banco Cooperativo Español, S.A. are only participating in the Offering outside the United States under Regulation S of the Securities Act. CaixaBank, S.A. and Banco Cooperativo Español, S.A. are not broker-dealers registered with the SEC and will not be offering or selling securities in the United States or to U.S. nationals or residents. In particular, the transaction date of the Offering (*fecha de operación bursátil*) (the "**Transaction Date**") is expected to be on or about December 4, 2018. On the Transaction Date, investors' payment orders will be processed via the Spanish Stock Exchanges and Iberclear and, assuming the Underwriters have not executed the termination rights contained in the Underwriting Agreement, investors will become unconditionally bound to pay for, and entitled to receive, the relevant Offer Shares subscribed for in the Offering. In order to expedite the listing of the Initial Offer Shares, it is expected that Caixabank S.A. (in its capacity as Joint Global Coordinator and prefunding entity), will subscribe and pay for the Initial Offer Shares on the Transaction Date of the Offering, each acting in the name and on behalf of the Underwriters, and each Underwriter acting on behalf of the final investors. Payment for the Initial Offer Shares by the prefunding banks is expected to be made to the Company by 9:00 am CET on the Transaction Date in its account maintained with CaixaBank, S.A., as the agent bank (the "**Agent Bank**"), and the Initial Offer Shares will come into existence once registered with the Commercial Registry of Bizkaia and recorded in book-entry form with Iberclear. Payment by the final investors for the Initial Offer Shares will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the Initial Offer Shares to final investors, which is expected to take place on or about December 6, 2018 (the "**Settlement Date**"). The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on November 20, 2018 and end on December 3, 2018 (both inclusive), the Underwriters will market the Offer Shares among investors in accordance with, and subject to, the selling and transfer restrictions set forth in this prospectus. Investors may make their subscription proposals during this period, indicating the number of Offer Shares they would be interested to acquire. The book-building period may be reduced or extended by agreement by us and the Joint Global Coordinators. In the event there is such a reduction or extension of the book-building period, the Company will inform the market through the publication of a relevant fact notice (*hecho relevante*). Subscription proposals by investors for the Offer Shares constitute only an indication of their interest in the Offer Shares and shall not be binding on any investors or the Company. The confirmation of such subscription proposals shall be irrevocable. The Agent Bank will be responsible for, among other things: issuing a certificate confirming payment for the Initial Offer Shares for the purposes of notarizing the corresponding capital increase, maintaining the portion of the Initial Offer Shares prefunded by CaixaBank, S.A. (in its condition as Joint Global Coordinator and prefunding entity) (once issued, and following the creation of the relevant book entries in Iberclear) deposited in the securities accounts held with it by said entity, until settlement of the Offering; instructing the entities participating in the Offering on the procedures applicable to its execution; receiving and processing information on the selection and confirmation of subscription proposals and

		collaborating in the allocation of the Initial Offer Shares to the final investors; and cooperating with us in the Admission process. **Pricing of the Offering** Prior to the Offering, there has been no public market for the Shares. ***Offering Price Range*** The indicative Offering Price Range is €8.00 to €10.30 per Offer Share. The Offering Price Range has been determined by the Company, after consultation with the Joint Global Coordinators and no independent experts were consulted in determining the Offering Price Range. The Offering Price Range is indicative only, it may change during the course of the Offering and the Offering Price may be set higher or lower than the Offering Price Range. There can be no assurance that the prices at which the Offer Shares will trade in the public market after the Offering will not be lower than the Offering Price Range or that an active trading market in the Shares will develop and continue after the Offering. ***Offering Price and Number of Initial Offer Shares*** The Offering Price and the number of Initial Offer Shares will be determined by us after consultation with the Joint Global Coordinators upon the finalization of the book-building period (expected to be on or about December 3, 2018). The Offering Price and the number of Initial Offer Shares will be announced through a relevant fact notice (*hecho relevante*) reported to the CNMV. No independent experts will be consulted in determining the Offering Price.
E.4	A description of any interest that is material to the issue/offer including conflicting interests	Each of the Underwriters is a full service financial institution engaged in various activities, which may include the provision of investment banking, commercial banking and financial advisory services. The Underwriters, their respective affiliates and any investment vehicle, directly or indirectly connected therewith in the ordinary course of business may have in the past engaged in investment banking and/or commercial banking transactions with the Company and its affiliates from time to time for which they may have received customary fees and reimbursement of expenses and may in the future, from time to time, engage in transactions with and perform services for the Company and its affiliates in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates or any other investment vehicle directly or indirectly related thereto may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and its affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. In addition, certain of the Underwriters or their affiliates or any other investment vehicle directly or indirectly related thereto are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the credit facilities and other credit arrangements of the Company and its affiliates. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company and its affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates or any other investment vehicle directly or indirectly related thereto that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these Underwriters or their affiliates or any other investment vehicle directly or indirectly related

<table>
<tr><td></td><td></td><td>thereto hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The Underwriters, their affiliates and any other investment vehicle directly or indirectly related thereto may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Underwriters do not consider any of the arrangements describe above to be material in the context of the Offering.</td></tr>
<tr><td>E.5</td><td>Name of the person or entity offering to sell the securities and details of any lock-up agreements</td><td>A) Entities offering the Offer Shares

The Company is the entity offering the Offer Shares. The Offer Shares are being placed by the Underwriters.

B) Lock-up

Pursuant to the Underwriting Agreement, the following parties will be subject to lock-up arrangements for the periods from the execution of the Underwriting Agreement to the date falling on the following days after the Settlement Date of the Offering:

The Company: 180 days
Current shareholders: 360 days

The lock-up arrangements are subject to customary exceptions.</td></tr>
<tr><td>E.6</td><td>Dilution</td><td>The Offering will result in the beneficial interest of our current principal shareholders in the Company being diluted to an aggregate of 63.46% of the Company's share capital following the Offering on the basis of (i) full subscription of the Initial Offer Shares, (ii) low end of the Offering Price Range, (iii) €5.0 million investment of the Principal Shareholders in the Offering, and (iv) no exercise of the Over-Allotment Option. Alternatively, if calculated based on the mid end of the Offering Price Range but keeping all other factors constant, the Offering will result in the beneficial interest of our current principal shareholders in the Company being diluted to an aggregate of 66.43% of the Company's share capital following the Offering.</td></tr>
<tr><td>E.7</td><td>Estimated expenses charged to the investor by the Company</td><td>Subscribers of Offer Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of their country of purchase in addition to the Offering Price.

In addition, purchasers will have to bear the commissions payable to the financial intermediaries through which they will hold the Offer Shares, including those commissions related to administration and security custody which are freely set by the relevant financial intermediaries and notified to CNMV or Banco de España, as the case may be.</td></tr>
</table>

RISK FACTORS

An investment in the Shares involves a high degree of financial risk. You should carefully consider all information in this prospectus, including the risks described below, before you decide to buy the Shares. This section addresses both general risks associated with, among others, the industry in which the Group operates and the specific risks associated with its business. If any such risks were to materialize, the Group's business, results of operations, financial condition and/or prospects could be materially and adversely affected, resulting in a decline in the value of the Shares and a loss of part or all of your investment. Further, this section describes certain risks relating to the Offering and the Shares which could also adversely impact the value of the Shares.

The risks and uncertainties discussed below are those that the Group's management currently views as material, but these risks and uncertainties are not the only ones that it faces. Additional risks and uncertainties, including risks that are not known to the Group at present or that its management currently deems immaterial, may also arise or become material in the future, which could lead to a decline in the value of the Shares and a loss of part or all of your investment.

Risks Relating to Our Business

We may not be able to successfully realize our Identified Opportunities and complete the development of our Pipeline and Backlog portfolio, which is subject to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of our future revenue or earnings.

The Group has established criteria and procedures for classifying its potential projects. These criteria and procedures are used for internal planning purposes and they have not been verified or reviewed by third parties. Under the Group's methodology, a project is classified based on its stage of development and the probability of successful completion. The categories are "Identified Opportunities", "Pipeline" and "Backlog". See "*Business—Project portfolio, Backlog and Pipeline.*"

Our definitions of Identified Opportunities, Pipeline and Backlog may not necessarily be the same as that used by other companies engaged in activities similar to ours. As a result, the amount of our Backlog may not be comparable to the Backlog reported by such other companies.

Projects are classified in accordance with procedures and criteria which have been designed to be as objective as possible; however, there can be no assurance that the Group's assessment of a project's likelihood of success will be accurate, which may have a negative impact on the Group's growth prospects and the Group's business, financial condition and results of operations. Furthermore, there are various outstanding matters that impact a potential project being classified as a success, many of which are subject to uncertainties and outside the Company's control such as securing final permits, off-take arrangements on feasible terms, access to project finance and equity.

Overall, Backlog figures are based on a number of assumptions and estimates, including assumptions as to exchange rates between the euro and other currencies, estimates of the amount of additional work and cost overruns for which we are able to claim payment from the client under our contracts, estimates of the percentage of completion of contracts and models for long-term trends. Contingencies that could affect the realization of our near-term Backlog as future revenue or cash flows include failure to execute construction contracts, cancellation, termination, delay, scope reduction or adjustments, increased time requirements to complete the work, delays in commencing work, disruption of work, lack or reduction in public funds, disputes with customers or other counterparties, our default or other unforeseen events. We may suffer from unexpected or unanticipated cancellations, and, even where a project proceeds as scheduled, it is possible that the customer may default and fail to pay amounts owed to us. See *"–Our off-take arrangements, including our Power Purchase Agreements, may expose us to certain risks that may affect our business, future results of operations and cash flows.*" For example, we have recently experienced a delayed payment because a customer's other debt obligations limited their ability to make payments to us in a timely manner.

As of September 30, 2018, our Backlog consisted of nine projects with a total capacity of approximately 510 MW, comprised of three projects in Spain (accounting for a total capacity of 211 MW), five projects in Chile (accounting for a total capacity of 169 MW) and one project in India (accounting for a total capacity of 131 MW).

“Backlog” comprises projects for which we estimate the likelihood of success of at least 90%. These are projects (i) for which we have been awarded rights as part of the applicable off-take arrangement tender process, or (ii) the applicable off-take arrangement has been obtained such that we have been nominated as preferred bidders and are in the process of preparing for the execution of the off-take arrangement, or (iii) financing has been obtained without the need of an off-take arrangement, or (iv) an agreement for the sale and construction of a “build and sell” project (not subject to any financing condition precedents) has been signed with a third-party buyer, or (v) an EPC agreement has been signed in the case of projects developed by third-parties. “Pipeline” comprises projects for which we estimate the likelihood of success at 50% (not including projects included in our Backlog) that are either (i) in-house projects, for which we have procured contractual or legal rights relating to site control and interconnection rights from the relevant regulatory bodies or, if only initiated but contractual or legal rights have not yet been procured, for which we estimate a likelihood of contractual or legal rights being procured of more than 50%, or (ii) third-party projects, for which a bidding solicitation for a third-party EPC customer has been formally launched and for which we have been shortlisted in the request-for-proposal (“**RFP**”) process. As of September 30, 2018, our Pipeline consisted of 19 projects with a total capacity of 1,251 MW comprised of three projects in Spain (accounting for a total capacity of 109 MW), seven projects in Chile (accounting for a total capacity of 247 MW), six projects in South Africa (accounting for a total capacity of 517 MW), and three projects in Colombia (accounting for a total capacity of 378 MW). “Identified Opportunities” are projects in the preliminary stage for which we have made a feasibility study and a business case evaluation, and for which we estimate the likelihood of success at 10% to 30%. As of September 30, 2018, we had 31 projects marked as Identified Opportunities comprised of two projects in Spain (accounting for a total capacity of 9 MW), 15 projects in Chile (accounting for a total capacity of 521 MW), three projects in South Africa (accounting for a total capacity of 259 MW), one project in Colombia (accounting for a total capacity of 48 MW), two projects in USA (accounting for a total capacity of 140 MW) and one project in Peru (accounting for a total capacity of 180 MW). We also have 538 MW in other markets such as Malaysia, Vietnam, Laos, Mali, and the Dominican Republic. We estimate the likelihood of project success is based first, on the status of completion of key project milestones, as outlined above, and, second, on our experience in developing solar PV assets. In this regard, in our experience the probability of success for projects in Backlog has been approximately 90%, approximately 50% for Pipeline projects, and between 10% and 30% for Identified Opportunities. In terms of investment, as of September 30, 2018, we recorded €5.5 million in combined investments in our Backlog, Pipeline and Identified Opportunities portfolio of projects under development, including €0.7 million in acquired land plots.

We periodically re-evaluate our portfolio of Identified Opportunities, Pipeline and Backlog and adjust it for counterparty risk, previously undetected environmental or technical issues, additional work to be performed, costs incurred or changes in currency exchange rates. Given the initial stage of their assessment, our Identified Opportunities may not be fully realized or may never translate into Pipeline or Backlog. Moreover, the amount of our Identified Opportunities, Pipeline or Backlog that is subject to delay or cancellation at any given time is largely a reflection of project and market specific risks as well as broad global economic trends and, as of any date, may not be indicative of actual results of operations in any succeeding period.

If Identified Opportunities, Pipeline and Backlog are not realized, we anticipate that we would write off approximately €4.8 million of tangible fixed assets plus inventories as of September 30, 2018. Further, we would be exposed to the penalties arising from our PPA obligations, including: a maximum penalty of approximately €3.3 million and the possibility of losing a 20% share in tariff under our KA2 PPA; loss of revenues of approximately €1.0 million per month pursuant to our Granja PPA; a maximum penalty of approximately €3.0 million if we don’t reach scheduled COD under our Monclova & Grullas PPA and a penalty of €1.5 million if we only reach COD with one of the projects.

Furthermore, economic conditions can lead to a decrease in procurement of solar PV energy by public and private sector companies. Private or public sector companies may decide to either halt the projects already underway due to a lack of funds or delay or abandon studies of potential projects while they await more favorable investment conditions. Although the normal procedure in the private sector is for the construction company to be paid as the works are executed, we are still exposed to loss of revenue if work is delayed or cancelled. In addition, public or private energy off-takers may decide to terminate or modify the conditions of their long-term energy supply contracts relating to backlog projects, which may in turn result in potential loss of revenue.

Backlog as of any particular date may not be indicative of actual results of operations for any succeeding period. Delays, cancellations or payment defaults could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our estimates of the likelihood of success of projects may not be accurate.

Any of the foregoing factors could impair our ability to successfully grow our portfolio, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our off-take arrangements, including our Power Purchase Agreements, may expose us to certain risks which may affect our business, future results of operations and cash flows.

We generate the majority of our revenue selling electricity through a variety of arrangements, including Power Purchase Agreements ("**PPAs**"), feed-in-tariff systems or other regulatory frameworks (collectively "**off-take arrangements**"). Specifically, as of September 30, 2018, more than 65% of our assets were operating solar PV plants that base the majority of their value on the long-term revenue generated from off-take agreements. Any defaults, tariff revisions or delays and associated penalties resulting from our off-take arrangements, including our PPAs, will therefore have a direct impact on our profitability which directly depends on cash-flow visibility from our off-take arrangements, and our ability to operate our solar photovoltaic ("**PV**") power projects at optimal levels.

In the event we default in fulfilling our obligations under the off-take arrangements, such as supplying the minimum amount of power specified in some of the off-take arrangements or failing to obtain regulatory approvals, licenses and clearances with respect to our solar PV projects, we may be liable for penalties and in certain specified events, customers may also terminate such off-take arrangements. Further, any failure to supply power from the scheduled commercial operation date ("**COD**") may result in levy of liquidated damages and encashment of bank guarantees provided by us under the terms of certain off-take arrangements. For example, we have in the past claimed a force majeure event under a PPA relating to our Telangana project in India, but our counterparty encashed bank guarantees of INR 24 million, out of which INR 20.5 million will be returned to us after our petition for such refund to the regulator has been accepted.

Under a long-term off-take arrangement, we typically sell power generated from a power plant to distribution companies or power consumers at pre-determined tariffs. Our off-take arrangements are generally not subject to downward revisions unless, in some cases, energy supply falls below a certain level during a specific period of time. None of the off-take arrangements in our current portfolio allow for prices to be unilaterally raised. Accordingly, we only partially hedge our downward risk with the off-take arrangement; however, if there is an industry-wide increase in tariffs, we may not be able to renegotiate the terms of the off-take arrangement to take advantage of the increased tariffs. Further, to the extent that the pre-determined tariffs are well above market prices, off-takers may seek termination of their off-take arrangements to take advantage of the lower market prices. In addition, as our off-take arrangements do not cover 100% of the energy produced in some of the jurisdictions in which we operate, we are exposed to variable spot price risk in the general market for the remainder of the energy produced. As of September 30, 2018, non-GAAP spot price exposure accounted for 3% of Power Generation revenues. Therefore, the tariffs at which we supply power may have little or no relationship with the costs incurred in generating power, which may lead to fluctuations in our margins. The above factors all limit our business flexibility, expose us to an increased risk of unforeseen business and industry changes and could have an adverse effect on our business, results of operations and cash flows.

In certain instances, the terms of some of our future off-take arrangements may also require us to enter into other types of off-take arrangements, or seek renewals or extensions of off-take arrangements, for the balance of the life of those solar PV power projects. Moreover, there are often other restrictions on our ability to, among other things, sell power to third parties and undertake expansion initiatives with other consumers. Failure to enter into or renew off-take arrangements in a timely manner and on terms that are acceptable to us could adversely affect our business, results of operations and cash flows. There could also be negative accounting consequences if we are unable to extend or replace expiring off-take arrangements, including writing down the carrying value of assets at such power project sites.

Additionally, under the off-take arrangements, our remedies in case of delays in payment by our customers may also be limited. For example, our Telangana PPAs only permit us to terminate the off-take arrangement due to non-payment of dues upon 90 days of our inability to recover such dues. As of September 30, 2018, we had a provision for impairment of receivables or inter-company loans in our accounts amounting to €572,079, out of which €442,416 correspond to intercompany loans. Moreover, although the contractual payment period for our projects in India is 30 days, it is common for State-owned utilities to pay us over periods that can extend from 3 to 6 months and our ability to improve these payment periods is limited. As well, there is a risk of contract termination or breach of contract by a counterparty in the event they find the terms of the off-take arrangement onerous due, for example, to bankruptcy. Any of the foregoing factors including client delay or default on payment, or our failure to otherwise make timely collection of our revenues, could impair our ability to successfully compete in our industry, and have a material adverse effect on our business, financial condition, results of operations and cash flows. See "–*Our projects may be delayed or exceed their budget. We have experienced delays in the completion of our projects in the past, and we cannot assure you that we will be able to conclude our projects within the stipulated time periods and budget*" and "*Business– Project portfolio, Backlog and Pipeline*".

Our operations require us to obtain licenses, authorizations and permits for our projects, which may entail a long and complex process. Any failure to obtain or renew such approvals, licenses and permits or to comply with the terms of such approvals, licenses and permits may have a material adverse effect on our business, results of operations and financial condition.

We are required to obtain various interconnection, environmental, construction and other administrative approvals in connection with our operations in the countries in which we operate. It typically takes between one to three years to obtain all the necessary permits for a project, mainly linked to site control, environmental authorisations, interconnection and building permits. The permit process varies across geographies, and in most cases requires interaction with different public and private entities for approvals. We therefore plan our development budget taking into account these factors and historically, the development budget has typically represented 1-3% of project capital expenditure in the period leading up to financial close. See "*Business – Solar PV Industry and Market Activities – Value chain in utility scale solar PV power projects*". Although we are actively pursuing the necessary licenses, authorizations and permits required to carry out the construction works in our development phase projects, we cannot ensure we will be successful in the future. We may be unable to obtain all licenses, authorizations and permits required for the projects that we are planning in time or at all. Procedures for obtaining authorizations vary from country to country and requests may be rejected by the relevant authorities for many reasons, or they may be approved, but with significant delays. The process of obtaining permits can be further delayed or hindered by changes in national or other legislation or regulation or by opposition from communities in the areas affected by a project. Moreover, certain operating or construction permits that have been issued to us could be contested.

For example, during the development of our CAS1 project in Chile, we experienced delays in obtaining the easements for the project's powerline interconnectivity. This delay at our CAS1 project in turn resulted in a two month delay in the drawing of $4.2 million of project financing (which accounted for approximately 25% of the project capital expenditure). Although the delay at our CAS1 project had limited economic impact on our overall business, such delays in receiving permit grants can materially limit our capacity to draw senior debt in line with the pace of construction.

Failure to comply with applicable laws, regulations or recognized international standards or to obtain or renew the necessary permits, approvals and lease agreements (including the threat of issued but contested and revoked permits) may result in (1) the loss of the right to operate our facilities or continue our operations; (2) the imposition of significant administrative liabilities or costly compliance procedures; or (3) other enforcement measures that could have the effect of closing or limiting production from our operations. For example, if we were to fail to meet environmental requirements or have a major accident or disaster, we could also be subject to administrative, civil or criminal proceedings by governmental authorities as well as civil proceedings by environmental groups or other individuals. Such events could result in substantial fines, penalties and damages against us as well as orders that could limit, halt, or even cause the closure of our operations, any of which could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We operate in a highly regulated sector and are exposed to regulatory changes across the multiple jurisdictions in which we operate.

We operate in a highly regulated sector and are subject to numerous laws and regulations in each of the countries in which we operate. Among key regulations to which we are subject by jurisdiction are the Royal Decree

Law 9/2013 which establishes the remuneration principles to be applied to existing Renewable Energy Facilities in Spain, the PMGD (*Pequeños Medios de Generación Distribuidos*) regime in Chile, various electricity regulations in India including the *Jawaharlal Nehru National Solar Mission Guidelines for Selection of New Grid Connected Solar Power Projects*, the investment tax credits regulations applicable to solar PV investments in the US and the *Electricity Concession Law* in Peru. See "*Regulation*" for more details. These regulations relate to the construction of power plants (including obtaining building permits and other administrative authorizations), the operation of plants, protection of the environment, including laws and regulations regarding protection of the landscape and noise pollution. In addition, we are subject to regulatory systems which affect our remuneration for the production and sale of solar PV power from certain renewable sources. This cross-section of regulations spread across multiple jurisdictions significantly affects the manner in which we operate.

The regulatory framework for electrical power production from renewable resources varies from country to country and is subject to changes that are difficult to foresee, and which may have a negative effect on us. For example, one of the projects with which we won a PPA tender in Chile in 2015 was meant to be built in a site near Santiago classified as "class 2 agricultural land". However, the environmental evaluation criteria for projects in agricultural land subsequently changed thus imposing uneconomical mitigating measures on us, which in turn, obliged us to assign the PPA to a different project and abandon the former site, causing an unexpected additional development cost of €0.2 million. As illustrated by the foregoing, in the event that more restrictive or unfavorable laws or regulations, including more burdensome requirements applying to existing plants such as additional mandatory control procedures, or moratoria on the development of certain sites or certain technologies, are adopted in any of the countries in which we operate, such new requirements may give rise to increased investments and production costs, may slow business development and may have an adverse effect on our business, financial condition and results of operations.

We generally run sensitivity analyses to accommodate anticipated regulatory changes; for example, in Spain, based on our sensitivity analysis, we estimate that our Operating Revenues from our Power Generation segment coming from these assets, which were €1.7 million in the nine months ended September 30, 2018, will be reduced by 6.3% from 2020 onwards as a result of a 100bp cut from 2020 to the 7.4% return envisaged in Royal Decree Law 9/2013 for 2014-2019. 'Operating revenues' is an Operating Segment figure; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. Although we do not currently expect any additional specific material regulatory changes, the foregoing example illustrates that minor or major changes could have economic impact on our business.

Furthermore, national and local laws and regulations in the renewable energy sector are often complex and fragmentary, and their application and interpretation by the relevant authorities is sometimes unpredictable and inconsistent. We may therefore be subject to claims or proceedings and regulatory enforcement actions raised by a legal or regulatory authority in the ordinary course of our business or otherwise. Such proceedings may include, in some cases, inspection proceedings such as, for example, in India and Peru, where it is typical to have yearly inspections in the ordinary course of business. The results of legal and regulatory proceedings, and any applicable fines or sanctions if any violations were detected as a result of such proceedings, cannot be predicted with certainty.

Moreover, our inability to anticipate and respond appropriately to changes in law or regulatory schemes in jurisdictions where we operate, where electricity tariffs are subject to periodic regulatory review or approval, could adversely affect our business, including, but not limited to:

- changes in the determination, definition or classification of costs to be included as reimbursable or pass-through costs to be included in the rates we charge our customers, including but not limited to costs incurred to upgrade our solar PV power plants to comply with more stringent environmental regulations;

- changes in the determination of what is a reasonable rate of return on invested capital, standard costs or other remuneration parameters, or a determination that a utility's operating income or the rates it charges customers is too high, resulting in a reduction of rates or consumer rebates. For example, for Spain, the current reasonable rate of return applicable to our solar PV projects already in operation may be revised for the next regulatory period starting on January 1, 2020. Another example of such regulatory change is the recent changes in the wholesale electricity pool market price under the Royal Decree Law, which came into effect in Spain on October 6, 2018. See "*Regulation*";

- changes in the definition or determination of controllable or non-controllable costs;
- adverse changes in tax law;
- changes in the definition of events which may or may not qualify as changes in economic equilibrium;
- changes in the legal framework of the PMG-PMGD projects and the determination of a "stabilized price";
- changes in import tariffs of the main equipment used in solar PV plants and sourced from specific countries (primarily China), such as PV modules, as is the case in Europe, India or the United States, which would increase the investments costs of our future projects; and
- other changes related to licensing or permitting which increase our capital or operating costs or otherwise affect our ability to conduct business.

Any of the above events may result in lower margins for the affected businesses, which can adversely affect our results of operations.

For example, if tariff deficit appears again in the Spanish electricity system and exceeds certain thresholds, the Spanish government shall increase the access tolls, could also decide to revise the remuneration parameters applicable to renewable energy facilities and other regulated assets as a way to reduce the impact of raising access tolls to electricity consumers in the country. Whatever amount of tariff deficit not covered by the maximum levels to be covered by access tolls as set out in the article 19 of Act 24/2013, of December 26, 2013 on the Electricity Sector (the "**2013 Electricity Act**") shall be covered by all market participants pro-rata from their proceeds from such market, thus potentially impacting our business. Moreover, an increase of the tariff deficit might lead to a revision of the whole renewable energy generators' remuneration scheme, which shall be approved by law or regulation with the binding effect of law. In the event that a tariff deficit occurs under the current scheme, as is standard for power generators in the Spanish market, we would be obligated to finance the tariff deficit under the scheme set out in the article 19 of the 2013 Electricity Act. Pursuant to the CNMC's fourteenth provisional settlement for the 2017 annual year, which is the most up-to-date available full year result, revenues recorded in 2017 were greater than the costs and therefore no tariff deficit was incurred. The next provisional settlement, to account for tariff deficits or super deficits recorded in 2018, is expected to occur in 2019. See "*Regulation –Spain*" for more details on the tariff deficit regime in the Spanish electricity system.

Further, to the extent that we have entered into contracts with government entities in the EU, those contracts could be subject to various rules regarding the provision of state aid to private entities. We cannot assure you that the EU Commission will not investigate any contracts that we have entered into with government entities, including contracts governing our feed-in-tariffs for the Spanish operational assets. If the EU Commission determines that improper aid was given under any such contracts, those contracts could be terminated and we could be forced to pay for recovery of the state aid given.

Any of the foregoing risks could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our projects may be delayed or exceed their budget. We have experienced delays in the completion of our projects in the past, and we cannot assure you that we will be able to conclude our projects within the stipulated time periods and budget.

A large-scale development and construction project entails certain risks, such as interruptions, delays and shortages or increased costs of materials, machinery and labor. Any failure by us, our contractors or sub-contractors to meet the agreed budgets and deadlines may cause excess construction costs and delays. Most construction agreements we enter into with contractors and sub-contractors typically include contractor and sub-contractor liability clauses to cover the failure to meet agreed budgets and deadlines, but may not entirely cover any or all of the losses we may incur. In the event of construction delays, we typically receive revenue later than expected and could face penalties and even contractual termination. For larger projects, the risks associated with agreed milestones for the performance and completion of services are inherently greater. Furthermore, any delay or underperformance in our projects may lead to conflicting demands on resources allocated for use in other projects. These factors could increase our expenses and reduce our income. Therefore, any failure to meet contractual deadlines or quality and quantity benchmarks may have a materially adverse effect on our business, results of operations, cash flows and financial condition.

Moreover, as typical in our market, all our contracts are fixed-price, also known as lump-sum contracts, whereby the amount of payment does not depend on the amount of resources or time expended. These types of contracts place the risk associated with accurate scheduling and budgeting on us as the engineering, procurement and construction ("**EPC**") contractor. On average, EPC contracts typically last for the duration of the construction of a project (between 6-12 months) and they have a warranty period of two years after COD. The risks associated with such fixed-price EPC contracts arise principally from the following factors: technical complexities, in particular geotechnical risks; bidding a fixed price before delivering significant procurement components and finalizing subcontractors agreements, even though a margin to cover uncertainties is usually included in the price; coordination of multiple subcontractors; labor availability and productivity, as well as potential incurrence of significant liquidated damages for delays or underperformance of a plant.

Although we have never had experienced termination under an EPC contract due to delays, we have experienced cost overruns and loss of profit. For example, in our Pozo Almonte 2 and Pozo Almonte 3 projects, interconnection works and commissioning were delayed for four months. The delay caused us to incur approximately US$ 4.5 million in cost overruns and loss of profit. Project delays could impair our ability to successfully compete in our industry and have a material adverse effect on our business, financial condition, results of operations and cash flows.

The delay between making significant upfront investments in our solar PV projects and receiving revenue could materially and adversely affect our liquidity, business, financial condition, results of operations and cash flows.

There is a range of approximately 1.5 to 4.5 years (1.5 years for KA2, 2.5 years for the Spanish tender awarded projects and 4.5 years for the Granja project in Chile) between our initial bid in renewable energy auctions to build solar PV projects and the date on which we begin to recognize revenue from the sale of electricity generated by such solar PV projects. Our initial investments include, without limitation, legal, accounting and other third-party fees, costs associated with project analysis and feasibility studies, payments for land rights, payments for interconnection and grid connectivity arrangements, government permits, engineering and procurement of solar panels, balance of system costs or other payments, which may be non-refundable, in addition to the time dedicated by our team of project developers and supporting engineers. However, investments in projects may not lead to revenues if they do not achieve operational status, so we may lose the costs of our initial investment upfront. Furthermore, we have historically relied on our own equity contribution and bank loans to pay for costs and expenses incurred during project development. Although solar PV projects generate some revenue during construction through EPC and development agreements, the majority of revenue is typically generated after the solar PV project becomes commercially operational and starts to sell electricity to the power grid through PPAs or other off-take arrangements. There may be long periods from the initial bid to a project becoming shovel-ready, due to the timing of auctions, permitting and grid connectivity processes. Between our initial investment in the development of permits for solar PV projects and their connection to the transmission/distribution grid, there may be adverse developments, such as unfavorable environmental or geological conditions, labor strikes, panel shortages or monsoon weather. Furthermore, we may not be able to obtain all of the permits as anticipated, permits that were obtained may expire or become ineffective and we may not be able to obtain project level debt financing as anticipated. See " *–Our operations require us to obtain licenses, authorizations and permits for our projects, which may entail a long and complex process. Any failure to obtain or renew such approvals, licenses and permits or comply with the terms of such approvals, licenses and permits may have a material adverse effect on our business, results of operations and financial condition*." In addition, the timing gap between our upfront investments and actual generation of revenue, or any added delay in between due to unforeseen events, could impair our ability to successfully compete in our industry, and have a material adverse effect on our business, financial condition, results of operations and cash flows.

Any constraints in the availability of the electricity grid, including our inability to obtain access to transmission/distribution lines or control of suitable sites in a timely and cost-efficient manner could adversely affect our business, financial condition, results of operations and cash flows.

Distribution of power generated to the electrical grid is critical to ensuring feasibility of an interconnected solar PV project. To interconnect our projects to electrical systems, we rely on existing electrical infrastructure that is owned and operated by third parties, usually the respective governments or public entities. The cost of interconnection can reach up to approximately 3-5% of the project's budgeted capital expenditure. Where we do not have access to available transmission and distribution networks, we may engage contractors to build transmission/distribution lines and other related infrastructure. In such a case, we will be exposed to additional costs and risks associated with developing transmission/distribution lines and other related infrastructure, such as the ability to obtain right of way from land owners for the construction of our transmission/distribution lines, which may delay and increase the costs of our projects. We may not be able to secure access to the available transmission and distribution networks at reasonable prices, in a timely manner, or at all.

Further, the physical infrastructure, including the electricity grid, in some of the jurisdictions where we operate, such as India and Colombia, is less developed and reliable than that of many developed countries. As a result of grid constraints, such as grid congestion and restrictions on transmission/distribution capacity of the grid, the transmission/distribution and dispatch of the full output of our projects may be curtailed, particularly because we are required to distribute power to customers across long distances from our project sites. We may have to stop producing electricity during the period when electricity cannot be transmitted. Although we have not had to materially curtail output for our projects because we routinely target non-congested areas of the national electrical grid, there is always a risk that factors outside the control (such as grid outages affecting transmission) of the project developer will still impact grid congestion. Further, in seeking out non-congested grid areas, even when we have identified a desirable site for a solar PV project, our ability to obtain site control with respect to the site is subject to competition from other solar PV power producers and alternative potential uses of the land. In the event we do not gain control of the site for the solar PV project, as is in the case in certain cases where we lease but do not own the land on which our projects are built, we may not be able to further secure site control throughout the whole life of the generation facilities on favorable terms, if at all.

The foregoing factors could reduce the net power generation of our projects. If construction of renewable energy projects outpaces the transmission/distribution capacity of electricity grids, we may be dependent on the construction and upgrade of grid infrastructure by the relevant third party, government or public entities. We cannot assure you that the relevant government or public entities will do so in a timely manner, or at all. In certain instances, grid constraints have caused us to abandon projects designated as Identified Opportunities. For example, in 2015, we abandoned the Taltal project in Chile due to interconnection difficulties, although invested capital in that project had been negligible (c. €2.9 thousand). That said, if a project is abandoned due to interconnection this always takes place at a very early stage (i.e. Identified Opportunity status) and we have never had to abandon a project with Backlog status due to interconnection issues. The curtailment of our solar PV power projects' output levels will reduce our electricity output and limit operational efficiencies, which in turn could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we fail to successfully implement our new business strategy, our financial condition and future performance could be adversely affected

In 2018, we adopted a new strategy to focus on growing our Build and Own business by having a target of 65-75% as Build and Own projects compared to a 25-35% target for Build and Sell projects. Effectively, this is a shift from the historic ratio realized from our inception: as of September 30, 2018, in terms of attributable MW, we held the majority or close to the majority of the gross capacity of Guijo de Coria, PMGD and TS1, whose total capacity represented 27% of the 529 MW total capacity we have successfully developed historically from 2005. Through our new Build and Own project strategy, we aim to develop and build solar PV power projects for which we retain a controlling equity stake. Once complete and connected to the grid, we expect to operate the projects and sell the energy they produce under long-term off-take arrangements. As of September 30, 2018, 72% of the MWs included in our Backlog are categorized as Build and Own. Further, as of September 30, 2018, 100% of the attributable MWs in operation were categorized as Build and Own, a percentage subject to changes based on our project investment/divestment policy. See "*Business – Our Business Strategy – Maintain a well-defined project* *investment/divestment policy that allows us to rigourously pursue investment opportunities*". This trend reflects our strategy to develop a majority of our projects with the target of each such project being included in our Power Generation division. Any operational efficiencies or increased profitability that we expect to realize from such new strategy may differ materially from our expectations. In addition, any synergies, cost savings or productivity enhancements that we realize may be offset, in whole or in part, by reductions in income or through increases in other expenses. We can provide no assurance that these initiatives will be completed as anticipated or that the benefits we expect will be achieved on a timely basis or at all.

We operate in a highly competitive industry and competitive pressures could have a material adverse effect on our business.

We face strong competition in our industry. We compete against various groups and companies in the solar PV energy sector, including large groups that may possess greater financial resources, technical capabilities or local awareness than we do, or may require a lower return on their investments and be able to present better technical or economic bids. This competition could intensify because of new companies, and private equity investors, entering the market as well as the consolidation of the industries in which we operate. For example, in March 2018, the electricity utility company Iberdrola entered the solar PV market through its acquisition of a 431.34 MW solar PV project development in Extremadura, Spain.

Our ability to successfully compete in these markets depends on our ability to foresee and react to various factors that affect competition in the industry, including those resulting from economic conditions. These factors include the identification of competitors as well as their strategies and their ability to conduct business, prevailing market conditions at a given time, rules applicable to new market participants and us and the efficacy of our efforts to prepare for and confront competition. If we are not able to react to changes in the factors that affect competition in our industries, we may be unable to win tenders for projects or may be forced to accept projects under less favorable financial conditions than in the past.

We are exposed to challenges due to rapid changes coming from technological innovations and changes in prices, industry standards, regulations, customer requirements and the economic environment. New technology or changes in industry and customer requirements may render existing products or services obsolete, excessively costly or otherwise unmarketable. As a result, we must continuously enhance the efficiency and reliability of our project developments and existing services and seek to adopt new industry procedures and technologies in order to remain at the forefront of industry standards and customer requirements.

Our competitors may also enter into strategic alliances or form affiliates with other competitors to our detriment. As our competitors grow in scale, they may establish in-house EPC, and operations and maintenance ("**O&M**") capabilities, which may offset any current advantage we may have over them being a vertically-integrated player. Moreover, suppliers or contractors may merge with our competitors, which may limit our choices of suppliers or contractors and hence the flexibility of our overall project execution capabilities. As the solar energy industry grows and evolves, we will also face new competitors who are not currently in the market. There can be no assurance that our current or potential competitors will not win bids for solar projects or offer services comparable or superior to those that we offer at the same or lower prices or adapt to market demand more quickly than we do. Increased competition may result in price reductions, reduced profit margins and profitability and loss of market share.

In addition, we face competition from developers of other renewable energy facilities, including solar thermal, wind, biomass and hydropower. If these non-solar renewable sources become more financially viable, our business, financial condition and results of operations could be adversely affected. Competition from such producers may increase if the technology used to generate electricity from these other renewable energy sources becomes more sophisticated. As we also compete with utilities generating power from conventional fossil fuels, a reduction in the price of coal, natural gas or diesel would make the development of solar energy less economically attractive and we would be at a competitive disadvantage.

Any of the foregoing factors could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our future business growth depends, in part, on winning new bids in complex competitive bidding and auction procedures, in respect of which we need to devote our time and financial resources and may not be successful.

The success of our business and our growth depends in large part on our ability to qualify for and win new bids, particularly with respect to new off-take arrangements, new development and construction contracts and new service contracts. We enter into long-term off-take arrangements or acquire the rights to develop and generate power from new solar PV projects only after a competitive bidding process, in which we compete for the various project contracts based on, among other things, pricing, technical and engineering expertise, financial conditions, including specified minimum net worth criteria, availability of land, financing capabilities and track record. The bidding and selection process is also affected by a number of factors, including factors which may be beyond our control, such as market conditions or government incentive programs. If we misjudge our competitiveness when submitting our bids or if we fail to lower our costs to submit competitive bids, we may not acquire the rights on new solar PV projects.

In addition, rules of the auction process may change. Each jurisdiction in which we operate has its own regulatory framework for renewable energy policies. See "*–Risks relating to the Legal and Regulatory Framework–We are subject to extensive environmental, health and safety laws and regulations, as well as other political, social, environmental and community actions or pressure, which could have a material adverse impact on our consolidated results of operations, financial condition and cash flows.*" The rules governing the various regional power markets may change from time to time, in some cases, in a way that is contrary to our interests and adverse to our financial returns. For example, auctions in India are increasingly using the reverse auction structure, in which several bidders aggressively bid online for the same project, pushing prices down. There can be no assurance that the central and state governments will continue to use customary bidding structures and any shift away from the current structures, such as to a Dutch auction, could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We may be unable to acquire or maintain the performance guarantees and bonds necessary to complete our ongoing projects or to obtain new contracts.

In the ordinary course of our business and, in particular, in order to participate in competitive tenders, to enter into off-take arrangements, or receive advances or customer payments during the execution of the project, we are required to provide customers with bank guarantees and insurance bonds (including bid, advance payment, performance or guarantee bonds). For example, under the KA2 project PPA, such bank guarantee amounts account for approximately 6% of total project costs. Our ability to secure such guarantees and bonds from banks and insurance companies depends on such institutions' assessment of our overall financial condition and, in particular, the financial condition of the individual Group company concerned, the risks of the project, whether we are entering a new jurisdiction that requires us to secure an interregional credit arrangement, and the experience and competitive positioning of the Company in the sector in which it operates. If we are unable to secure new guarantees and bonds or if we renegotiate existing guarantees and bonds on less favorable economic terms, our ability to obtain new orders could be impaired or become significantly more costly, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As of September 30, 2018, the Group had commercial guarantees and bonds in the aggregate amount of €27.8 million, which are off-balance sheet items. See "*Operating and Financial Review – Contractual Obligations – Off-Balance Sheet Arrangements*". In the event of cancellation, expiration or non-renewal of guarantees and bonds relating to on-going projects or if we are unable to obtain new guarantees and bonds, we may be unable to meet the terms and conditions of such ongoing contract, thereby losing the contract and adversely impacting our business, financial condition and results of operations. These guarantees and bonds are typically issued on a "first demand basis" and, therefore, may be paid on demand without conditions, without prejudice to the possibility of recourse in the event of willful misconduct, or fraud. If called upon, we would be required to reimburse the entity issuing the performance bond immediately or risk default under the relevant agreement. Our inability to fulfill our contractual obligations could lead to the enforcement of such guarantees and bonds, which would also affect our ability to obtain new guarantees or bonds or to renew the existing ones, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If sufficient demand for solar PV projects does not develop or takes longer to develop than we anticipate, our future business growth, financial condition, results of operations and cash flows could be materially and adversely affected.

The solar PV power market is at a relatively early stage of development and solar PV penetration is relatively low in many of the markets that we have entered or intend to enter. Though this allows us to benefit from being early market entrants, there is no guarantee that demand will grow in these markets. Many factors may affect the demand for solar PV projects in our markets, including:

- fluctuations in economic and market conditions that affect the viability of conventional and non-solar renewable energy sources, in Vietnam, Malaysia and Colombia, for example;
- the cost of solar PV projects compared to conventional and other renewable energy sources, in Peru for example, where spot prices are very low;
- the availability of grid capacity to dispatch power generated from solar PV projects, in some parts of northern Chile, for example; and
- regulations and policies governing the electric utility industry that may present technical, regulatory and economic barriers to the purchase and use of solar PV energy, in South Africa and some parts of the USA, for example.

Further, the solar energy industry market research data and trends on which we rely to extrapolate the foregoing factors are often based on limited data and may therefore not be reliable. The impact of the foregoing on our ability to identify or develop sufficient demand in any of markets in which we enter could impair our ability to successfully grow our Backlog, Pipeline and Identified Opportunities in new markets, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are exposed to interest rate and currency exchange risks, given the highly levered nature of our assets and our diverse international activity.

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes and foreign currency exchange rate fluctuations on a relevant part of our overall revenues which we generate in foreign currency as well as on some of our expenses and third-party financing in various foreign currencies.

Due to the geographic reach of our business operations, we conduct business in various currencies, which exposes us to foreign exchange risk A significant portion of our operating income and net assets are exposed to foreign exchange fluctuations in the normal course of business that arise from investments in foreign subsidiaries or commercial transactions to be settled in the future for which assets and liabilities are not denominated in our functional currency. Specifically, we are traded and report in euros and generate revenues and incur expenses in currencies including U.S. dollars, Indian rupees, Chilean pesos and Peruvian soles. For example, as of September 30, 2018, 52.6% of our power generation non-GAAP revenues were in Indian rupees, 36.3% in U.S. dollars and 11% in euros (with 69% of our cash and other liquid instruments in Indian rupees, 16.5% in U.S. dollars, 3.3% in euros, and 11.1% in other currencies). To mitigate foreign exchange risk, management has established a set of policies applicable to the subsidiaries of the Group. For example, in the Construction and Development division, most of the transactions are denominated in the same currency as the underlying EPC contract. Also, project finance debt at project level is typically denominated in the same currency as the revenue expected to be generated from the benefiting project under its applicable off-take arrangement. In addition, we also enter into various derivative financial instruments (exchange insurance) to hedge or mitigate the risk of exchange rate fluctuations of investments in subsidiaries, associates, joint ventures and branches, whose activities are based or are carried out in a currency other than the dollars and/or the euro, particularly the Indian rupee, among others. As a result, if in the nine months ended September 30, 2018, the euro had been devaluated/re-evaluated 10% with respect to all the functional currencies other than the euro while the rest of variables were kept constant, the income after tax of the period would have been €0.2 million higher/€0.2 million lower during the same period, mainly as a result from the conversion of the subsidiary income statements into euros.

Regarding interest rate exposure, approximately 45% of our existing debt obligations carry variable interest rates and are exposed to interest rate risk. For some of the debt obligations that carry variable interest rates, we partially cover the interest rate risk with interest rate swaps that mirror the underlying obligations' interest payment dates and final maturity. As of September 30, 2018, approximately 49% of our debt obligations that carry variable interest rates were hedged with interest rate swaps. An increase of 0.1% in the interest rates during the nine months ended September 30 2018 of our existing debt obligations would result in an increase in interest expenses, with the rest of variables kept constant, of €0.01 million during the same period, which would not materially impact our income after tax of the corresponding period.

In summary, although we enter into hedging arrangements to cover interest rate fluctuations on a portion of our debt and certain foreign exchange currency risk, there can be no assurance that any current or future hedging contracts we enter into will adequately protect our results of operations from the effects of interest rate or currency exchange rate fluctuations or will not result in losses which could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Also, any increase in interest rates would increase the costs of refinancing our existing indebtedness and acquiring new debt. Interest rate fluctuation risk is particularly important in the financing of infrastructure projects and other projects, which are heavily leveraged in their early stages and whose performance depends on possible changes in the interest rate.

We operate with a significant level of net debt and we require a significant amount of cash to service our debt which may adversely affect our business, liquidity, financial condition and prospects

The solar PV industry is capital intensive and we typically fund capital and operational expenditure from a combination of cash from operations, monetization of assets, debt facilities and debt and equity capital market transactions. We currently operate with a significant level of net debt which may constrain the scale of our future investments and therefore limit our longer term growth prospects. As of September 30, 2018, our net financial debt was €83.7 million and our total gross financial debt was €97.7 million out of which €89.0 million was non-recourse gross financial debt. Further, as of September 30, 2018, our leverage ratio, defined as net debt over net debt plus equity, was 0.62x. 'Net financial debt' and 'leverage ratio' are APM figures; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net debt' and 'leverage ratio' as APMs.

The level of our net debt could have important consequences for our business including, for example, an inability to pursue projects which we would consider beneficial to our portfolio growth strategy. In addition, we must observe the financial covenants set by our lenders in managing our net debt and financial resources and when planning for, or reacting to, changes in capital or operational expenditure in our business. 'Net debt' is an APM figures; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net debt' as an APM. Specifically, our project financing agreements typically include the following financial covenants which are applicable to the specific project or subsidiary that is the debtor in such financing agreements:

- Obligation to maintain a specified debt service coverage ratio, calculated as net cash entries divided by debt repayment of principal and interests.
- Obligation to maintain a minimum level of liquidity in designated reserve accounts.
- Limitations on financial indebtedness, leasing and factoring, with or without recourse.
- Limitations to restricted payments except for approved dividends to shareholders.

As of the date of this prospectus, the Group complies with these covenants set out in the applicable project financing agreements. See "*Operating and Financial Review – Liquidity and Capital Resources – Liquidity Position*". If, following an evaluation of our financial position against such covenants, we determine we are unable to undertake certain operations which we consider would be beneficial to us without breaching such covenants, our business, longer-term liquidity, financial condition and prospects may be materially and adversely affected.

Also, the cash flows generated by a project may in the future not be sufficient to repay interest and principal under third party project financing. Under such debt obligation arrangements, any claim by us against the assets of the project company are subordinated to those of the project finance lenders, until the financing is repaid in full and we may potentially only be able to receive dividends, as shareholders, once the debt has been serviced. In addition, if the project financing is not paid, the lender or lenders may enforce the security granted thereunder and, as our some of our project share or the project land are sometimes secured, enforcement of such security could impact our project ownership rights. Furthermore, although the lender or lenders only have recourse to the assets of the project company and not to the shareholder of the project company or the sponsor of the project, in some cases, the shareholder may provide a guarantee to the project for a limited amount and timeframe, which typically does not go beyond two years after COD. Therefore, if a project is unable to meet the covenants in its project financing agreements, we may be unable to access the associated cash from said project for a period and could lose the project assets given as collateral which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business is subject to the risks generally associated with businesses that involve international operations, particularly in emerging markets, that could be subject to economic, social and political uncertainties.

We conduct our projects in various countries, including Chile, Spain, India and Peru, among others. Specifically, as of September 30, 2018, 11% of our Power Generation operating revenues were generated from our projects located in Spain and the remaining 89% from projects outside Spain (namely, 52.6% from India, 24.1 % from Chile and 12.3% from Peru). As for the geographical distribution of our operating projects, as of September 30, 2018, our 128.3 MW attributable to our proportional equity interests in these projects were divided as follows: 4.2 MW in Spain, 30.3 MW in Chile, 7.8 MW in Peru and 86.0 MW in India. Our business is therefore continually subject to the general global risks associated with an international business, including:

- fluctuations in local economic growth;
- high inflation;
- devaluation, depreciation or excessive valuation of local currencies;
- transportation delays;
- significant amendments to, or changes in, local regulations relevant to the power and infrastructure industry activities;
- changing interest rate environment; and
- changes in tax laws and regulations and other general laws and regulations;

In addition, especially as relates to our operations in emerging markets such as India, we may also be exposed to risks relating to:

- political instability;
- blackouts or temporary reductions in power or other public services;
- restrictions on currency conversion and foreign exchange market volatility including substantial fluctuations in interest and exchange rates and inconsistency in currency control measures;
- variations in codes of business conduct;
- changes in local employment conditions;
- nationalization and expropriation of private property;
- payment collection difficulties;

- unpredictability of enforcement of contractual provisions; and
- local restrictions on the repatriation of dividends or profits.

Our activities in emerging market countries therefore engage a number of risks that are more prevalent than in developed markets.

The geographic spread of our producing assets exposes us to risk of global economic conditions. Specifically, advanced economies seem to be strengthening since the global economic crisis in 2009 but, at the same time, growth in emerging markets economies has slowed. Economic growth has been particularly slow in Latin America, a region in which, as of September 30, 2018, our projects accounted for 29.7% of the 128 MW attributable to our proportional equity interests in our operating projects. Further, the euro area is also affected by the legacies of the global economic crisis, including high public and private debt or unemployment, and the recovery is modest, with different prospects across the region. While Spain's economy has been gradually improving since 2013, the country experienced a significant economic downturn between 2008 and 2012. The interplay between the foregoing global and local economic risks exposes us to increased uncertainties. The occurrence of one or more of these risks in a country or region in which we operate could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

A significant amount of our business comes from a limited number of customers and our revenue and profits could decrease significantly if we lost customers.

Our business depends on sales of our services to a limited number of customers. Most of these customers are under contracts with terms of between 20 and 25 years. As of September 30, 2018, 63% of receivables came from our Power Generation customers. As of September 30, 2018, our top Power Generation customers included Southern Power Distribution Company of Telangana Ltd. (accounting for 35.7% of segmented operating revenues), the PMGD regime in Chile (accounting for 17.5% of segmented operating revenues), Northern Power Distribution Company of Telangana Ltd. (accounting for 16.9% of segmented operating revenues), the Peruvian Concession Contracts (accounting for 12.2% of segmented operating revenues), the CNMC (accounting for 8.5% of segmented operating revenues), Collahuasi & Codelco (accounting for 6.4% of segmented operating revenues) and the Spanish electrical system (accounting for 2.5% of segmented operating revenues). See *"Business – Business Divisions – Power Generation*". 'Operating revenues', is an Operating Segments figure; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. We are therefore generally exposed to credit risk from our customers. We manage credit risk at a Group level, with the exception of accounts receivable risk, which is managed by each operating subsidiary. Although we do not believe that customer concentration at certain of our operating subsidiaries significantly impacts our overall exposure to credit risk, in light of the high creditworthiness of the contractual counterpart, there remains a risk that one or more of our customers may stop buying from us or may substantially reduce their purchase order. Any cancellation, deferral or significant reduction in revenues generated by provision of solar PV services to these principal customers or a significant number of smaller customers could seriously harm our business, financial condition and results of operations. For additional information, see the Note 3 to our Audited Annual Consolidated Financial Statements.

We depend on a limited number of suppliers for materials and components and various third-party contractors to construct, operate and maintain our projects.

If we are not able to obtain the necessary materials and components for our projects that meet our quality, quantity and cost standards on time, our capacity to construct or develop a project could be interrupted and our production costs could be increased. As a result, we are exposed to third party risk with respect to suppliers and/or contractors who may be engaged to construct, operate or maintain our projects. To date, we have installed equipment sourced from manufacturers including module providers (such as Sunpower, Solon, Suntech, Evergreen, Sharp, Q-cells, Trina and Yingli), inverter providers (such as Ingeteam, Power Electronics, GP Tech and SMA) and metallic structures providers (such as STI, Soltec and Hiasa). In the case of suppliers, we may, for example, not be able to identify new suppliers or approve their products for use in our projects in a timely manner and on commercially reasonable terms.

Furthermore, even well-maintained high quality solar PV power plants may from time to time experience technical problems or breakdowns as a result of various factors including erroneous installation or malfunction of components, which may require extensive repair projects. Depending on the component that fails and the design of the plant parts, production capacity may be impacted. There is a risk that if the appropriate spare parts are not readily available, production may be delayed. Materials and components from new suppliers may also be less suitable for our technology and result in lower efficiency that may materially adversely affect our business, results of operations and financial condition.

In addition, as we rely on third-party partners, equipment manufacturers and subcontractors to assist us with the completion of our contracts, claims involving customers, partners, suppliers, subcontractors and third parties may be brought against us, and by us, in connection with our project contracts. For example, in Spain, we have an ongoing dispute in which we have sued a former project partner for breach of the O&M contract, who has in turn filed a counter claim against us alleging delays in our execution of the EPC contract and seeking €0.9 million in damages. Claims brought against us could include back charges for alleged defective or incomplete work, breaches of warranty and/or late completion of the project and claims for cancelled projects and actual damages, as well as contractually agreed upon liquidated sums. Claims brought by us against customers could include claims for additional costs incurred in excess of current contract provisions arising out of project delays and changes in the previously agreed scope of work. Claims between us and our suppliers, subcontractors and vendors include claims like any of those described above. These project claims, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. As relates to the granularity of this risk coming from suppliers, subcontractors and vendors, as of September 30, 2018, our top ten suppliers represented 25.62% of our total operating expenses of which none of the suppliers individually accounted for more than 10% of our total operating expenses. Although, as of September 30, 2018, we do not have any provision for legal risks, charges associated with claims and any associated delays may materially adversely affect our business, results of operations and financial condition.

Our success depends on the continued service of certain key personnel.

Our ability to operate our business and implement our strategies depends, in part, on the continued contributions of our co-founders, CEO, directors, senior management, engineers and other personnel, as well as our business development team. In general, the recruitment of personnel with degrees in mechanical and electrical engineering, project management skills and others in the field of alternative energy is highly competitive due to a scarcity of people with the appropriate training and experience.

In addition, our future growth and success also depends on our ability to attract, recruit, develop and retain skilled managerial, administration, operating and technical personnel. We will continue to review and, where necessary, strengthen our senior management as the needs of the business develop, including through internal promotion and external hires. The unplanned loss of the services of any of our directors or members of senior management could adversely affect our business until a suitable replacement can be found. The loss of any of our key project managers, engineers or developers could have a material adverse effect on our business unless and until we find a qualified replacement. There may be a limited number of persons with the requisite competencies to serve in these positions and we cannot assure you that we would be able to locate or employ such qualified personnel on terms acceptable to us, or at all. As the Company was founded as a family-owned business, and as there continue to be multiple family relationships between members of our board of directors and our senior management, we may lose attractiveness as an organization seeking to hire key personnel. Therefore, the unplanned loss of one or more of our key personnel, or our failure to attract and retain additional key personnel, could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our facilities are subject to unexpected operational and mechanical failure, which may cause additional costs and can have a negative impact in our business.

All our facilities are subject to unexpected upgrading and improvement. Any unexpected operational or mechanical failure, including failure associated with breakdowns and forced outages, and any decreased operational or management performance, could reduce our facilities' generating capacity below expected levels and reduce our revenues as a result of generating and selling less power. Degradation of the performance of our solar facilities above levels provided for in the related off-take arrangements may also reduce our revenues. Unanticipated capital expenditures associated with maintaining, upgrading or repairing our facilities may also reduce profitability, especially because our tariffs are fixed in the off-take arrangements, including the PPAs and we may not pass on any unexpected costs in relation to the projects to our customers and off-takers. Furthermore, we are not able to mitigate such project risks by shifting some or all of the risk to a third-party EPC or O&M contractor since either we provide the majority of these services in-house, or their guarantees have expired. In addition, we may not be able to mitigate such project risks by shifting some or all of the risk to the original equipment manufacturers ("**OEM**") of the main equipment used in our projects since their limited product warranties may have expired or become void.

Changes in technology may require us to make additional capital expenditures to upgrade our facilities. The development and implementation of such technology entails technical and business risks and significant costs of employee implementation. These factors could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In some circumstances, we operate through strategic partnerships, including consortia and joint ventures, and are exposed to risks associated with such partnerships.

We have made investments in certain strategic development projects with third parties in order to take advantage of certain business opportunities and make current and future projects viable. For example, as of September 30, 2018, 100% of our non-GAAP revenues in our Power Generation division came from joint ventures. See "*Business Divisions – Power Generation*" for further details on the equity stakes owned by us in each project within the Power Generation division. Furthermore, we currently have one development partnership, in South Africa, where, as of September 30, 2018, we had six projects in our Pipeline which amount to 517 MW, and three Identified Opportunities that amounted to 259 MW. In addition, we own minority stakes in four operating projects (Tacna Solar, Panamericana Solar, Moquegua FV and Ataca). As of September 30, 2018, the four operating projects for which we own minority stakes (Tacna Solar, Panamericana Solar, Moquegua FV and Ataca) accounted for €2.9 million (or 18.9%) of our overall revenues. Our partners may be unable, or unwilling, to fulfill their obligations under the relevant consortium or joint venture agreement, or may experience financial or other difficulties that may adversely impact our investment in a particular consortium or joint venture. Our partners may also have different strategies or priorities in executing projects than we do, and as a result their interests may not be aligned with your or our interests. If a partner does not fulfill its obligations, we may be subject to unexpected costs, project delays or other losses.

Furthermore, as our activities are in many circumstances conducted through joint ventures, associated companies and/or companies where we are not the sole shareholder or may only have minority stakes in such partnerships or companies, our ability to receive dividends and other payments from such companies depends not only upon such companies' cash flows and profits, but also upon the terms of agreements with the shareholders of such companies and subject to the approval of the majority shareholders. Conflict or disagreement with such shareholders may lead to deadlock and result in our inability to pursue our desired strategy and/or force us to exit from such companies. Also, agreements with such shareholders, or the virtue of not being the sole shareholder, may restrict our freedom to carry out its business.

In certain of our consortium and joint ventures, we may also be reliant on the particular expertise of our partners and, as a result, any failure to perform their obligations in a diligent manner could adversely impact the consortium or joint venture. As part of our international growth strategy, we may execute joint venture agreements with local companies whose experience, knowledge and history in the given market where we wish to develop is greater than our own. Notwithstanding our internal control protocols for the search and selection of appropriate partners, we cannot guarantee that the partners chosen for these joint venture agreements will be the most appropriate or qualified for the market in question. In the event that any of these partners turn out to be inadequate, our consortia and joint ventures may not be successful. Moreover, in pursuing future business opportunities through strategic partnerships, we may not be able to form new consortium and joint ventures on satisfactory terms, if at all, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Even if we conduct rigorous due diligence of potential partners, we may not be able to ascertain whether our potential partners have hidden liabilities, which we may not successfully identify in the due diligence process we undertake in relation to companies or projects in which we may invest. We also may be unable to ascertain whether or not their affiliated companies have liabilities, especially with respect to tax, employment and environmental issues. Furthermore, our ability to receive dividends and other payments from such companies depends not only upon such companies' cash flows and profits, but also upon the terms of agreements with the shareholders of such companies. In many cases, we are minority shareholders of our projects and operating assets and therefore dependent on the decisions of the controlling shareholders. As minority shareholders in such projects, we may encounter conflict or disagreement with majority shareholders which may lead to deadlock and result in our inability to pursue our desired strategy and force us to exit from such companies. These risks could affect the success of current and future partnerships and consortia. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The sites in which we operate, including our power generation facilities, involve significant risks and hazards that could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may not have adequate insurance to cover these risks and hazards and if we fail to maintain safe work environments, we can be exposed to significant financial losses, as well as civil and criminal liabilities.

Power generation involves hazardous activities, including delivering electricity to transmission and distribution systems. In addition to natural risks such as earthquake, flood, lightning, hurricane and wind, other hazards such as fire, structural collapse and machinery failure are inherent risks in our operations. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment and contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in our being named as a defendant in lawsuits asserting claims for substantial damages, including for environmental cleanup costs, personal injury and property damage, and fines and/or penalties. We maintain an amount of insurance protection that we consider adequate but we cannot provide any assurance that our insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which we may be subject. Furthermore, our insurance coverage is subject to deductibles, caps, exclusions and other limitations. As of September 30, 2018, our insurance expenses totaled €172,577. A loss for which we are not fully insured could have a material adverse effect on our business, financial condition, results of operations or cash flows. Further, due to rising insurance costs and changes in the insurance markets, we cannot provide any assurance that our insurance coverage will continue to be available at all, or at rates or on terms similar to those presently available. Any losses not covered by insurance could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Further, the projects we undertake often put our employees and others in close proximity to large pieces of mechanized equipment, moving vehicles, manufacturing or industrial processes and highly regulated hazardous materials. On most projects, we are responsible for safety and, accordingly, must implement safety procedures. If we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may be seriously or fatally injured. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our customers or the cost of operation of a facility, and raise our operating costs.

In addition, our projects can involve the handling of hazardous and other highly regulated materials, which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. We are subject to regulations dealing with occupational health and safety. Although we maintain personnel whose primary purpose is to ensure we implement effective health, safety, and environmental work procedures throughout our organization (including construction sites and maintenance sites), the failure to comply with such regulations could subject us to liability. In addition, we may incur liability based on allegations of illness or disease resulting from exposure of employees or other persons to hazardous materials that we handle or that are present in our workplaces. Any of the foregoing could result in financial losses, which may materially adversely affect our business, results of operations and financial condition.

Our safety record is critical to our reputation. Many of our customers require that we meet certain safety criteria to be eligible to bid for contracts, and many contracts provide for automatic termination or forfeiture of some of its contract fees or profit in the event that we fail to meet certain measures. As a result, our failure to maintain adequate safety standards could result in reduced profitability or the loss of projects or customers, could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The generation of electricity from solar sources depends heavily on suitable meteorological conditions. If solar conditions are unfavorable, our electricity generation, and therefore revenue from our solar PV projects, may be substantially below our expectations.

The electricity produced and revenues generated by our solar PV projects are highly dependent on suitable solar conditions and associated weather conditions, which are beyond our control. Furthermore, components of our projects, such as solar panels and inverters, could be damaged by severe weather, such as hailstorms, tornadoes or lightning strikes. We generally will be obligated to bear the expense of repairing the damaged solar energy systems that we own, and replacement and spare parts for key components may be difficult or costly to acquire or may be unavailable. Unfavorable weather and atmospheric conditions could impair the effectiveness of our assets or reduce their output beneath their rated capacity or require shutdown of key equipment, impeding operation of our solar assets. Sustained unfavorable weather could also unexpectedly delay the installation of solar energy systems, which could result in a delay in us deploying new projects or reduce the competitiveness of such projects.

Unfavorable meteorological conditions could also impair our ability to achieve certain performance guarantees pursuant to our PPAs, as well as forecasted revenues and cash flows. Solar PV project investment decisions are generally based on performance forecasts that are inherently subject to uncertainties that can result in lower than projected production levels and power generation revenues. During the EPC warranty period, typically two years beyond COD, we guarantee the performance of our solar PV power plants and, in some cases, we also guarantee energy production during this warranty period. We would therefore be required to cover profit losses in case of lower than projected performance during the EPC warranty period. Pursuant to the terms of the applicable EPC agreement, our exposure is typically limited to 100% of the EPC price in addition to a Stand By Letter of Credit (SBLC) liquid guarantee of approximately 5% of the EPC price. When contracted with third parties, we guarantee the performance of our solar PV power plants in EPC and O&M contracts. Furthermore, we guarantee the availability of the solar PV power plants we operate and maintain. In case of very low availability, the availability guarantee from the O&M contractor is typically limited to 100% of the annual O&M contract price. Given the foregoing, we could therefore suffer monetary consequences if those solar PV power plants do not produce to our contracted levels.

We base our investment decisions with respect to each solar PV project on the findings of related solar studies conducted on-site prior to construction. However, actual climatic conditions at a project site may not conform to the findings of these studies and therefore our facilities may not meet anticipated production levels, which could impair our ability to successfully compete in our industry and which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may not be successful in future public or private bids if we underestimate production levels.

Furthermore, risks from earthquakes as well as climate change, including but not limited to, increased runoff and earlier spring peak discharge in many glacier and snow fed rivers, warming of lakes and rivers, an increase in sea level, changes and variability in precipitation or sun exposure and in the intensity and frequency of extreme weather events, may affect our facilities or operations or those of our customers. Physical impacts resulting from earthquakes or climate change effects may have the potential to significantly affect our business and operations. For example, extreme weather events could result in increased downtime and operation and maintenance costs at our solar PV power plants. Variations in weather conditions, primarily temperature and humidity, also would be expected to affect the energy needs of customers. A decrease in energy consumption could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks relating to the Legal and Regulatory Framework

We are subject to extensive environmental, health and safety laws and regulations, as well as other political, social, environmental and community actions or pressure, which could have a material adverse impact on our consolidated results of operations, financial condition and cash flows.

We are subject to environmental, health and safety laws and regulations, as well as the conditional requirements imposed by independent government agencies and development banks as part of their project financing. In addition, we are also required to obtain and maintain environmental permits, licenses and approvals for the operation of our facilities, construction of new facilities or the installation and operation of new equipment required for our businesses. Permits, licenses and approvals are generally subject to periodic renewal and challenge from third parties.

Government environmental agencies, and in some jurisdictions environmental advocacy groups and/or other private parties, could take enforcement actions against us for any failure to comply with applicable laws and regulations or environmental permits. Such enforcement actions could include, among other things, the imposition of fines, liabilities or capital improvements, revocation of licenses, suspension of operations or imposition of criminal liability for non-compliance and any of the foregoing environmental issues could result in the dismantling of our plants. Environmental laws and regulations can also impose joint, several and strict liability for the environmental remediation of releases and discharges of hazardous materials and wastes (as designated in the relevant legislation) at our currently and formerly owned, leased and operated sites and at third-party sites to which we have sent waste, and could require us to incur significant costs to investigate or remediate resulting contamination or to indemnify or reimburse third parties for the same. The costs to comply with environmental, health and safety laws, regulations and requirements and any related liabilities may not be recoverable from our counterparties or customers and may consequently divert funds away from planned investments in a manner that could adversely affect our results of operations, cash flows and financial condition.

We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.

Doing business on a worldwide basis requires us to comply with the laws and regulations of various jurisdictions (including, without limitation, Spain, the United States, Chile, India and others where we conduct operations). In particular, our international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 ("**FCPA**"), the United Kingdom Bribery Act of 2010 (the "**Bribery Act**" and together with the FCPA, "**Anti-Corruption Laws**"), and economic sanction programs, including those administered by the United Nations, European Union and Office of Foreign Asset Control ("**OFAC**"). The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of our business, we may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Economic sanctions programs restrict our business dealings with certain sanctioned countries.

As a result of doing business in certain foreign countries, we are exposed to a potential compliance risk with respect to anti-corruption laws and sanctions regulations applicable in those countries where we, our partners or agents operate. In addition, some of the international locations in which we operate lack a developed legal system and have high perceived levels of corruption. Our continued expansion and worldwide operations, including in developing countries, our development of joint venture relationships worldwide and the employment by us of local agents in the countries in which we operate increase the potential compliance risk with respect to Anti-Corruption Laws, OFAC, or similar laws. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as possible criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

A significant number of the contracts we are awarded are for projects that receive financing from multilateral and regional development banks and other similar institutions, including the Inter-American Development Bank, the U.S. Overseas Private Investment Corporation (OPIC), and the French Development Agency (Proparco). Such institutions have policies and eligibility criteria for the funding they provide, as well as sanctions procedures for non-compliance. Firms and individuals may be debarred from receiving funding from OPIC, regional development banks or other similar institutions pursuant to such institutions' sanctions procedures as a result of alleged non-compliance. Firms and individuals may also be cross-debarred by one institution as a result of being debarred by another institution. If we are subject to any sanctions procedures by OPIC, regional development banks or similar institutions for alleged non-compliance with respect to any of the contracts we have been awarded and in any of the countries in which we operate, we may be debarred or cross-debarred from receiving funding from such institutions. Disciplinary measures taken by multilateral and regional development banks or similar institutions may significantly impair our ability to acquire new contracts and could impair our ability to successfully compete in our industry, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are exposed to risks related to changes in tax legislation and we may be subject to investigations or challenges with respect to our tax liabilities that may adversely impact our business

We are subject to taxation and complex tax laws in several jurisdictions (including Spain, India, Peru, Chile, Colombia, South Africa, the U.S., Uruguay, Vietnam or Malaysia) as a result of the international scope of our operations and our corporate and financing structure. Tax legislation may be enacted in the future, domestically or abroad, that adversely affects our current or future tax structure and tax liability. The currently ongoing implementation in domestic laws of the Base Erosion and Profit Shifting (BEPS) Action Plan and the EU Anti-Tax Avoidance Directive laying down rules against tax avoidance practices that directly affect the functioning of the internal market, as amended from time to time (ATA Directive) may impact us and the international landscape in which we operate, and may lead to additional tax payments. In addition, we may not be able to recover value of our deferred tax assets if there are any changes in legislation. For example, in Spain, economic instability and difficult economic conditions have resulted in a decline in tax revenue obtained by the Spanish public administration, which has resulted in higher effective corporate tax rates in the past and may continue in the future to result in higher effective corporate tax rates or increased obligations to make payments in advance. In the event of an increase of our corporate tax burden, our profit may be reduced.

We are also subject to many different forms of national, regional and local taxation, both direct and indirect, including, but not limited to, income tax, withholding tax, value-added tax ("**VAT**") and other payroll taxes in Spain. Tax laws and administration criteria are not a clear-cut area, are subject to changes, and often require us to make subjective interpretations.

From time to time, we are involved in discussions or disputes with tax authorities (particularly, in Peru and Chile) for example, regarding our tax liabilities, which may lead to revision of our tax liabilities, and therefore impact our financial position.

In this respect, as a result of any future audit or investigation, additional taxes could be identified, which could lead to a substantial increase in our tax obligations (including any accrued interest and penalties), either as a result of the relevant tax payment being levied directly upon us (or our tax consolidated group) or as a result of us becoming liable for tax as secondary obligor due to a primary obligor's (such as, for example, the transferor of an ongoing concern or an entity belonging to its consolidated group) failure to pay.

In the event that a tax audit or investigation leads to a dispute, we may be subject to negative public attention, which could have an adverse impact on our reputation or relations with our customers, employees, franchisees, suppliers or other third parties. The current political climate and recent political/media focus on tax optimization schemes and austerity increases the risk of such discussions or disputes with tax authorities. If such tax audits, investigations or challenges render decisions that are unfavorable to us, we may be required to pay settlement amounts, fees or penalties, which may adversely impact our business, results of operations, financial condition and prospects. In addition, regardless of the outcome of any such investigations or challenges, such proceedings could result in substantial costs and may require that we devote substantial time and resources in defending ourselves.

The Company may be classified as a passive foreign investment company ("PFIC"), which could result in adverse U.S. federal income tax consequences to U.S. Holders of Shares.

A non-U.S. corporation will be classified as a passive foreign investment company (a "**PFIC**") for any taxable year if either: (a) at least 75% of its gross income is "passive income" for purposes of the PFIC rules or (b) at least 50% of the value of its assets (determined on the basis of a quarterly average) is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income generally includes net gains from the sale of commodities, subject to certain exceptions. Based on the Company's historic and anticipated operations, composition of income and assets and the expected price of the Shares in the Offering, the Company believes that it may be a PFIC for its current taxable year and that it may be a PFIC for one or more of its future taxable years. The Company's possible status as a PFIC is a factual determination that is made annually, after the close of the relevant taxable year. Moreover, the application of the PFIC rules is unclear in certain respects, including if or to what extent the gross income of the Company and its subsidiaries from energy sales would meet an exception from passive income treatment. The U.S. Internal Revenue Service or a court may disagree with the Company's determinations with respect to its PFIC status for any taxable year, including the manner in which the Company determines the value of its assets and the percentage of its assets that are passive assets under the PFIC rules. Therefore there can be no assurance that the Company will not be classified as a PFIC for the current taxable year or for any future taxable year. If the Company were a PFIC for any taxable year during which a U.S. Holder (as defined in "*Taxation—Certain U.S. Federal Income Tax Considerations*) holds the Company's Shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See "*Taxation—Certain U.S. Federal Income Tax Considerations—Passive foreign investment company*".

If a United States person is treated as owning at least 10% of the Company's Shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of the Company's Shares, such person may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in the Group (if any). If the Group includes one or more U.S. subsidiaries, certain of the Company's non-U.S. subsidiaries could be treated as controlled foreign corporations (regardless of whether the Company is or is not treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, regardless of whether the controlled foreign corporation makes any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. A failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such holder's U.S. federal income tax return for the year for which reporting was due from starting. The Company cannot provide any assurances that it will assist investors in determining whether it or any of its non-U.S. subsidiaries are treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any of such controlled foreign corporations or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States investor should consult their own advisors regarding the potential application of these rules to its investment in the Company's Shares.

Risks Related to the Offering and the Shares

After the Offering, certain shareholders will remain significant shareholders and will continue to exercise substantial influence over us and we may face certain risks relating to conflicts of interest. The interests of our main shareholders may be inconsistent with your interests.

Upon settlement of the Offering, assuming that all the Initial Offer Shares are subscribed, Antonio Galíndez, José Galíndez and Pablo Burgos will indirectly (respectively, through Landa LLC, Beraunberri, S.L. and Burgest 2007, S.L., their respective family-owned investment vehicles) hold 3.76%, 52.35% and 10.32% of our issued share capital respectively (or 3.63%, 50.56% and 9.97% respectively if the Over-allotment Option is fully exercised) based on the mid-point of the Offering Price Range. See "*Principal Shareholders*".

As a result, Antonio Galíndez, José Galíndez and Pablo Burgos are and will continue to be in a position to effectively control matters requiring shareholders' approval, including, among other things, the appointment and dismissal of the members of our board of directors, the payment of dividends, changes in our issued share capital and adoption of amendments to our bylaws. Antonio Galíndez, José Galíndez and Pablo Burgos will therefore have the ability to strongly influence, directly or indirectly, our legal and capital structure and our day-to-day operations, among other things, as well as changes to our management and any other changes to our operations.

The interests of our shareholders could, in certain circumstances, conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our shareholders could also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to investors in the Shares. There can be no assurance that the interests of our significant direct and indirect shareholders will coincide with the interests of purchasers of the Offer Shares or that our significant direct and indirect shareholders will act in a manner that is in our best interest and this could adversely affect our business and have a material adverse effect on our business, results of operations, financial condition, cash flows and prospects and those of our other shareholders.

There can be no assurance that we will be able to pay dividends in the future and the Company do not anticipate paying any dividends for the three to five years following the Offering.

As we intend to reinvest our operating cash flow into new project development to drive long-term growth and enhance shareholder value, we do not anticipate paying any cash dividends on the Shares for the three to five years following the Offering. A payment of dividends in the future must be proposed by our board of directors and approved by our shareholders. The actual payment of dividends and the amount thereof, will depend on a number of factors, including the amount of our distributable profits and reserves, our investment plans, our earnings, our cash flow generation, our credit ratings, as well as the applicable restrictions under law and those potentially imposed by the financial covenants set forth in project finance debt agreements to which our subsidiaries are, or may become, party (see "*Dividends and Dividend Policy—Limitations on Dividend Payments and Other Distributions*" and "*Operating and Financial Review— Liquidity and Capital Resources—Liquidity Position*") and may be adversely affected by the risks described in this prospectus including as a result of our inability to generate enough cash flows. In addition, we are a holding company and conduct our business mainly through our subsidiaries. Our ability to distribute dividends will therefore be subject to the prior fulfilment by our subsidiaries of the requirements set forth in its bylaws and applicable laws.

There can be no assurance that the Offering Price will match the price at which trading in the Shares will develop and continue after the Offering.

If you subscribe Offer Shares in the Offering, you will pay a price that was not established in a trading market. The Offering Price Range per Offer Share indicated on the cover of this prospectus has been, and the Offering Price will be, discussed and agreed by us, after consultation with the Joint Global Coordinators, and no independent experts were, nor will be, consulted in determining the Offering Price Range or the Offering Price. The Offering Price is being determined by way of a book-building process and may bear no relationship to the price at which the Shares will trade upon completion of the Offering. There can be no assurance that the prices at which the Offer Shares will sell in the market after the Offering will not be lower than the Offering Price.

Substantial sales of our Shares, or perceptions thereof, after the Offering may cause the market price of our Shares to fall.

Sales of a substantial number of our Shares following the Offering, or the perception that such sales could occur, could adversely affect the market price of our Shares or our ability to raise capital through future offering of debt or equity securities.

As described further in "*Plan of Distribution—Lock-up*", we and our current shareholders agreed to certain limitations on the ability to dispose of or hedge any of our Shares, or any securities convertible into or exchangeable for our Shares, for a period of 180 days after the Settlement Date (in the case of the Company) and 360 days after the Settlement Date (in the case of current shareholders), as applicable. Future sales of substantial amounts of the Shares and/or issues of equity-related securities, or the perception that such sales or issues may occur, could adversely affect prevailing trading prices of the Shares and could impair our ability to raise capital through future offerings of equity or equity-related securities. The price of our Shares could be depressed by investors' anticipation of the potential sale in the market of substantial additional amounts of Shares.

There is no established trading market for the Shares and an active trading market for our Shares may fail to develop.

As of the date of this prospectus there is no established trading market for the Shares, and there can be no assurance that an active trading market will develop or be sustained following the completion of the Offering. Although we will apply to list our Shares on the Spanish Stock Exchanges, and have them quoted on the AQS on or about December 5, 2018, subject to completion of customary procedures in Spain, Admission should not be taken as implying that there will be a liquid market for the Shares. Any delay in the Admission would impair the liquidity of the market for the Shares and make it more difficult for shareholders to sell Shares.

If an active trading market for the Shares does not develop, you may not be able to sell the Offer Shares at or above the price at which you acquired them or at all. As a result, investors could lose all or part of their investment in our Shares.

Furthermore, if we and the Joint Global Coordinators agree to reduce the number of Offer Shares, the liquidity and trading price of the Shares could be negatively affected.

Market volatility may affect the price of our Shares, and the issue of additional Shares or other equity or equity-linked securities may dilute the ownership interest of shareholders.

Following the completion of the Offering, the trading price of our Shares may be volatile. The price of shares is frequently subject to volatility for a period of time following an initial public offering such as the Offering. The market price of our Shares may be subject to wide fluctuations in response to many factors, some of which may be outside our control, including, among other things:

- variations in our operating results;
- additional issuances or future sales of our Shares or other securities exchangeable for, or convertible into, our Shares;
- divergence in financial results from stock market expectations and, as the case may be, from guidance presented by the Company in this prospectus;
- changes in stock market analyst recommendations;
- a perception that other market sectors may have higher growth prospects;
- general economic conditions;
- legislative changes in our industry;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- investor perception of the success and impact of the Offering and our strategy;
- change in investor valuation dynamics; and
- negative publicity or developments in our industry.

In addition, during the past few years securities markets in general have experienced significant volatility that is unrelated to our financial condition and operating performance and which may adversely affect the trading price of our Shares.

In the future, we may seek to raise additional funds from further equity or debt financings, including sales of preferred shares or convertible debt, which would (if made on a non-pre-emptive basis or, if made on a pre-emptive basis, where shareholders elect not to take up their pre-emptive rights) result in the dilution of the ownership interests of purchasers of our Shares in the Offering. We cannot predict the size of future issuances of shares or the effect, if any, that future issuances and sales of shares would have on their market price.

Shareholders in certain jurisdictions other than Spain may not be able to exercise their pre-emptive rights.

Under Spanish corporate law and our bylaws, holders of our Shares generally have the right to subscribe and pay for a sufficient number of Shares to maintain their relative ownership percentages prior to the issuance of any new Shares in exchange for cash consideration or the issuance of convertible securities, unless such right is explicitly excluded under special circumstances by a resolution passed by the general shareholders' meeting or by our board of directors with the prior delegation of the general shareholders' meeting, in accordance with Royal Decree 1/2010, of July 2, approving the reinstated text of the Spanish Companies Act (*Real Decreto Legislativo*

1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital) (the "**Spanish Companies Act**").

Even if the right is not excluded and therefore is exercisable, shareholders in certain jurisdictions other than Spain may not be able to exercise pre-emptive rights unless applicable securities laws have been complied with in such jurisdictions with respect to such rights and the related Shares, or an exemption from the requirements of the securities laws of these jurisdictions is available, although the option provided under applicable European regulations to passport a prospectus into other member states of the EEA may facilitate the exercise of such rights for residents in the EEA. We may determine it is not in our best interest to comply with such formalities, and there can be no assurance that such exemptions will be available. Any affected shareholder may lose its pre-emptive rights and as a result, the proportionate interest of such shareholder in our capital may be diluted. In particular, holders of our Shares resident in the United States may not be able to exercise any future pre-emptive rights in respect of our Shares they hold unless a registration statement under the U.S. Securities Act is effective or an exemption from the registration requirements is available. We have no intention to file any such registration statement and there can be no assurance that any exemption from such registration requirements would be available to allow for the exercise of the pre-emptive rights of U.S. holders or that we would utilize an exemption if one were available.

Shareholders in countries with currencies other than the euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of the Shares.

Our Shares will be quoted only in euro and any future payments of dividends, if any, on the Shares will be denominated in euro. The euro could decline in value against other world currencies, including the U.S. dollar. The U.S. dollar or other currency equivalent of any dividends paid on the Shares or any distributions made would be adversely affected by the depreciation of the euro against the U.S. dollar or such other currencies. Accordingly, any investment in our Shares by a shareholder whose main currency is not the euro will be exposed to foreign currency exchange risk so that any depreciation of the euro vis-a-vis such the shareholder's main currency will reduce the value of his equity investment and the value of any dividends received from us.

The ability of shareholders residing outside of Spain to effect service of process or to enforce any foreign court judgments against us or our directors may be limited.

We are a public limited company (*sociedad anónima*) organized and existing under the laws of Spain. The rights of our shareholders are governed by Spanish law and by our bylaws and our internal rules governing the meetings of the board of directors and our shareholders. Shareholders' rights and the fiduciary responsibilities of directors, officers and controlling shareholders differ under Spanish law from the statutes and judicial precedents of other jurisdictions, including most states in the United States. As a result, overseas shareholders may have more difficulty in protecting their interests with regard to any acts or any failure to act by our directors, officers or controlling shareholders than would shareholders of a corporation incorporated in another jurisdiction or a state in the United States.

A majority of our current directors are resident in Spain and our assets are located outside of the United States. As a result, it may be difficult for shareholders in the United States to serve process on or enforce foreign judgments against our company or the directors in foreign courts predicated solely upon the civil liability provisions of United States securities laws.

There is doubt that a lawsuit based upon U.S. federal or state securities laws, or the laws of any other non-Spanish jurisdiction, could be brought in an original action in Spain and that a foreign judgment based upon such laws would be enforced in Spain.

The Offer Shares will not be freely transferable in the United States.

Any Offer Shares offered and sold to investors located in the United States will be "restricted securities" (as defined in Rule 144 under the U.S. Securities Act), and such Offer Shares may not be reoffered, resold, pledged or otherwise transferred, except: (i) outside the United States in accordance with Rule 903 or Rule 904 under Regulation S; (ii) to a QIB in a transaction that is exempt from registration under the U.S. Securities Act and that meets the requirements of Rule 144A; (iii) pursuant to an effective registration statement under the U.S. Securities Act; (iv) in accordance with Rule 144 under the U.S. Securities Act; or (v) in another transaction not requiring registration under the U.S. Securities Act; and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

DECLARATION OF RESPONSIBILITY

Mr. Pablo Burgos, acting in the name and on behalf of the Company, acting under a special power of attorney granted by the board of directors and the general shareholders' meeting of the Company by means of their resolutions dated November 5, 2018 and November 2, 2018, respectively, accepts responsibility for the information contained in this prospectus. Having taken all reasonable care to ensure that such is the case, the information contained in this prospectus is, to the best of his knowledge, in accordance with the facts and contains no omissions likely to affect its import.

None of CaixaBank, S.A. (in collaboration with Banco Português de Investimento, S.A. (which itself is not an Underwriter)) and Société Générale (together, the "**Joint Global Coordinators**"), JB Capital Markets, S.V., S.A.U. (the "**Joint Bookrunner**"), nor Banco Cooperativo Español, S.A. (the "**Co-Lead Manager**) and, together with the Joint Global Coordinators and the Joint Bookrunner, the "**Underwriters**") or Greentech Capital Advisors, AG (acting as our financial advisor) (the "**Financial Advisor**"), or their respective affiliates makes any representation or warranty, express or implied, or accepts any responsibility whatsoever, with respect to the content of this prospectus, including the accuracy, completeness or verification of any of the information in this prospectus, and nothing contained in this prospectus is, or shall be relied upon as, a promise or representation in this respect whether as to the past or the future. Each of the Underwriters and the Financial Advisor accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this prospectus or any information contained herein. This prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of us, the Underwriters or the Financial Advisor that any recipient of this prospectus should subscribe for or purchase the Offer Shares. Each subscriber or purchaser of Offer Shares should determine for itself the relevance of the information contained in this prospectus, and its subscription or purchase of Offer Shares should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors that may be relevant to such investor in connection with the subscription or purchase of the Offer Shares.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Information

The Company is a parent company and it was formed as a *sociedad limitada* incorporated under the laws of Spain on April 1, 2005. On September 19, 2018, the Company changed its corporate form from a *sociedad limitada* to a *sociedad anónima*.

The annual consolidated financial statements of the Group as of and for the years ended December 31, 2015, 2016 and 2017 have been audited by Auren Auditores SP, S.L.P. (formerly, Auren Auditores BIO, S.L.P.). In this prospectus, we refer to the consolidated financial statements for the Group as of and for the year ended December 31, 2015 as the "**2015 Audited Consolidated Financial Statements**", the consolidated financial statements for the Group as of and for the year ended December 31, 2016 as the "**2016 Audited Consolidated Financial Statements**" and the consolidated financial statements for the Group as of and for the year ended December 31, 2017 as the "**2017 Audited Consolidated Financial Statements**". Collectively these financial statements are referred to as the "**Audited Annual Consolidated Financial Statements**". Our Audited Annual Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

We incorporate by reference in this prospectus the 2015 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements.

We also include in this prospectus audited consolidated financial statements for the Group as of and for the six months ended June 30, 2018, which have been audited by Deloitte S.L. (the "**Audited Interim Consolidated Financial Statements**" and, together with the Audited Annual Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**"), prepared in accordance with IFRS and include unaudited comparative data for the six months ended June 30, 2017. In addition, we include in this prospectus unaudited consolidated condensed interim financial information as of and for the nine months ended September 30, 2018 which has been derived from our unaudited consolidated condensed interim financial statements prepared in accordance with the requirements of IAS 34 "Interim financial information", as adopted by European Union, (the "**Interim Consolidated Financial Statements**") and unaudited comparative data for the nine months ended September 30, 2017. The Interim Consolidated Financial Statements have not been audited but have been subject to limited review by Deloitte, S.L.

Reclassifications and Restatements

We have reformulated our 2017 Audited Consolidated Financial Statements on November 6, 2018. To improve period-to-period comparability with the financial information for the years ended December 31, 2015 and 2016, the financial information shown in the prospectus for said years has been extracted from the restated comparative financial information for those years 2015 and 2016 included in the 2017 Audited Consolidated Financial Statements. See Note 2.2 of the 2017 Audited Consolidated Financial Statements for the specific reasons for the reformulation and the changes that resulted in our financial statements.

Factors affecting comparability

Investors should note that the presentation of financial information in the Audited Annual Consolidated Financial Statements has been changed in the Audited Interim Consolidated Financial Statements and the Interim Consolidated Financial Statements due to our management's recent change in strategy regarding asset rotation and monetization. Prior to 2018, we implemented a strategy of high asset turnover, selling our majority interests in the solar PV plants that we put into operation, while retaining only minority interests in some cases. Going forward, we intend to maintain majority ownership for more than half of the solar PV plants that we develop and construct, so that the assets we put into operation will not be automatically held for sale. In this way, our management intends to directly manage certain solar PV plants which, as of December 31, 2017, were classified as "Inventories" because, as part of our prior strategy, these plants were expected to be sold in the near term. As part of the new strategy, such assets have been reclassified as "Property, plant and equipment" in the Audited Interim Consolidated Financial Statements. In addition, the financing agreements associated with these assets have been reclassified in accordance with their contractual maturity, as either long-term or short-term debt, while in prior periods such financings were classified as short-term debt regardless of the respective contractual maturity, as we intended to sell such underlying assets as part of the prior strategy, described above.

Pro Forma Financial Information

To give effect to the acquisition of the Spanish Operating Assets, we have prepared pro forma consolidated condensed financial information, which comprises the pro forma consolidated condensed balance sheet as of June 30, 2018 and the pro forma consolidated condensed income statements for the year ended December 31, 2017, and the six months ended June 30, 2018, and related explanatory notes (the "**Pro Forma Financial Information**"). See "*Material Contracts—Acquisition of the Spanish Operating Assets.*" The Pro Forma Financial Information reflects the acquisition of the Spanish Operating Assets and related events as if they occurred (i) for income statement data, on January 1, 2017 and (ii) for balance sheet data, on June 30, 2018, and gives effect to pro forma events for the period considered, as applicable, that are directly attributable to the acquisition, factually supportable, and expected to have a continuing impact on the combined results of the Group following such acquisition. See "*Selected Pro Forma Financial Information*."

The Pro Forma Financial Information included in this prospectus is based on available information and certain assumptions and estimates that we believe are reasonable, but that may differ from actual amounts.

The Pro Forma Financial Information was prepared in accordance with the provisions of Annex II of the Prospectus Regulation, taking into account the recommendations of the European Securities and Markets Authority ("**ESMA**") consistently implementing this regulation (ESMA/2013/319) and the clarifications contained in document ESMA/2016/1674. The Pro Forma Financial Information was prepared based on (i) the Audited Interim Consolidated Financial Statements, (ii) the 2017 Audited Consolidated Financial Statements, (iii) the audited annual financial statements of Solarpack Promo2007 Cientoveintuno, S.L., the SPV holding the Guijo de Coria solar PV plant relating to the Guijo Acquisition for the year ended December 31, 2017, (iv) the unaudited annual financial statements for the SIS Acquisition Companies for the year ended December 31, 2017, (v) the unaudited balance sheet and income statement of Solarpack Promo2007 Cientoveintuno, S.L. as of and for the six months ended June 30, 2018, and (vi) the unaudited balance sheets and income statements of the SIS Acquisition Companies as of and for the six months ended June 30, 2018, as applicable. This data has been prepared solely for the purpose of the Offering and is not prepared in the ordinary course of the Company's financial reporting. We have only included Pro Forma Information up to June 30, 2018 (and not September 30, 2018) because the SIS Acquisition Companies which we are acquiring are relatively small entities that do not report their financial condition or results of operations on a quarterly basis.

On November 12, 2018, Deloitte, S.L. issued a special auditor's report in accordance with ISAE 3420 *Assurance Engagement to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* with respect to the Pro Forma Financial Information, a copy of which is included elsewhere herein. The work related to the above-mentioned special independent auditor´s report has not been carried out in accordance with auditing or attestation standards generally accepted in the United States of America and, accordingly, should not be relied upon as if it had been carried out in accordance with those standards.

The Pro Forma Financial Information is presented for illustrative purposes only and does not purport to present what our results would actually have been had the acquisition of the Spanish Operating Assets occurred on the dates assumed, or to project our results of operations or financial position for any future period or our financial condition at any future date. The accounting principles used for the preparation of the Pro Forma Financial Information are consistent with those used in the preparation of the Audited Annual Consolidated Financial Statements and the Audited Interim Consolidated Financial Statements, which have been prepared in accordance with IFRS. However, the Pro Forma Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act. Details of the accounting policies applied are provided in the Audited Consolidated Financial Statements and in the Audited Interim Consolidated Financial Statements. Our future operating results may differ materially from the amounts set forth in the Pro Forma Financial Information due to various factors, including changes in operating results. Any reliance you place on the Pro Forma Financial Information should fully take this into consideration.

General

Unless otherwise stated, the historical financial information included in this prospectus, including the financial information discussed in "*Summary—Summary Consolidated Financial Information and Other Data*," "*Selected Financial and Other Information*" and "*Operating and Financial Review*," has been mainly derived, without material adjustment, from our Audited Consolidated Financial Statements and the Interim Consolidated Financial Statements, as reclassified and restated; see "*—Historical Financial Information—Reclassifications and Restatements*".

We prepare the Audited Consolidated Financial Statements and the Interim Consolidated Financial Statements in accordance with IFRS. There could be significant differences between IFRS and U.S. GAAP, as applied to us. We neither describe the differences between IFRS and U.S. GAAP nor reconcile our IFRS financial statements to U.S. GAAP. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision.

The financial information included in this prospectus is not intended to comply with the applicable accounting or disclosure requirements of the Securities and Exchange Commission ("**SEC**") which would apply if Shares were being registered with the SEC.

Operating Segment Reporting

We are an integrated solar PV power producer, and our activities include developing, constructing, operating, managing and owning solar power plants. Transactions in which companies within our Group perform development and construction work (through our Development and Construction division) or deliver O&M or asset management services (through our Services division) to plants that we control are considered internal to the Group. As a result, under IFRS, the revenues and margins from such transactions are eliminated upon consolidation. Because the effects of intra-group transactions are thus eliminated, we believe that our consolidated income statement does not reflect the underlying activity and performance of our business but will instead reflect only transactions with third parties outside our consolidated group, which mainly correspond to our Power Generation division. We believe that the underlying activity level and financial performance of our divisions, including the intra-Group transactions, is more accurately reflected by reporting and discussing the result of each division separately, rather than by referring to the line items in the consolidated financial statements. We measure and present in this prospectus the results of each division separately, including intra-Group transactions before eliminations upon consolidation, and having regard to our actual percentage equity interest in the project, which we believe better reflects the value creation in each of our operating business divisions.

Non-IFRS Measures

In this prospectus, we present certain measures that are not recognized by IFRS and may not be permitted to appear on the face of primary financial statements or footnotes thereto and may not be permitted to be included in filings under the U.S. Securities Act. These measures include APMs, as defined in the guidelines issued by ESMA on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**"). We present these APMs as supplemental information to the investors to enhance their understanding of our results because we believe they provide a useful additional basis for comparing the current performance of the underlying operations being evaluated and facilitate operating performance comparisons from period to period and company to company.

In this prospectus we use the following non-IFRS financial measures: direct costs, gross profit, gross profit margin, SGA expenses, EBITDA, EBITDA margin, operating profit (EBIT), EBIT margin, net financial debt, leverage ratio and working capital. We present these measures broken down by division and on an aggregated divisional basis before consolidating adjustments. We use these measures (and the other APMs that are components of the foregoing) as internal measures to benchmark and compare our performance. For the same reasons, we believe the measures are also useful for communicating with investors and other stakeholders. See "*Operating and Financial Review—Alternative Performance Measures*" for a presentation of these measures.

We believe measures based on EBITDA and other non-IFRS financial measures are useful and commonly used measures of financial performance in addition to net profit, operating profit (EBIT) and other profitability measures under IFRS because they facilitate comparisons of operating performance from period to period and company to company. By eliminating potential differences in results of operations between periods or companies caused by factors such as depreciation and amortization methods, historic cost and age of assets, financing and capital structures and taxation positions or regimes, we believe measures based on EBITDA and other non-IFRS financial measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. By facilitating comparisons of relative performance, these measures aid management to detect and evaluate trends, to forecast operating and financial performance and to compare actual performance to forecasted expectations. Our management therefore uses these measures in planning, budgeting and reviewing the performance of our business, as well as evaluating the attractiveness of investments and divestments. For these reasons, we believe measures based on EBITDA and other non-IFRS financial measures are regularly used by investors as a means of comparing companies in our industry.

However, these measures are not defined under IFRS, and different companies and analysts may calculate them differently, so comparisons among companies on this basis should be made carefully. They are not measures of performance under IFRS and have not been audited or reviewed, and should not be considered in isolation or construed as an alternative to (a) operating revenues, operating income or net income (as determined in accordance with IFRS) as measures of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance or liquidity under IFRS.

Measures based on EBITDA have limitations as analytical tools. Some of these limitations include the following: (i) they do not reflect our capital expenditures, our future requirements for capital expenditures or our contractual commitments; (ii) they do not reflect changes in, or cash requirements for, our working capital needs; (iii) they do not reflect the significant interest expense; or the cash requirements necessary, to service interest or principal payments on our debt; and (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and measures based on EBITDA do not reflect any cash requirements that would be required for such replacements.

Because of these limitations, the APMs included in this prospectus should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our results reported under IFRS and using these APMs only to supplement your evaluation of our performance. We believe that the presentation of the APMs contained in this prospectus comply with the "European Securities and Market Authority Guidelines on Alternative Performance Measures" published in June 2015 and the "Q&A on Alternative Performance Measures Guidelines" published in October 2017.

Non-Financial Key Operational Data

Certain key performance indicators and other non-financial operational data included in this prospectus, such as Backlog, Pipeline, Identified Opportunities, projects "under construction", projects "in operation", energy generated, plant load factor, weighted average availability, projects under O&M services and projects under asset management services, are derived from, as applicable, management estimates and our management reporting system, are not part of our financial statements or financial accounting records, and have not been audited or otherwise reviewed by external auditors, consultants or experts. Our use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as alternative measures of performance under IFRS.

Currency Presentation

In this prospectus, unless otherwise indicated, all references to "euro" and "€" are to the single currency of the Member States of the European Union participating in European Monetary Union and references to "$" or "U.S.$" are to United States dollars, the legal currency of the United States of America. Unless otherwise indicated, financial information relating to the Group is presented in euro.

Rounding

Certain figures contained in this prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this prospectus may not conform exactly to the total figure given for that column or row.

PRESENTATION OF INDUSTRY AND MARKET DATA

In this prospectus, we rely on, and refer to, information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this prospectus were obtained from internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants and other third parties (including International Renewable Energy Agency (IRENA), Organisation for Economic Co-operation and Development (OECD)/ International Energy Agency (IEA) and the Renewable Energy Policy Network for the 21st century (REN21)). Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them, and there can be no assurance as to the accuracy or completeness of the included information. Certain of this information, including market studies, is based on information and assumptions may not be accurate and whose methodology is by nature forward-looking and speculative.

Elsewhere in this prospectus, statements regarding our position in the industries and geographies in which we operate are based solely on our experience, our internal studies and estimates and our own investigation of market conditions.

All of the information set forth in this prospectus relating to the operations, financial results or market share of our competitors has been obtained from information made available to the public in such companies' publicly available reports and independent research, as well as from our experience, internal studies, estimates and investigation of market conditions.

All third-party information, as outlined above, has to our knowledge been accurately reproduced and, as far as we are aware and are able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading, but there can be no assurance as to the accuracy or completeness of the included information. Where information in this prospectus has been sourced from third parties, the source of such information has been stated adjacent to the reproduced information.

Certain market information and other statements presented herein regarding our position relative to our competitors are not based on published statistical data or information obtained from independent third parties, but reflect our best estimates. We have based these estimates upon information obtained from our customers, trade and business organizations and associations and other contacts in the industries in which we operate. While we believe that these estimates of our competitive position and market share are helpful in order to give investors a better understanding of our position within the industry in which we operate, in many cases there is no publicly available information supporting these estimates. Although we believe that our internal market observations are reliable, our own estimates are not reviewed or verified by any external sources. Accordingly, investors are cautioned not to place undue reliance on such estimates. We are not aware of any misstatements regarding the industry, market share or similar data presented in this prospectus, but such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this prospectus.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements that reflect our intentions, beliefs or current expectations and projections. These forward-looking statements include, but are not limited to, statements regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "is likely to", "may", "plan", "potential", "predict", "projected", "seek", "should" or "will" or the negative of such terms or other similar expressions or terminology.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements speak only as of the date of this prospectus and are not guarantees of future performance and are based on numerous assumptions. Our actual results of operations, financial condition and the development of events may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements. Investors should read the section entitled "*Risk Factors*" and the description of our business lines in the section entitled "*Business*" for a more complete discussion of the factors that could affect us.

We caution that the important factors referenced in such sections may not be all of the factors that are important to investors. In addition, all forward-looking statements speak only as of the date of this prospectus. Unless required by law, we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

We have not published and do not intend to publish any profit estimates within the meaning of Chapter 13 of Annex I of the Prospectus Regulation.

USE OF PROCEEDS

The Company is offering the Initial Offer Shares in the Offering. In addition, the Company will grant the Over-allotment Option to purchase the Over-allotment Shares at the Offering Price.

We plan to use the proceeds from the issue of Initial Offer Shares and the Over-allotment Shares in the following order (i) to pay the Offering expenses of approximately €7.8 million, as detailed under "*Plan of Distribution—Offering Expenses*" (ii) to acquire the Spanish Operating Assets for approximately up to a maximum of €25.0 million, as described under "*Material Contracts—Acquisition of the Spanish Operating Assets*", (iii) to fund investments for the development and construction of the Planned Project Investments totaling approximately €62.0 million, as described under "*Business— Project portfolio, Backlog and Pipeline—Backlog—Planned Project Investments*" and (iv) for general corporate purposes of approximately €15.2 million (including investing in the development of our Pipeline into Backlog, of our Identified Opportunities into Pipeline and in the origination of additional Identified Opportunities). In the event that the Offering size is reduced, we plan to still use proceeds in the following order (i) to pay the Offering expenses (ii) to acquire the Spanish Operating Assets, (iii) to fund investments for the development and construction of the Planned Project Investments but we will forego use of proceeds for general corporate purposes.

The following table illustrates the estimated sources and uses of the proceeds with respect to the Offering, assuming full subscription of the Over-allotment Shares. Actual amounts will vary from estimated amounts depending on several factors, including changes in our actual amount of expenses related to the Offering.

Sources	**€ in millions**	**Uses**	**€ in millions**
Initial Offer Shares	100.0	Offering expenses	7.8
Over-allotment Shares(1)	10.0	Acquisition of the Spanish Operating Assets	25.0
		Funding Planned Project Investments	62.0
		General corporate purposes	15.2
Total	**110.0**	**Total**	**110.0**

(1) If the Over-Allotment Option is exercised in full, proceeds therefrom will be used for general corporate purposes.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy

We intend to reinvest our operating cash flow into new project development to drive long-term growth and enhance shareholder value and do not anticipate paying any cash dividends on the Shares for the three to five years following the Offering. After the third anniversary of the Offering, we will reassess our dividend policy and the payment of future cash dividends, based on our business prospects and financial performance. The amount of future dividends we decide to pay, if any, and our future dividend policy will depend on a number of factors, including, but not limited to, our earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as may be deemed relevant at the time. The amount of dividends will be proposed by our board of directors and approved by our shareholders at the general shareholders' meetings.

The Initial Offer Shares will be eligible for any dividends paid or declared after the settlement of the Offering.

Any dividends paid in the future will be subject to tax under Spanish law. As an exemption to the above, certain distributions could be exempt under Spanish law if certain circumstances are met. See "*Taxation—Material Spanish Tax Considerations*".

Limitations on Dividends and other Distributions

Our capacity to distribute dividends may be restricted under general Spanish corporate law rules. In addition, our ability to pay dividends may be subject to certain limitations, including provisions contained in the agreements governing our indebtedness that could restrict the ability to distribute dividends or make any other payment or distribution to shareholders and thus our ability to pay dividends on our Shares. In particular, in many cases we obtain project-level financing for our subsidiaries. The covenants in the project financing arrangements of our subsidiaries typically restrict the ability of our project subsidiaries to distribute funds to us unless specific financial thresholds are satisfied on specified dates. Without access to funds from our projects, the Company may lack the liquidity to pay dividends on the Shares. See "*Operating and Financial Review—Key Factors Affecting Our Results of Operations— Availability of financing and related costs for the funding of projects*" and "*Operating and Financial Review—Liquidity and Capital Resources—Liquidity Position.*"

The conditions under which we may declare dividends based on Spanish law and our bylaws are described under "*Description of Share Capital—Dividend and Liquidation Rights*".

CAPITALIZATION AND INDEBTEDNESS

The following tables present the capitalization, total gross debt and contingent liabilities of the Group as of September 30, 2018, each based on the financial information of the Group. This section should be read together with the Audited Annual Consolidated Financial Statements, the Audited Interim Consolidated Financial Statements, the Interim Consolidated Financial Statements and the notes thereto.

Representation Concerning Working Capital

As of September 30, 2018, the Company operated with a working capital of approximately €12.6 million. We are of the opinion that we have sufficient working capital for our present requirements, that is, for at least the next twelve months commencing as of the date of this prospectus. Working capital is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'working capital'.

Capitalization and Indebtedness

The following table sets forth the capitalization of the Company i) as of September 30, 2018, on a historical consolidated basis derived from our Interim Consolidated Financial Statements, ii) after giving effect to the pre Offering capital increase of €7.6 million agreed at the general shareholders' meeting on November 2, 2018 (See *"Plan of Distribution – General"*) and iii) after giving effect to the Offering assuming that the Offering Price is €9.15, the mid-point of the Offering Price Range and assuming the issuance of 10,928,962 Initial Offering Shares and 1,092,896 Over-Allotment Shares. You should read the following table in conjunction with the sections entitled "*Use of Proceeds*", "*Selected Financial and Other Information*" and "*Operating and Financial Review*".

	As of September 30, 2018		
	Actual	**After giving effect to pre-Offering capital increase**	**After giving effect to the Offering**[8]
		(unaudited) *(in € thousands)*	
Total current debt	**11,093**	**11,093**	**11,093**
of which guaranteed[1]	3,385	3,385	3,385
of which secured[2]	7,213	7,213	7,213
of which unsecured not guaranteed[3]	495	495	495
Total non-current debt	**91,167**	**91,167**	**91,167**
of which guaranteed	0	0	0
of which secured[4]	83,170	83,170	83,170
of which unsecured not guaranteed[5]	7,997	7,997	7,997
Shareholders' Equity	**51,220**	**51,220**	**161,220**
Issued share capital[6]	400	8,000	12,809
Legal reserve	80	80	80
Other reserves[7]	50,740	43,140	148,331
Total	**153,480**	**153,480**	**263,480**

(1) Corporate guarantees or obligations are provided by our parent company.
(2) Solar PV assets secure €6.9 million and a stand by letter of credit secures €0.3 million.
(3) This comprises subordinated debt provided by minority shareholders in project SPVs.
(4) Solar PV assets secure the full €83.2 million.
(5) This comprises long-term concessions over land plots for €4.6 million and subordinated debt provided by minority shareholders in project SPVs for €3.4 million.
(6) Comprising share capital only.
(7) Including share premium and other reserves.
(8) Assuming full exercise of Over-Allotment Option. Assuming that the Offering Price is €9.15, the mid-point of the Offering Price Range, and assuming the issuance of 10,928,962 Initial Offering Shares and 1,092,896 Over-Allotment Shares.

The table below sets forth our net financial debt as of September 30, 2018.

	As of September 30, 2018	**After giving effect to the Offering**
	(unaudited) *(in € thousands)*	
A. Cash	12,440	122,440
B. Cash equivalents (Bank balances)	5,113	5,113
C. Trading securities	–	–
D. Liquidity (A)+(B)+(C)	**17,552**	**127,552**
E. Current financial receivables	**978**	**978**
F. Current bank debt	10,070	10,070
G. Current portion of non-current bank debt	1,023	1,023
H. Other current financial liabilities		
I. Current financial debt (F)+(G)+(H)	**11,093**	**11,093**
J. Net current financial indebtedness (I)– (E) –(D)	(7,437)	(117,437)
K. Non-current bank loans	78,114	78,114
L. Bonds issued	–	–
M. Other non-current borrowings	13,053	13,053
N. Non-current financial liabilities (K)+(L)+(M)	91,167	91,167
O. Net financial debt (J)+(N)	**83,730**	**(26,270)**

Pursuant to the terms of our project finance agreements, as of September 30, 2018, there are restrictions on the use of €7.8 million recorded under "Cash" and €3.82 million recorded under "Cash equivalents". The terms of these agreements restrict the use of these funds to paying operating expenses and servicing the debt of each of the SPVs holding the cash. Therefore, as of September 30, 2018, this restricted cash cannot be used by the Company but can be used to repay the project finance debt of the applicable SPVs holding the cash.

Between September 30, 2018 and the date hereof, there has been no material increase in our total liquidity, total gross debt, total shareholders' equity and total capitalization.

Indirect and Conditional Indebtedness

For information on indirect and conditional indebtedness, please see "*Operating and Financial Review — Off-Balance Sheet Arrangements*".

SELECTED FINANCIAL AND OTHER INFORMATION

We present below selected consolidated financial information for the Group as of and for the years ended December 31, 2015, 2016 and 2017 which has been derived from the 2017 Audited Annual Consolidated Financial Statements prepared in accordance with IFRS and included elsewhere in this prospectus. We also present below selected audited consolidated interim financial information for the Group as of and for the six months ended June 30, 2018 together with comparative unaudited information for the six months ended June 30, 2017, which has been derived from our Audited Interim Consolidated Financial Statements prepared in accordance with IFRS and included elsewhere in this prospectus. In addition, we also present below selected unaudited consolidated condensed interim financial information for the nine months ended September 30, 2018 together with comparative unaudited information for the nine months ended September 30, 2017, which has been derived from our Interim Consolidated Financial Statements prepared in accordance with IAS 34 "Interim Financial Information" and included elsewhere in this prospectus.

We have reformulated our 2017 Audited Consolidated Financial Statements on November 6, 2018. To improve period-to-period comparability with the financial information for the years ended December 31, 2015 and 2016, the financial information shown in the prospectus for said years has been extracted from the restated comparative financial information for those years 2015 and 2016 included in the 2017 Audited Consolidated Financial Statements. See "*Note 2.2 of the 2017 Audited Consolidated Financial Statements*" for the specific reasons that motivated this reformulation and the changes that it implies in our accounts.

Prospective investors should read the selected data presented below in conjunction with "*Presentation of Financial and Other Information*," "*Use of Proceeds*," "*Capitalization and Indebtedness*," and "*Operating and Financial Review*", the Audited Consolidated Financial Statements, the Audited Interim Consolidated Financial Statements and the Interim Consolidated Financial Statements (which have not been audited but have been subject to limited review by Deloitte, S.L.) and the related notes included elsewhere in this prospectus.

Consolidated Income Statement

	Year ended December 31,			**Six months ended June 30,**		**Nine months ended September 30,**	
	2015*	**2016***	**2017**	**2017****	**2018**	**2017****	**2018**
			(*audited*)	(*unaudited*)	(*audited*)	(*unaudited*)	
				(*in € thousands*)			
Net business turnover	16,988	152,934	13,160	3,980	12,431	7,876	20,029
Other operating revenues	38	628	1,959	1,684	112	1,798	109
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	41,263	(111,262)	17,167	14,713	203	15,241	683
Operating revenues	**58,289**	**42,300**	**32,286**	**20,378**	**12,747**	**24,915**	**20,821**
Raw and indirect material consumption	(37,564)	(7,413)	(14,158)	(14,292)	43	(14,722)	(2,234)
Cost of personnel	(4,515)	(5,434)	(7,622)	(3,136)	(3,250)	(4,661)	(4,827)
Amortizations and impairments	(362)	(367)	(416)	(206)	(799)	(309)	(2,102)
Other operating expenses	(5,975)	(6,708)	(4,813)	(2,734)	(2,214)	(4,803)	(3,106)
Operating expenses	**(48,416)**	**(19,922)**	**(27,008)**	**(20,368)**	**(6,220)**	**(24,495)**	**(12,269)**
Operating profit (EBIT)	**9,873**	**22,378**	**5,279**	**10**	**6,527**	**420**	**8,552**
Financial income	543	447	539	130	345	186	455
Financial expenses	(6,416)	(4,653)	(2,371)	(454)	(4,321)	(1,003)	(6,513)
Change in fair value of financial instruments	—	(652)	7,326	7,105	577	8,176	1,179
Net differences in exchange rates	4,201	2,716	(3,576)	(1,363)	324	(3,322)	(152)
Net Financial Income / (Expense)	**(1,672)**	**(2,142)**	**1,919**	**5,417**	**(3,076)**	**4,037**	**(5,031)**
Interests in profits and loss of associates	691	131	(1,215)	(11)	327	(11)	276
Earnings before corporate income tax	**8,892**	**20,367**	**5, 983**	**5,415**	**3,778**	**4,447**	**3,798**
Tax on profits	(1,494)	(5,358)	(623)	(639)	(871)	(49)	(984)
Profits from the year	**7,397**	**15,009**	**5,360**	**4,777**	**2,907**	**4,397**	**2,814**
Profits attributable to non-controlling interests	***1,231***	***1,342***	***635***	***509***	***458***	***86***	***528***
Profits attributable to shareholders of the Company	***6,167***	***13,667***	***4,726***	***4,268***	***2,449***	***4,311***	***2,286***

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

** June 2017 and September 2017 figures are unaudited and included for comparative purposes.

Consolidated Balance Sheet

	As of December 31,			As of June 30,	As of September 30,
	2015*	2016*	2017	2018	2018
			(audited)	*(audited)*	*(unaudited)*
Assets			*(in € thousands)*		
Non-current assets					
Tangible fixed assets	5,569	5,572	5,196	117,208	113,732
Tangible fixed assets-photovoltaic solar plants	*5,452*	*5,087*	*4,767*	*114,165*	*109,879*
Tangible fixed assets-photovoltaic solar plants in progress	—	—	—	*2,593*	*3,282*
Tangible fixed assets-other	*117*	*486*	*429*	*450*	*572*
Goodwill and Intangible assets	714	3	86	4,571	4,652
Non-current investments in group companies and associates	2,069	4,254	4,971	5,250	4,978
Non-current investments	2,627	2,574	2,083	4,904	4,888
Deferred tax assets	7,558	2,343	4,143	4,066	4,317
	18,537	**14,746**	**16,479**	**136,000**	**132,568**
Current assets					
Inventories	136,098	34,070	117,958	1,404	1,691
Inventories-photovoltaic solar plants	135,078	34,070	117,958	1,185	1,538
Inventories-other	1,020	—	—	219	152
Trade and other receivables	6,774	3,982	8,292	8,334	10,700
Current Investments in group companies and associates	880	2,879	978	736	909
Current investments	4,057	4,187	4,046	7,933	6,515
Prepayments for current assets	644	2,647	248	348	244
Cash and cash equivalents	16,338	16,474	19,529	13,064	12,440
	164,790	64,238	151,051	31,818	32,498
Total assets	**183,327**	**78,984**	**167,531**	**167,818**	**165,066**
Equity					
Equity attributable to the parent					
Capital	4	427	427	427	400
Share premium	100	5,213	5,213	4,861	4,887
Reserves	41,857	45,174	46,596	43,539	43,348
Interim dividend	—	—	(263)	—	—
Translation differences	1,183	259	(3,033)	(3,691)	(4,274)
Valuation adjustments	—	—	—	2,318	2,341
Non-controlling interests	5,758	5,300	4,020	4,517	4,518
Total Equity	**48,903**	**56,373**	**52,960**	**51,970**	**51,220**
Liabilities					
Non-current liabilities					
Non-current provisions	1,365	168	325	412	418
Non Current payables	3,943	4,558	3,352	92,697	91,167
Long-term loan funds-photovoltaic solar plants	*3,943*	*3,664*	*3,352*	*79,251*	*78,114*
Subordinated debts with non-controlling partners related to plants	—	—	—	*3,452*	*3,417*
Derivatives	—	*576*	—	—	—
Other non current financial liabilities	—	*318*	—	*9,994*	*9,637*
Group companies and associates, non-current	329	92	—	—	34
Deferred tax liabilities	3,655	1,658	1,133	2,006	2,297
	9,292	**6,476**	**4,810**	**95,115**	**93,917**
Current liabilities					
Current provisions	516	213	332	189	187
Current payables	115,389	5,494	94,895	7,735	11,269
Short-term loan funds-photovoltaic solar plants	*90,779*	*327*	*85,098*	*5,979*	*7,213*
Short-term loan funds-other	*18,378*	*31*	*28*	*172*	*2,857*
Subordinated debts with non-controlling partners related to stock	—	—	*3,717*	*449*	*495*
Derivative financial instruments	—	—	*780*	*611*	*177*
Other current financial liabilities	*6,232*	*5,135*	*5,272*	*524*	*528*
Group companies and associates, current	680	21	—	—	—
Trade and other payables	8,345	10,191	14,332	12,715	8,431
Current accruals	202	216	202	94	41
	125,133	**16,134**	**109,761**	**20,733**	**19,929**
Total liabilities	**134,424**	**22,610**	**114,571**	**115,848**	**113,846**
Total equity and liabilities	**183,327**	**78,984**	**167,531**	**167,818**	**165,066**

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

Consolidated Cash Flow Statement

	Year Ended December 31,			Six Months Ended June 30,		Nine months ended September 30,	
	2015*	2016*	2017	2017**	2018	2017**	2018
			(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	
			(in € thousands)				
Cash flow generated from/(used in) operating activities (1) ……	**(36,401)**	**(2,370)**	**(74,318)**	**(64,135)**	**73**	**(74,297)**	**(3,530)**
Profit for the period after tax	***7,397***	***15,009***	***5,360***	***5,047***	***3,778***	***4,447***	***3,798***
Adjustments for:				-	-		
Depreciation and amortisation charge	362	367	416	206	799	309	2,102
Impairment and gains or losses on disposal of financial instruments	(245)	170	645	(221)	82	-	83
Changes in fair value of financial instruments	-	652	290	1,327	(577)	(798)	(1,179)
Changes in provisions	108	(1,536)	305	(18)	(132)	-	(81)
Finance income	(543)	(222)	(474)	(130)	(345)	(186)	(455)
Finance costs	5,836	4,126	2,875	454	4,240	1,003	6,430
Exchange rate differences	(4,201)	(2,716)	3,576	1,363	(324)	3,322	152
In-house work on non-current assets	-	-	-	-	(18)	173	(71)
Other income and expenses	1,494	(5,358)	(623)	11	(327)	11	(276)
Changes in working capital:							
Inventories	(38,629)	(13,825)	(87,637)	(62,609)	(2,754)	(75,621)	(2,814)
Trade and other receivables	(1,084)	681	(3,553)	(6,273)	281	(8,200)	(2,737)
Trade and other payables	(1,262)	(425)	5,578	750	(940)	3,326	(5,788)
Other non-current assets and liabilities	149	(2,367)	1,677	(121)	(207)	(174)	-
Other cash flows from operating activities:				-	-		
Interest paid	(5,836)	4,126	(2,875)	(454)	(4,197)	(1,003)	(3,618)
Interest received	429	119	213	130	345	186	455
Other payments	(375)	(1,172)	(92)	(3,596)	-	(1,091)	-
Dividends received	-	-	-	-	367	-	470
Cash flow generated from/(used in) investment activities (2) ….	**5,454**	**21,463**	**(5,365)**	**(3,923)**	**(4,010)**	**(48)**	**(4,064)**
Non-current assets	(37)	(372)	(148)	10	(227)	-	(1,807)
Other financial assets	5,491	21,836	(5,217)	(3,934)	(3,783)	(48)	(2,258)
				-	-		
Cash flow generated from/(used in) financing activities (3) ……	**13,823**	**(19,474)**	**83,565**	**62,143**	**(2,218)**	**85,468**	**1,272**
Proceeds and payments relating to financial liability instruments:							
Capital increase	-	5,240	-	-	-	-	-
Proceeds from issue of bank borrowings, net	20,964	3,995	92,110	64,880	-	90,167	4,715
Proceeds from issue of bank with associates						-	190
Repayment of bank borrowings	(1,881)	(272)	(4,043)	(2,109)	(1,872)	(4,042)	(2,920)
Other repayment	(745)	(18,380)	(4,151)	(337)	(178)	(337)	(544)
Dividends and returns on other equity instruments paid:							
Dividends	(4,514)	(10,056)	(350)	(290)	(168)	(319)	(168)
Variations in exchange rates on cash and cash equivalents (4)……	2,956	516	(827)	(500)	(310)	(751)	(767)
Increase/(decrease) of cash flow (1 +2+3+4) ……	***(14,168)***	***136***	***3,055***	***(6,415)***	***(6,465)***	***10,372***	***(7,089)***
Cash and cash equivalents at beginning of period	30,505	16,338	16,474	16,474	19,529	16,474	19,529
Cash and cash equivalents at end of period	16,338	16,474	19,529	10,059	13,064	26,845	12,440

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

** June 2017 and September 2017 figures are unaudited and included for comparative purposes.

SELECTED PRO FORMA FINANCIAL INFORMATION

Purpose of the Pro Forma Financial Information

Between July and August 2018, the Company entered into several share sale and purchase agreements to acquire: (i) 100% equity interests in the share capital of several entities holding 88 solar PV farms of nominal alternating current (AC) capacity 100 kW located in Isla Mayor, Lebrija and Llerena (the "**SIS Acquisition**") and (ii) 46.74% of the share capital of Solarpack Promo2007 Cientoveintuno, S.L., the SPV holding the Guijo de Coria solar PV plant so that the Group's shareholding will increase from 49.76% to 96.50% (the "**Guijo Acquisition**" and together with the SIS Acquisition, the "**Acquisition**"). Taken together, upon completion of the Acquisition, we will therefore own operating assets in Spain representing an incremental installed capacity of approximately 13 MW (the "**Spanish Operating Assets**"). To give effect to the Acquisition of the Spanish Operating Assets, we present below selected pro forma consolidated condensed financial information for the Group as of and for the year ended December 31, 2017, and the six months ended June 30, 2018, which has been prepared in accordance with IFRS. The Pro Forma Financial Information included in this prospectus is based on available information and certain assumptions and estimates that we believe are reasonable, but that may differ from actual amounts. The Pro Forma Financial Information reflects the acquisition of the Spanish Operating Assets and related events as if they occurred (i) for income statement data, on January 1, 2017 with respect to financial information for the year ended December 31, 2017 and with respect to financial information for the six months ended June 30, 2018 and (ii) for balance sheet data, on June 30, 2018, and gives effect to pro forma events for the period considered, as applicable, that are directly attributable to the acquisition, factually supportable, and expected to have a continuing impact on the combined results of the Group following such acquisition. See "*Material Contracts—Acquisition of the Spanish Operating Assets.*"

On November 12, 2018 Deloitte, S.L. issued a special auditor's report in accordance with ISAE 3420 *Assurance Engagement to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* with respect to this Pro Forma Financial Information, a copy of which is included elsewhere in this prospectus.

The Pro Forma Financial Information is presented for illustrative purposes only and does not purport to present what our financial position or results would actually have been had the acquisition of the Spanish Operating Assets occurred on the dates assumed, or to project our results of operations or financial position for any future period or our financial condition at any future date. The assumptions adopted are described in Note 4 of Pro Forma Financial Information.

The accounting principles used for the preparation of the Pro Forma Financial Information are consistent with those used in the preparation of the 2017 Audited Consolidated Financial Statements and the Audited Interim Consolidated Financial Statements which have been prepared in accordance with IFRS. However, the Pro Forma Financial Information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act. Details of the accounting policies applied are provided in the Audited Consolidated Financial Statements and in the Audited Interim Consolidated Financial Statements. Our future operating results may differ materially from the amounts set forth in the Pro Forma Financial Information due to various factors, including changes in operating results. Any reliance you place on the Pro Forma Financial Information should fully take this into consideration.

Prospective investors should read the selected data presented below in conjunction with the Audited Consolidated Financial Statements and the Audited Interim Consolidated Financial Statements.

Basis for the Pro Forma Financial Information

The Pro Forma Financial Information was prepared in accordance with the provisions of Annex II of the Prospectus Regulation, taking into account the recommendations of ESMA consistently implementing this regulation (ESMA/2013/319) and the clarifications contained in document ESMA/2016/1674.

The Pro Forma Financial Information has been prepared based on:

(i) the Audited Interim Consolidated Financial Statements;

(ii) the 2017 Audited Consolidated Financial Statements;

(iii) the audited annual financial statements of Solarpack Promo2007 Cientoveintuno, S.L., the SPV holding the Guijo de Coria solar PV plant relating to the Guijo Acquisition for the year ended December 31, 2017 which has been audited by Auren Auditores SP, S.L.P. (formerly, Auren Auditores BIO, S.L.P.) and prepared in accordance with Spanish GAAP, as well as the unaudited balance sheet and income statement of Solarpack Promo2007 Cientoveintuno, S.L. as of and for the six months ended June 30, 2018, prepared in accordance with Spanish GAAP and approved by the sole director on August 30, 2018; and

(iv) the unaudited annual financial statements for the companies subject to the SIS Acquisition (the "**SIS Acquisition Companies**"), as detailed in the Annex to the Pro Forma Financial Information, for the year ended December 31, 2017 which were drafted by the directors of the respective SIS Acquisition Companies, prepared in accordance with Spanish GAAP and approved by the board of directors of each of the respective companies, subject to the Acquisition, in the May/June 2018 period. In addition, the unaudited balance sheets and income statements of the SIS Acquisition Companies as of and for the six months ended June 30, 2018 which were drafted by the directors of the respective SIS Acquisition Companies, prepared in accordance with Spanish GAAP and approved by the board of directors or the sole director of each of the respective companies, subject to the Acquisition, in the July/August 2018 period. The foregoing financial information relating SIS Acquisition Companies is not audited because of the relatively small size of the SIS Acquisition Companies.

The accounting policies used in the preparation of the Pro Forma Financial Information are consistent with the accounting policies used by the Company in the preparation of its financial statements in accordance with IFRS. As such, although the SIS Acquisition Companies and Solarpack Promo2007 Cientoveintuno, S.L. do not prepare their financial statements in accordance with IFRS, but with Spanish GAAP, their financial statements have been subject to accounting standardization to align with the Group's accounting policies.

The Pro Forma Financial Information has been prepared solely for the purpose of the Offering and is not prepared in the ordinary course of the Company's financial reporting. We have only included Pro Forma Information up to June 30, 2018 (and not September 30, 2018) because the SIS Acquisition Companies which we are acquiring are relatively small entities that do not report their financial condition or results of operations on a quarterly basis.

Basis for the Pro Forma Consolidated Income Statement

The Pro Forma Consolidated Income Statement for the six months ended June 30, 2018 has been prepared based on (i) the Consolidated Income Statement of the Audited Interim Consolidated Financial Statements, (ii) the unaudited individual income statements for the six months ended June 30, 2018 from the SIS Acquisition Companies and (iii) unaudited individual income statements for the six months ended June 30, 2018 from Solarpack Promo2007 Cientoveintuno, S.L., prepared in accordance with Spanish GAAP, plus pro forma adjustments, as if the transaction had taken place on January 1, 2017. Additionally, homogenization adjustments pursuant to IFRS and eliminations for intra-group transactions have been made, insofar as the intra-group transactions were made.

The Pro Forma Consolidated Income Statement for the year ended December 31, 2017 has been prepared based on (i) the Consolidated Income Statement of the 2017 Audited Consolidated Financial Statements, (ii) the unaudited individual income statements for the year ended December 31, 2017 of the SIS Acquisition Companies and (iii) the audited individual income statements for the year ended December 31, 2017 of Solarpack Promo2007 Cientoveintuno, S.L., prepared in accordance with Spanish GAAP, plus pro forma adjustments, as if the transaction had taken place on January 1, 2017. Additionally, homogenization adjustments pursuant to IFRS and eliminations for intra-group transactions have been made, insofar as the intra-group transactions were made.

Basis for the Pro Forma Consolidated Balance Sheet

The Pro Forma Consolidated Balance Sheet as of June 30, 2018 has been prepared based on (i) the Consolidated Balance Sheet of the Audited Interim Consolidated Financial Statements, (ii) the unaudited individual balance sheets as of June 30, 2018 from the SIS Acquisition Companies and (iii) the unaudited individual balance sheets as of June 30, 2018 from Solarpack Promo2007 Cientoveintuno, S.L., prepared in accordance with Spanish GAAP as if the transaction had taken place on June 30, 2018. Additionally, homogenization adjustments pursuant to IFRS and eliminations for intra-group transactions have been made, insofar as the intra-group transactions were made.

Pro Forma Adjustments

The pro forma adjustments are described in more detail below in the footnotes to the Pro Forma Consolidated Income Statement and the Pro Forma Consolidated Balance Sheet. Unless otherwise stated, the adjustments are recurring in nature.

Pro Forma Consolidated Income Statement for the six months ended June 30, 2018

	Six months ended June 30, 2018[(1)]	**SIS Acquisition[(2)]**	**Guijo Acquisition[(3)]**	**Pro Forma Adjusted for Six months ended June 30, 2018**
		(in € thousands)		
Net business turnover	12,431	3,188	1,262	16,881
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	203	-	-	203
Works performed by the Company for its assets	18	-	-	18
Other operating revenues	95	-	-	95
Operating revenues	**12,747**	**3,188**	**1,262**	**17,197**
Raw and indirect material consumption	43	-	-	43
Cost of personnel	(3,250)	-	-	(3,250)
Other operating expenses	(2,695)	(368)	(185)	(3,248)
Amortization of fixed assets	(799)	(1,699)	(603)	(3,101)
Impairment of goodwill	-	(68)	(20)	(88)
Other results	481	-	-	481
Operating expenses	**(6,220)**	**(2,135)**	**(808)**	**(9,164)**
Operating profit (EBIT)	**6,527**	**1,052**	**454**	**8,033**
Financial income	345	-	(6)	339
Financial expenses	(4,118)	(882)	(230)	(5,230)
Change in fair value of financial instruments	455	428	-	884
Net differences in exchange rates	324	-	-	324
Impairment losses and income from disposals of financial instruments	(82)	-	-	(82)
Net Financial Income / (Expense)	**(3,076)**	**(454)**	**(237)**	**(3,766)**
Result of companies applying the equity method	327	-	-	327
Earnings before corporate income tax	**3,778**	**598**	**218**	**4,594**
Tax on profits	(871)	(18)	(134)	(1,023)
Profits from the year	**2,907**	**580**	**84**	**3,571**

<u>Note</u>: As Pro Forma Income Statement for the six months period ended June 30, 2018 reflects the acquisition of the Spanish Operating Assets and related events as if they occurred on January 1, 2017, all adjustments included in the six months period ended June 30, 2018 are expected to have a continuing impact.

(1) Represents the Audited Interim Consolidated Financial Statements prepared in accordance with IFRS.
(2) Represents the pro-forma adjustment for the SIS Acquisition
(3) Represents the pro-forma adjustment for the Guijo Acquisition.

For the SIS Acquisition, we have made adjustments for (i) the impact of the unaudited income statements of the SIS Acquisition Companies for the six months ended June 30, 2018 as though the SIS Acquisition had occurred on January 1, 2017; (ii) the elimination of certain transaction expenses between Solarpack and the SIS Acquisition Companies; (iii) the amortization of the registered intangible asset corresponding to the right to receive the tariff during the rest of the regulatory life of the plants, which ends on December 31, 2037 (the average regulatory useful life of the plants is 19 years); (iv) goodwill impairment; and (v) the fiscal impact resulting from applying a 24% tax rate.

The table below details the adjustments that have been made to account for the impact of the SIS Acquisition, for the six months ended June 30, 2018, on the Pro Forma Financial Information:

Six months ended June 30, 2018	SIS Acquisition	Integration Results (1)	Intragroup Eliminations	Goodwill Impairment
		Breakdown		
		(*in € thousands*)		
CONTINUING OPERATIONS				
Net business turnover	3,188	3,377	(189)	-
Other operating expenses	(368)	(557)	189	-
Amortization of fixed assets	(1,699)	(1,416)	-	(284)
Impairment of goodwill	(68)	-	-	(68)
Operating profit (EBIT)	**1,052**	**1,404**	**-**	**(352)**
Financial income	-	-	-	-
Financial expenses	(882)	(882)	-	-
Change in fair value of financial instruments	428	428	-	-
Net Financial Income / (Expense)	**(454)**	**(454)**	**-**	**-**
Earnings before corporate income tax	**598**	**950**	**-**	**(352)**
Tax on profits	(18)	(86)	-	68
Profits from the year	**580**	**864**	**-**	**(284)**

(1) Represents the financial information as shown in the income statement of the SIS Acquisition Companies as of June 30, 2018, prepared under Spanish GAAP and approved in the July/August 2018 period by the management of each of the SIS Acquisition Companies. The financial information as shown in the income statement of the SIS Acquisition Companies as of June 30, 2018, is not audited because of the relatively small size of the SIS Acquisition Companies.

All the activity reflected in the Integration Results and PPA depreciation would impact our Power Generation division with the following distribution by project.

Six months ended June 30, 2018 (*)	Acquisition SIS Spain	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Eliminations
		Breakdown				
		Power Generation				
		(*in € thousands*)				
CONTINUING OPERATIONS						
Net business turnover	3,188	779	442	1,101	1,054	(189)
Other operating expenses	(368)	(118)	(77)	(183)	(179)	189
Amortization of fixed assets	(1,699)	(398)	(212)	(590)	(499)	-
Impairment of goodwill	(68)	(9)	(5)	(25)	(29)	0
Operating profit (EBIT)	**1,052**	**254**	**148**	**303**	**347**	**0**

See "*Operating and financial Review – Operating Segment Reporting and other Non Financial Key Operational Data – Power Generation Division – Additional operating segment reporting data by project for the six months ended June 30, 2018*" for pre-pro forma adjusted Power Generation operating segment data by project for the six months ended June 30, 2018.

(*) Information not included in the Pro forma Report. It is shown solely for the purpose of the Prospectus.

For the Guijo Acquisition, we have made adjustments for (i) the impact of the unaudited income statements of Solarpack Promo2007 Cientoveintuno, S.L. for the six months ended June 30, 2018 as though the Guijo Acquisition had occurred on January 1, 2017; (ii) the elimination of certain transaction expenses between Solarpack and Solarpack Promo2007 Cientoveintuno, S.L.; (iii) the amortization of the registered intangible asset corresponding to the right to receive the tariff during the rest of the regulatory life of the plants, which ends on December 31, 2041 (the average regulatory useful life of the plants is 23.1 years); (iv) goodwill impairment; and (v) the fiscal impact resulting from applying a 24% tax rate.

The table below details the adjustments that have been made to account for the impact of the Guijo Acquisition, for the six months ended June 30, 2018, on the Pro Forma Financial Information:

Six months ended June 30, 2018	Guijo Acquisition*	Integration Results (1)	Intragroup Eliminations	Goodwill Impairment
		Breakdown		
		(*in € thousands*)		
CONTINUING OPERATIONS				
Net business turnover	1,262	1,397	(135)	-
Other operating expenses	(185)	(320)	135	-
Amortization of fixed assets	(603)	(518)	-	(84)
Impairment of goodwill	(20)	-	-	(20)
Operating profit (EBIT)	**454**	**559**	**-**	**(105)**
Financial income	(6)	-	(6)	-
Financial expenses	(230)	(237)	6	-
Net Financial Income / (Expense)	**(237)**	**(237)**	**-**	**-**
Earnings before corporate income tax	**218**	**322**	**-**	**(105)**
Tax on profits	(134)	(154)	-	20
Profits from the year	**84**	**168**	**-**	**(84)**

(1) Represents the financial information as shown in the unaudited income statement of Solarpack Promo2007 Cientoveintuno, S.L. as of June 30, 2018, prepared in accordance with Spanish GAAP.

As our operating segment reporting presents the results of each division separately having regard to our actual percentage equity interest in the project, the Guijo Acquisition adjustment would impact our power generation segment reporting by adding to it 46.74% of the Guijo Acquisition column adjustment excluding Intragroup eliminations.

Pro Forma Consolidated Income Statement for the year ended December 31, 2017

	Year ended December 31, 2017(1)	SIS Acquisition(2)	Guijo Acquisition(3)	Pro Forma Adjusted for Year ended December 31, 2017
		(in € thousands)		
Net business turnover	13,160	6,505	2,562	22,227
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	17,167	-	-	17,167
Works performed by the Company for its assets	-	-	-	-
Other operating revenues	1,959	-	-	1,959
Operating revenues	**32,286**	**6,505**	**2,562**	**41,354**
Raw and indirect material consumption	(14,158)	-	-	(14,158)
Cost of personnel	(7,622)	-	-	(7,622)
Other operating expenses	(4,813)	(850)	(362)	(6,024)
Amortization of fixed assets	(416)	(3,399)	(1,205)	(5,020)
Impairment of goodwill	-	(136)	(41)	(177)
Excess provisions	-	-	-	-
Other results	-	-	-	-
Operating expenses	**(27,008)**	**(4,385)**	**(1,608)**	**(33,001)**
Operating profit (EBIT)	**5,279**	**2,120**	**955**	**8,353**
Financial income	539	-	(13)	526
Financial expenses	(2,371)	(1,913)	(505)	(4,789)
Change in fair value of financial instruments	7,326	1,364	-	8,690
Net differences in exchange rates	(3,576)	-	-	(3,576)
Impairment losses and income from disposals of financial instruments	-	-	3,682	3,682
Net Financial Income / (Expense)	**1,919**	**(549)**	**3,164**	**4,533**
Result of companies applying the equity method	(1,215)	-	-	(1,215)
Earnings before corporate income tax	**5,983**	**1,571**	**4,118**	**11,672**
Tax on profits	(623)	(427)	(141)	(1,191)
Profits from the year	**5,360**	**1,143**	**3,978**	**10,481**

(1) Represents the 2017 Audited Consolidated Financial Statements prepared in accordance with IFRS.
(2) Represents the pro-forma adjustment for the SIS Acquisition
(3) Represents the pro-forma adjustment for the Guijo Acquisition.

Pro Forma Income Statement reflects the acquisition of the Spanish Operating Assets and related events as if they occurred on January 1, 2017. The recognition of the adjustment of the fair value for the shares previously held by the company and the expenses associated with the acquisitions will not have a continuing impact in the Income Statement. The rest of adjustments are expected to have a continuing impact.

For the SIS Acquisition, we have made adjustments for (i) the impact of the unaudited income statements of the SIS Acquisition Companies for the year ended December 31, 2017 as though the SIS Acquisition had occurred on January 1, 2017; (ii) the elimination of certain transaction expenses between Solarpack and the SIS Acquisition Companies; (iii) the amortization of the registered intangible asset corresponding to the right to receive the tariff during the rest of the regulatory life of the plants, which ends on December 31, 2037 (the average regulatory useful life of the plants is 19 years); (iv) goodwill impairment; (v) the recognition of expenses associated with the SIS Acquisition (as if it had been made on January 1, 2017) amounting to €103,152 which have generated a tax impact of €24,756; and (vi) the fiscal impact.

The table below details the adjustments that have been made to account for the impact of the SIS Acquisition, for the year ended December 31, 2017, on the Pro Forma Financial Information:

Year ended December 31, 2017	SIS Acquisition	Breakdown Integration Results [(1)]	 Intragroup Eliminations	 Transaction Expenses	 Goodwill Impairment
			(€ thousands)		
CONTINUING OPERATIONS					
Net business turnover	6,505	6,843	(337)	-	-
Other operating expenses	(850)	(1,085)	337	(103)	-
Amortization of fixed assets	(3,399)	(2,832)	-	-	(567)
Impairment of goodwill	(136)	-	-	-	(136)
Operating profit (EBIT)	**2,120**	**2,926**	**-**	**(103)**	**(703)**
Financial income	-	-	-	-	-
Financial expenses	(1,913)	(1,913)	-	-	-
Change in fair value of financial instruments	1,364	1,364	-	-	-
Net Financial Income / (Expense)	**(549)**	**(549)**	-	-	**-**
Earnings before corporate income tax	**1,571**	**2,377**	**-**	**(103)**	**(703)**
Tax on profits	**(427)**	**(588)**	**-**	**25**	**136**
Profits from the year	**1,143**	**1,789**	**-**	**(78)**	**(567)**

(1) Represents the financial information as shown in the income statement of the SIS Acquisition Companies as of December 31, 2017, prepared under Spanish GAAP and approved in the May/June 2018 period by the management of each of the SIS Acquisition Companies. The financial information as shown in the income statement of the SIS Acquisition Companies as of December 31, 2017, is not audited because of the relatively small size of the SIS Acquisition Companies.

For the Guijo Acquisition, we have made adjustments for (i) the impact of the audited income statements of Solarpack Promo2007 Cientoveintuno, S.L. for the year ended December 31, 2017 as though the Guijo Acquisition had occurred on January 1, 2017; (ii) the elimination of certain transaction expenses between Solarpack and Solarpack Promo2007 Cientoveintuno, S.L.; (iii) the amortization of the registered intangible asset corresponding to the right to receive the tariff during the rest of the regulatory life of the plants, which ends on December 31, 2041 (the average regulatory useful life of the plants is 23.1 years); (iv) goodwill impairment; (v) the recognition of the adjustment of the fair value for the shares previously held by the company; (vi) the recognition of expenses associated with the Guijo Acquisition (as if it had been made on January 1, 2017) amounting to €13,248 which have generated a tax impact of €3,180; and (vii) the fiscal impact.

The table below details the adjustments that have been made to account for the impact of the Guijo Acquisition, for the year ended December 31, 2017, on the Pro Forma Financial Information:

Year ended December 31, 2017	Guijo Acquisition	Breakdown Integration Results [(1)]	 Intragroup Eliminations	 Shareholding Reevaluation	 Transaction Expenses	 Goodwill Impairment
			(*in € thousands*)			
CONTINUING OPERATIONS						
Net business turnover	2,562	2,858	(296)	-	-	-
Cost of personnel	-	-	-	-	-	-
Other operating expenses	(362)	(644)	296	-	(13)	-
Amortization of fixed assets	(1,205)	(1,037)		-	-	(169)
Impairment of goodwill	(41)	-	-	-	-	(41)
Operating profit (EBIT)	**955**	**1,178**	**-**	**-**	**(13)**	**(210)**
Financial income	(13)	-	(13)	-	-	-
Financial expenses	(505)	(519)	13	-	-	-
Impairment losses and income from disposals of financial instruments	3,682	-	-	3,682	-	-
Net Financial Income / (Expense)	**3,164**	**(519)**	**-**	**3,682**	**-**	**-**
Earnings before corporate income tax	**4,118**	**659**	**-**	**3,682**	**(13)**	**(210)**
Tax on profits	(141)	(185)	-	-	3	41
Profits from the year	**3,978**	**474**	**-**	**3,682**	**(10)**	**(169)**

(1) Represents the financial information as shown in the income statement of Solarpack Promo2007 Cientoveintuno, S.L. as of December 31, 2017, prepared in accordance with Spanish GAAP and audited by Auren Auditores SP, S.L.P.

Pro Forma Consolidated Balance Sheet

	As of June 30, 2018[1]	SIS Acquisition[2]	Guijo Acquisition[3]	Capital Increase[4]	Pro Forma Adjusted As of June 30, 2018
			(in € thousands)		
Assets					
Non-current assets					
Intangible fixed assets	4,571	13,255	4,840	—	22,666
Intangible fixed assets- Goodwill	—	*2,565*	*937*	—	*3,502*
Intangible fixed assets- Other	*4,571*	*10,689*	*3,903*	—	*19,164*
Tangible fixed assets	117,208	40,210	18,701	—	176,120
Non-current investments in group companies and associates	5,250	—	(690)	—	4,560
Non-current investments	4,904	270	—	—	5,174
Deferred tax assets	4,066	6,708	4,463	—	15,238
	136,000	**60,443**	**27,314**	**—**	**223,758**
Current assets					
Inventories	1,404	—	—	—	1,404
Trade and other receivables	8,334	1,666	739	—	10,740
Current Investments in group companies and associates	736	—	—	—	736
Current investments	7,933	4,170	—	—	12,103
Prepayments for current assets	348	61	20	—	429
Cash and cash equivalents	13,064	(17,872)	(1,794)	25,091	18,489
	31,818	(11,975)	(1,034)	25,091	43,900
Total assets	**167,818**	**48,468**	**26,280**	**25,091**	**267,658**
Equity					
Equity attributable to the parent					
Shareholders' equity	45,135	(78)	3,672	25,091	73,820
Share capital and issue premium	*5,287*	-	-	*26,980*	*32,267*
Reserves	*37,399*	-		*(1,889)*	*35,510*
Profit for the period	*2,449*	*(78)*	*3,672*	-	*6,042*
Valuation adjustments – Derivatives	-	-	-	-	-
Valuation adjustments - Shares	2,318	-	-	-	2,318
Non-controlling interests	4,517	-	117	-	4,634
Total Equity	**51,970**	**(78)**	**3,790**	**25,091**	**80,772**
Liabilities					
Non-current liabilities					
Non-current provisions	412	725	591	-	1,727
Non Current payables	92,697	37,110	15,145	-	144,952
Group companies and associates, non-current	-	-	-	-	-
Deferred tax liabilities	2,006	6,803	5,560	-	14,369
	95,115	**44,638**	**21,295**	**-**	**161,049**
Current liabilities					
Current provisions	189	-	55	-	244
Current payables	7,735	2,860	977	-	11,572
Group companies and associates, current	-	-	6	-	6
Trade and other payables	12,715	1,049	156	-	13,920
Current accruals	94	-	-	-	94
	20,733	**3,909**	**1,195**	**-**	**25,837**
Total equity and liabilities	**167,818**	**48,468**	**26,280**	**25,091**	**267,658**

(1) Represents the Audited Interim Consolidated Financial Statements prepared in accordance with IFRS.
(2) Represents the pro-forma adjustment for the SIS Acquisition.
(3) Represents the pro-forma adjustment for the Guijo Acquisition.
(4) Represents the pro-forma adjustment for the Acquisition, net of the expenses associated with the Acquisition. We estimate a capital increase of €26.9 million, which, after accounting for expenses of €1.9 million (allocated to reserves, and which are considered to be paid at that time), represents an increase in treasury amounting to €25.1 million. These funds will be obtained in the context of Admission to trading of the Shares on the Spanish Stock Exchanges.

For the SIS Acquisition, we have made adjustments for (i) the impact of the fair value of the assets and liabilities in the unaudited balance sheets of the SIS Acquisition Companies as of June 30, 2018; (ii) the impact of translating the SIS Acquisition Companies' financial information to IFRS (recorded as a charge to reserves) which corresponds, in accordance with transition rules under IFRS 9, to the application to financial assets valued at amortized cost under the new expected loss model; (iii) the impact of other assets and liabilities not previously recognized in the unaudited balance sheets of the SIS Acquisition Companies (which has been recorded as an intangible asset amounting to €10.6 million and identified as the right to receive the regulated tariff, during the remaining regulatory life of the related solar PV plants, together with the corresponding deferred tax liability associated therewith (amounting to €2.6 million) (iv) the elimination of certain balances between Solarpack and the SIS Acquisition Companies; (v) the decrease in treasury by €17.9 million, together with the recognition of a long-term debt payable (amounting to €3.7 million) relating to the contingent benefit to be received by sellers of the SIS Acquisition Companies and corresponding to the price agreed with the sellers of the SIS Acquisition Companies, as well as the expenses associated with the SIS Acquisition (amounting to €0.1 million) which have generated a tax impact of €0.02 million; (vi) the recognition of a goodwill amounting to €2.6 million

The table below details the adjustments that have been made to account for the impact of the SIS Acquisition, as of June 30, 2018, on the Pro Forma Financial Information:

		Breakdown					
	SIS Acquisition	**Integration Balances[(1)]**	**IFRS Transition**	**Other Identifiable assets**	**Goodwill**	**Intragroup Eliminations**	**Debt and Cash**
				(*in € thousands*)			
Assets							
Non-current assets							
Intangible fixed assets	13,255	-	-	10,689	2,565	-	-
Intangible fixed assets- Goodwill	*2,565*	-	-	-	*2,565*	-	-
Intangible fixed assets- Other	*10,689*	-	-	*10,689*	-	-	-
Tangible fixed assets	40,210	40,210	-	-	-	-	-
Non-current investments in group companies and associates	—	191	-	-	-	(191)	-
Non-current investments	270	270	-	-	-	-	-
Deferred tax assets	6,708	6,684	-	-	-	-	25
	60,443	**47,354**	**-**	**10,689**	**2,565**	**(191)**	**25**
Current assets							
Trade and other receivables	1,666	1,879	(9)	-	-	(203)	-
Current investments	4,170	4,170	-	-	-	-	-
Prepayments for current assets	61	61	-	-	-	-	-
Cash and cash equivalents	(17,872)	-	-	-	-	-	(17,872)
	(11,975)	**6,110**	**(9)**	**-**	**-**	**(203)**	**(17,872)**
Total assets	**48,468**	**53,465**	**(9)**	**10,689**	**2,565**	**(394)**	**(17,848)**
Equity							
Equity attributable to the parent	-	-	-	-	-	-	-
Shareholders' equity	(78)	-	-	-	-	-	(78)
Profit for period	*(78)*	-	-	-	-	-	(78)
Non-controlling interests	-	-	-	-	-	-	-
Total Equity	**(78)**	**-**	**-**	**-**	**-**	**-**	**(78)**
Liabilities							
Non-current liabilities							
Non-current provisions	725	725	-	-	-	-	-
Non Current payables	37,110	33,363	-	-	-	-	3,747
Group companies and associates, non-current	-	191	-	-	-	(191)	-
Deferred tax liabilities	6,803	4,238	-	2,565	-	-	-
	44,638	**38,517**	**-**	**2,565**	**-**	**(191)**	**3,747**
Current liabilities							
Current payables	2,860	2,860	-	-	-	-	-
Trade and other payables	1,049	1,252	-	-	-	(203)	-
	3,909	**4,112**	**-**	**-**	**-**	**(203)**	**-**
Total equity and liabilities	**48,468**	**42,629**	**-**	**2,565**	**-**	**(394)**	**3,668**

(1) Represents the financial information as shown in the income statement of the SIS Acquisition Companies as of June 30, 2018, prepared under GAAP and approved in the July/August 2018 period by the management of each of the SIS Acquisition Companies. The financial information as shown in the income statement of the SIS Acquisition Companies as of June 30, 2018, is not audited because of the relatively small size of the SIS Acquisition Companies.

For the Guijo Acquisition, we have made adjustments for (i) the impact of the fair value of the assets and liabilities in the unaudited balance sheets of Solarpack Promo2007 Cientoveintuno, S.L. for the six months ended June 30, 2018 as though the Guijo Acquisition had occurred on June 30, 2018; (ii) the impact of translating Solarpack Promo2007 Cientoveintuno, S.L.'s financial information to IFRS (recorded as a charge of €4,000 to reserves) which corresponds, in accordance with transition rules under IFRS 9, to the application to financial assets valued at amortized cost under the new expected loss model; (iii) recognition of consolidated net assets corresponding to minority interests (with minority shareholders recognized based on the Company's new equity stake multiplied by book value of the assets); (iv) the impact of other assets and liabilities not previously recognized in the unaudited balance sheets of Solarpack Promo2007 Cientoveintuno, S.L. (which has been recorded as an intangible asset amounting to €3.9 million and identified as the right to receive the regulated tariff, during the remaining regulatory life of the related solar PV plants, together with the corresponding deferred tax liability associated therewith (amounting to €937,000); (v) the elimination of certain transaction expenses between Solarpack and Solarpack Promo2007 Cientoveintuno, S.L.; (vi) the revaluation of Solarpack Promo2007 Cientoveintuno, S.L. shares previously held by the Company, in accordance with the Company's equity method and current accounting regulations, to recognize gains in the Company's consolidated profit and loss accounts on a pro forma basis as of December 31, 2017 and June 30, 2018 (with the value recorded in the 2017 Consolidated Financial Statements amounting to nil); (vii) the decrease in treasury by €2.8 million, together with the recognition of a long-term debt payable (amounting to €588,000) relating to the contingent benefit to be received by sellers of Solarpack Promo2007 Cientoveintuno, S.L. and corresponding to the price agreed with the sellers of Solarpack Promo2007 Cientoveintuno, S.L., as well as the expenses associated with the Guijo Acquisition (amounting to €13,000) which have generated a tax impact of €3,000; and (viii) goodwill impairment amounting to €937,000.

The table below details the adjustments that have been made to account for the impact of the Guijo Acquisition, as of June 30, 2018, on the Pro Forma Financial Information:

		Breakdown							
	Guijo Acquisition	Integration Balances[1]	IFRS Transition	Minority Interests	Other Identifiable assets	Goodwill	Shareholding Reevaluation	Intragroup Eliminations	Debt and Cash
					(in € thousands)				
Assets									
Non-current assets									
Intangible fixed assets	4,840	-	-	-	3,903	937	-	-	-
Tangible fixed assets- Goodwill	*937*	-	-	-	-	*937*	-	-	-
Tangible fixed assets- Other	*3,903*	-	-	-	*3,903*	-	-	-	-
Tangible fixed assets	18,701	18,701	-	-	-	-	-	-	-
Non-current investments in group companies and associates	(690)	-	-	-	-	-	-	(690)	-
Deferred tax assets	4,463	4,460	-	-	-	-	-	-	3
	27,314	**23,161**	**-**	**-**	**3,903**	**937**	**-**	**(690)**	**3**
Current assets									
Trade and other receivables	740	826	(4)	-	-	-	-	(82)	-
Prepayments for current assets	20	20	-	-	-	-	-	-	-
Cash and cash equivalents	(1,794)	1,089	-	-	-	-	-	-	(2,883)
	(1,034)	**1,936**	**(4)**	**-**	**-**	**-**	**-**	**(82)**	**(2,883)**
Total assets	**26,280**	**25,097**	**(4)**	**-**	**3,903**	**937**	**-**	**(772)**	**(2,880)**
Equity									
Equity attributable to the parent									
Shareholders' equity	3,672	-	-	-	-	-	3,682	-	(10)
Profit for period	*3,672*						3,682		(10)
Non-controlling interests	117	-	-	117	-	-	-	-	-
Total Equity	**3,790**	**-**	**-**	**117**	**-**	**-**	**3,682**	**-**	**(10)**
Liabilities									
Non-current liabilities									
Non-current provisions	591	591	-	-	-	-	-	-	-
Non Current payables	15,145	14,556	-	-	-	-	-	-	589
Group companies and associates, non-current	-	690	-	-	-	-	-	(690)	-
Deferred tax liabilities	5,560	4,623	-	-	937	-	-	-	-
	21,295	**20,460**	**-**	**-**	**937**	**-**	**-**	**(690)**	**589**
Current liabilities									
Current provisions	55	55	-	-	-	-	-	-	-
Current payables	977	977	-	-	-	-	-	-	-
Group companies and associates, current	6	6	-	-	-	-	-	-	-
Trade and other payables	156	239	-	-	-	-	-	(82)	-
	1,195	**1,278**	**-**	**-**	**-**	**-**	**-**	**(82)**	**-**
Total equity and liabilities	**26,280**	**21,738**	**-**	**117**	**937**	**-**	**3,682**	**(772)**	**579**

(1) Represents the financial information as shown in the income statement of Solarpack Promo2007 Cientoveintuno, S.L. as of June 30, 2018, prepared in accordance with Spanish GAAP.

OPERATING AND FINANCIAL REVIEW

You should read the following discussion of our financial condition and results of operations in conjunction with "Summary—Summary Consolidated Financial Information and Other Data," "Selected Historical Consolidated Financial Information", our Audited Consolidated Financial Statements and Interim Consolidated Financial Statements and their related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. For additional information regarding some of the risks and uncertainties that affect our business and the industry in which we operate, please read the "Important Information—Cautionary Statements Regarding Forward-Looking Statements" and "Risk Factors" sections of this prospectus. Our actual results may differ materially from those estimated or projected in any forward-looking statements.

Unless otherwise indicated below, all financial information in the following section has been extracted from our Audited Consolidated Financial Statements and our Interim Consolidated Financial Statements.

Overview

We are a vertically-integrated, independent solar photovoltaic ("**PV**") power producer with operations in Spain and other key solar markets around the world. We specialize in innovative solar PV power projects, particularly in the field of solar PV energy, with in-house expertise and capabilities along the entire value chain, from the design, development, financing and construction of solar PV power plants to ongoing operation, management and monitoring services as well as the production and sale of affordable, rapidly deployable and sustainable clean energy.

Headquartered near Bilbao, Spain, we have been active since 2005 and we now have a diversified geographic footprint across Europe, Latin America, Asia and Africa, employing 127 people in 10 countries as of September 30, 2018. As of such date, we had offices in 10 countries (United States, Colombia, Peru, Chile, Uruguay, Spain, South Africa, India, Vietnam and Malaysia), as well as equity interests in 11 state-of-the-art solar PV power plants operating in Spain, Peru, Chile and India, which have a total capacity of approximately 252 MW, of which 128 MW (141 MW pro forma for the acquisition of the Spanish Operating Assets) were attributable to our proportional equity interests in such projects. During the year ended December 31, 2017, our solar PV power plants yielded 357.5 GWh (of which 114.3 GWh were attributable to our proportional equity interests in such projects), with a plant load factor of 28.3% and a combined plant availability rate of 99.7%. Furthermore, as of September 30, 2018, we rendered (i) O&M services to 13 solar PV power plants with a total capacity of 160 MW and (ii) management services to 23 solar PV power plants with a total capacity of 330.3 MW. In addition, as of September 30, 2018: our Backlog consisted of nine projects with a total capacity of 510 MW comprised of three projects in Spain (accounting for a total capacity of 211 MW), five projects in Chile (accounting for a total capacity of 169 MW) and one project in India (accounting for a total capacity of 131 MW); and our Pipeline consisted of 19 projects with a total capacity of 1,251 MW comprised of three projects in Spain (accounting for a total capacity of 109 MW), seven projects in Chile (accounting for a total capacity of 247 MW), six projects in South Africa (accounting for a total capacity of 517 MW), and three projects in Colombia (accounting for a total capacity of 378 MW). In addition, as of September 30, 2018, we had 31 projects with a total capacity of 1,695 MW marked as Identified Opportunities comprised of two projects in Spain (accounting for a total capacity of 9 MW), 15 projects in Chile (accounting for a total capacity of 521 MW), three projects in South Africa (accounting for a total capacity of 259 MW), one project in Colombia (accounting for a total capacity of 48 MW), two projects in USA (accounting for a total capacity of 140 MW), one project in Peru (accounting for a total capacity of 180 MW), and additional project opportunities totaling 538 MW in other markets such as Malaysia, Vietnam, Laos, Mali, and the Dominican Republic. As of September 30, 2018, the Company had 10.5 MW under construction for a third party in Colombia.

Since our inception, we have developed and constructed solar PV power plants representing a total capacity of 529 MW in 19 projects and we have acted as contractor or engineering, procurement and construction ("**EPC**") contractor for solar PV power plants across four countries representing a total capacity of 190 MW. Since our inception, we have rendered management services to solar PV power plants with a total capacity of 696 MW. As a result of our understanding of and experience with the project financing structure employed for our and for similar projects, we have successfully negotiated and structured project finance loans for projects with a total capacity of

279 MW, raising an equivalent of approximately €511 million of non-recourse project debt. In addition, as of September 30, 2018, we had secured sponsored investments totaling approximately €652 million (including €202 million in Spain, €122 million in Chile, €225 million in Peru, €75 million in India and €29 million in Uruguay).

Our operations are focused on three primary operational business divisions: Development and Construction, Power Generation and Services. Being a vertically-integrated platform affords us understanding and control over project development, financing, construction and operation, which in turn provides us with insight and certainty with regard to our construction costs, timeline and maintenance. Our in-house EPC expertise coupled with in-house O&M and asset management capability and efficient financial strategy, allow us to offer cost-effective solar PV power solutions. Because we have our own EPC and O&M capabilities as part of our Development and Construction and Services divisions we are able to retain the profit margins associated with those services. Furthermore, our Services and Power Generation divisions offer stable income with highly predictable cash flows to feed our future development and construction activities and thus counterbalance the cyclicality of the construction industry.

Key Factors Affecting Our Results of Operations

Power production and revenues from projects in operations of our Power Generation division

As of September 30, 2018, the portfolio of power producing assets in which we own equity interests comprised 11 solar PV power plants with a total capacity of 252 MW (of which 128 MW were attributable to our proportional equity interests in such projects). Our plants generated 120.0 GWh, 116.4 GWh and 114.3 GWh (on a proportional basis based on the Group's equity interest in the applicable project) for the years ended December 31, 2015, 2016 and 2017, respectively, and 174.2 GWh in the nine months ended September 30, 2018. All production from the plants is sold under long-term PPAs or other types of off-take arrangements, such as the regulated tariffs in Spain or the stabilized price regime in Chile, based on either fixed price, or inflation-adjusted fixed price models or stabilized price mechanisms, which provide relatively stable, contracted revenues. In addition, we sell any residual energy produced that is not sold under the specific off-take arrangement on the spot market, which is subject to more price volatility and unpredictability than under the off-take arrangement regime. In the nine months ended September 30, 2018, our Power Generation division generated 3% of its non-GAAP revenues from the spot market.

The production at our plants, and therefore the revenues from our Power Generation division, depend on a variety of factors, including variations in solar irradiation, efficiency and the plant's availability. In particular, the power production at our solar PV plants depends on the amount and intensity of solar irradiation, which is affected by weather and climate conditions and, as a result, is normally at its highest during the summer months. However, this seasonal effect is mitigated in the consolidated revenues from our Power Generation division because we operate solar PV parks in both the northern and southern hemisphere.

The efficiency of our solar PV plants is a consequence of plant performance, which is driven by the implementation of regular and periodic O&M services. These services aim at maximizing the utilization rate, rate of power generation and system performance, by maintaining modules that are clean, guarding against inverter failure and performing maintenance activities primarily during hours of darkness to minimize any production interruptions. As a result of our vertically-integrated business model with in-house O&M capabilities, we act as O&M contractor for nearly all our solar PV plants. We monitor the performance and security of our solar PV power projects on a real-time basis and assess the performance ratio of our power plants regularly to maximize project yield. We also track plant load factor as a measure of the performance of our power plants. Higher plant load factor at a plant indicates increased electricity generation and monitoring plant load factor on real time allows us to respond rapidly to potential generation anomalies. We achieved a plant load factor of 27.9%, 29.4% and 28.3% for the years ended December 31, 2015, 2016 and 2017, respectively, and 20.7% in the nine months ended September 30, 2018.

Solar PV power plants generally have a high availability rate (*i.e.*, the amount of time that a generating plant is able to produce electricity), which in the case of our portfolio of power producing assets has averaged 99.7% for the year 2017. As a result, our solar PV plants are almost always able to produce electricity during daytime. See "*—Operating Segment Reporting and other Non Financial Key Operational Data—Power Generation Divisions—Key Operational Data.*" Factors that can reduce the availability of plants include (i) outages "inside the fence", which can be minimized through periodic O&M services, and (ii) breakdowns of transmission systems and grid availability. Under the applicable O&M contract, we generally require a warranty for plant availability set at least at 99% under normal conditions. As a result, if plant availability of a solar PV plant falls below this warranty level, we have contractual recourse against the O&M contractor and we are able to partly compensate for the related loss in revenue from the Power Generation division; however, if we act as O&M contractor in relation to that plant, we will concurrently record the amount paid as an expense in our Services division.

We expect that the revenue and profits generated by our Power Generation division will increase with the expected expansion of the Company's assets in operation, including in connection with the acquisition of the Spanish Operating Assets and the investments in the Planned Project Investments. Given that production environments are relatively stable, that pricing structures are pre-determined under long-term off-take arrangements, and that most cost elements are fixed in nature, these operating assets are expected to generate relatively stable revenues, profits and cash flows.

Projects built and sold to third parties and third-party EPC contracts in the Development and Construction division

Under IFRS, revenues generated from the development and construction of "build and own" projects are eliminated in our consolidated financial statements as intra-Group transactions. Conversely, when we develop and construct "build and sell" projects, we recognize as operating revenues under IFRS (under the line item "*Variation in stock*") the costs of the construction incurred as the construction advances. When we sell the plant that we have constructed, we recognize the margin associated with the sale as part of our "*Net business turnover*" and, at the same time, we record the costs that we had recognized as operating revenues up to the sale as a negative variation of stock. When we act as an EPC contractor (and when we build a project that has already been pre-sold at the beginning of the construction phase), we recognize revenues under "*Net business turnover*" based on percentage-of-completion as the construction advances. Accordingly, the number of projects we build and sell to third parties and the number of our third-party EPC contracts impacts the results of our Development and Construction division.

Specifically, during the year ended December 31, 2015, we made investments in "build and sell" projects for €41.3 million (recognized as a positive "variation in stock"), primarily in relation to the construction of the Alto Cielo plant (€26.4 million) and the PMGD plants (€14.9 million). During the year ended December 31, 2016, we sold the Alto Cielo, Moquegua FV and Ataca plants and we therefore recorded the €119.4 million development and construction costs previously recognized in connection with these plants as a negative "variation in stock". During the same year, material investments in "build and sell" projects included the development and construction costs incurred in connection with construction of the Telangana plant and the PMGD plants for a total of €8.2 million which we recognized as a positive "variation in stock". During the year ended December 31, 2017, we made investments in "build and sell" projects for €17.2 million (recognized as a positive "variation in stock"), primarily in relation to the final stage of the construction of the PMGD plants (€14.8 million). However, in the six months ended June 30, 2018 and the in the nine months ended September 30, 2018, as a result of our new business strategy, we reclassified the Telangana and PMGD plants as "build and own" projects and, therefore, they are classified as "fixed assets", and no longer as "stock", in our Audited Interim Consolidated Financial Statements and our Interim Consolidated Financial Statements. See "*–Factors affecting comparability*".

Our performance in the Development and Construction division and, thus, our ability to generate attractive margins depends on our cost efficiency in the execution of the construction of the projects. The cost base mainly reflects direct materials, solar modules, labor, subcontractor costs, and those indirect costs related to contract performance, such as indirect labor and supplies. These costs will naturally vary with the activity level. As a result, we seek to efficiently and actively manage our supply chain to reduce costs, while aiming to hire high-quality and cost effective subcontractors. At the same time, our ability to maintain competitive margins will depend on the quality and bankability of the projects that we develop, while focusing on the quality and timely completion of our projects to avoid incurring penalties and other contractual claims by our customers.

Services division portfolio volume

Our results in the Services division are affected by the number of plants for which we perform O&M services and asset management services, the quality of our services as well as the cost-efficiency of our operations. As of September 30, 2018, our portfolio of O&M contracts covered plants with a total capacity of 160 MW, comprising solar PV power plants in which we held an equity interest as well as third-party owned plants. In addition, as of the same date, we provided asset management services to plants with a total capacity of 330 MW.

Our O&M agreements generally include warranties for response time, availability and, in certain circumstances, performance ratios. We have been able to achieve high levels of plant availability for solar plants for which we provide O&M services. For the years ended December 31, 2015, 2016 and 2017, the weighted average availability of plants under O&M services was 99.8%, 99.8% and 99.7%, which we believe demonstrates the high quality of our services and has led to a high level of renewal of contracts by our third-party customers. Our O&M agreements typically have average terms of 10 years, and the customers typically pay us a fixed fee averaging around €19,000/MW, while our asset management contracts typically have terms between one and three years, with an average annual fee of around €4,000/MW.

Operating expenses related to the Services activities are mostly fixed, comprising primarily monitoring, maintenance, repairs, spare parts availability, security and reporting. We have been able to take advantage of economies of scale to reduce our costs and improve our margins in the Services division, specifically, by carrying out a large portion of our O&M services through our ROC from our headquarters in Spain and by reducing the number of on-the-ground operators who carry out the maintenance of the plants. As a result, during the years ended December 31, 2015, 2016 and 2017, we were able to achieve gross profit margins in our Services division of 47.6%, 46.6% and 45.1%, respectively. 'Gross profit margin' is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'gross profit margin' as an APM.

Vertically-integrated company with intra-Group transactions eliminated in the consolidated financial statements under IFRS

We are a vertically-integrated company with three operating divisions: (i) Development and Construction, (ii) Power Generation, and (iii) Services, as well as our Corporate unit, which includes only residual general corporate and administrative costs. Our consolidated financial statements primarily reflect the revenues of the Group with third parties (i) from our Power Generation and Services divisions and (ii) from projects built and sold to third parties and third-party EPC contracts in our Development and Construction division, because the results of transactions between our Development and Construction and our Services divisions, on the one hand, and companies deemed to be controlled by the Group, on the other hand, are eliminated under IFRS. The underlying activity level and financial performance of the Development and Construction and the Services divisions are therefore fully reflected only in the segment reporting by division before consolidation eliminations. See "*—Operating Segment Reporting and Non Financial Key Operational Data.*" However, profit attributable to the equity holders of the parent company is positively affected by these eliminated transactions. Further, the results of the Development and Construction and the Services divisions, before intra-Group eliminations, impact the consolidated balance sheet as well as the consolidated statement of cash flow.

Significant upfront investments in the development phase of new projects

The development phase of a project requires us to make significant upfront investments, particularly in connection with costs associated with project analysis and feasibility studies, payments for land rights, payments for interconnection and grid connectivity arrangements, government permits, engineering and procurement of solar panels, balance of system costs or other payments, in addition to the personnel-hours dedicated by our team of project developers and supporting engineers. We have historically relied on our own equity contributions and bank loans to pay for costs and expenses incurred during project development.

As part of our development initiatives, we have adopted strict criteria and internal procedures, which include a close review of development expenses. In particular, with respect to each development proposal, we evaluate solar resources, suitable land, existing electrical infrastructure for interconnection, electricity demand and growth, available creditworthy off-takers, market regulation, long-term investment environment, installed generation capacity, projected cash requirements (which reflect development costs and expected lead-time) and expected cash generation capacity. The goal of this analysis is to identify and pursue only highly-bankable projects and minimize the risk that any development investments made would need to be written off if the project is not successful. We also choose to own and operate some of the projects and generate revenue by generating and selling electricity to the grid companies. As a result, our ability to identify bankable projects, engage credit-worthy purchasers timely and to negotiate favorable purchase price and payment terms directly affects our financial performance.

Availability of financing and related costs for the funding of projects

Our industry is capital intensive and, therefore, the development and construction of a solar PV power plant requires us to make substantial investments. As a result, our financial results are affected by the availability and cost of project financing. For constructing and acquiring assets, we have used non-recourse financing which is typically secured by the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, such non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. Except for a limited recourse during the construction phase until final acceptance, the financing banks have recourse solely to the cash flows generated by the projects financed, with the project's assets, rights and interests held as collateral, but no recourse to the Company itself.

Furthermore, the overall cost associated with the funding of our projects is a function of not only the interest rate and the margin of the loan as well as the transaction costs related with the negotiation and structuring of the relevant project financing documentation, but it is also a function of how restrictive the underlying financial covenants are (in particular the debt coverage ratio and limits on leverage that we are able to incur), which ultimately determines the cost of capital. As a result, our future performance will be driven by our ability to reduce financial costs of funding by being able to identify potential lenders, developing bankable projects with a low risk profile, a profitable off-take arrangement, high-quality project contracts and securing these contracts. This, in turn, allows us to negotiate less stringent covenants that may permit us to potentially incur more leverage and free up capital for our operations and additional investments.

Foreign Exchange Rates

The functional currency of the Group is the euro. Our international expansion and our increasing volume of business outside Spain expose us to changes in various currency exchange rates. In particular, we generate revenue and incur expenses in currencies other than the euro, including the U.S. dollar, the Indian rupee, the Chilean peso and the Peruvian sol, among others, so that fluctuations in foreign currencies relative to the euro impact our results of operations. We try to minimize the effect of foreign exchange fluctuations by incurring expenses and liabilities (including debt financing) related to a given project in the same currency as the revenue from that project and thus matching revenue and assets with expenses and liabilities (including debt financing) in each currency, to the extent commercially practicable. Consistent with our rigorous investment policy, we prioritize U.S. dollar– and euro–denominated contracts, and we generally seek to generate at least 67% of the aggregate of our Power Generation and Services divisions' cash flows denominated in hard currency (such as the U.S. dollar and the euro) to limit our exposure to fluctuations in the value of other currencies.

We are also exposed to foreign exchange translation risk with respect to certain of our subsidiaries that keep their accounts in currencies other than the Euro (our reporting currency). The contribution of these subsidiaries to our financial statements is affected by the exchange rate between their reporting currency and the euro. We enter into various derivative financial instruments (exchange insurance) to hedge or mitigate the risk of exchange rate fluctuations of investments in subsidiaries, associates, joint ventures and branches, whose activities are based or are carried out in a currency other than the U.S. dollar and/or the euro, particularly the Indian rupee, the Chilean peso and the Peruvian sol, among others. See "*Risk Factors—Risks Relating to Our Business— We are exposed to interest rate and currency exchange risks, given the highly levered nature of our assets and our diverse international activity*."

Regulatory and tax environment

Our operations are subject to a wide range of laws and regulations. Compliance with such regulation requires us to incur significant costs. The regulatory framework in which we operate governs, among other matters, land utilization, development and zoning plans, tariffs, health, safety and environmental protection, power market, grid operation, air pollution emissions, wastewater discharges, solid and hazardous waste management, and the use, composition, handling, distribution and transportation of hazardous materials. Many of these laws and regulations are becoming increasingly stringent (and may apply a strict liability regime), and the cost of compliance with these requirements can be expected to increase over time. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. In addition, we incur costs to comply with permits, licenses and conditions necessary for our operations, including permission to use water for the cleaning of solar panels and regulations of environmental issues such as the safeguard of natural conditions and wildlife. A failure to comply with any of these laws, regulations or permits could result in civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of our operations. See "*Regulation*" and "*Risk factors—Risks relating to the Legal and Regulatory Framework—We are subject to significant government regulation and our business and results of operations could be adversely affected by changes in the law or regulatory schemes.*"

Environmental regulation has changed rapidly in recent years, and it is possible that we will be subject to even more stringent environmental standards in the future, particularly with respect to environmental reports and requirements to participate in auctions. We are also exposed to a potential change of the regulatory environment in the Power Generation division, where broader regulatory changes to the electricity market, such as more stringent requirements for the operation of power plants or higher electricity tolls and transmission tolls, could have a material impact on our operations and our profitability.

Moreover, we operate under several tax regimes with varying tax legislation. Due to the large extent of intercompany transactions, this imposes both risks and opportunities to set up tax efficient and sustainable transaction structures. The Group is subject to the regional tax regime in force applicable in the Basque Country in Spain. In March 2018, the three provinces of the Basque Country with the power to issue their own tax rules approved a significant corporate income tax reform legislation, which is effective for tax years beginning on or after January 1, 2018. The tax reform, *inter alia*, reduce the corporate income tax rate over two years (for tax years beginning on or after January 1, 2018, the income tax rate is reduced from 28% to 26% and will be further reduced to 24% for tax years starting on or after January 1, 2019) and it extends the carryforward period for tax losses from 15 to 30 years with the tax loss offset amount limited to 50% of the current year's taxable base.

Factors affecting comparability

Investors should note that the presentation of financial information in the Audited Annual Consolidated Financial Statements has been changed in the Audited Interim Consolidated Financial Statements and the Interim Consolidated Financial Statements due to our management's recent change in strategy regarding asset rotation and monetization. Prior to 2018, we implemented a strategy of high asset turnover, selling our majority interests in the solar PV plants that we put into operation, while retaining only minority interests in some cases. Going forward, we intend to maintain majority ownership for more than half of the solar PV plants that we develop and construct, so that the assets we put into operation will not be automatically held for sale. In this way, our management intends to directly manage certain solar PV plants which, as of December 31, 2017, were classified as "Inventories" because, as part of our prior strategy, these plants were expected to be sold in the near term. As part of the new strategy, such assets have been reclassified as "Property, plant and equipment" in the Audited Interim Consolidated Financial Statements and in the Interim Consolidated Financial Statements. In addition, the financing agreements associated with these assets have been reclassified in accordance with their contractual maturity, as either long-term or short-term debt, while in prior periods such financings were classified as short-term debt regardless of the respective contractual maturity, as we intended to sell such underlying assets as part of the prior strategy, described above.

Key Income Statement Items

Set forth below is a brief description of the composition of the key line items of our consolidated income statement.

Operating revenues

Operating revenues consist of:

- *net business turnover*, which mainly includes (i) with respect to our Development and Construction division, revenues from the sale to third parties of the solar PV plants we develop and construct and revenues generated when we act as EPC contractor in relation to third party projects, (ii) with respect to our Services division, revenues generated from O&M and asset management services rendered to third parties, and (iii) with respect to our Power Generation division, revenues from the sale of energy produced by our solar PV power plants under the applicable off-take arrangement (with any residual excess capacity sold on the spot market);

- *other operating revenues*, which include insurance reimbursements, penalties and other liquidated damages received from subcontractors and other public subsidies; and

- *variation in finished and work-in-progress stock*, which reflects the costs of the development and construction of plants available for sale incurred as the construction continues, which is then recorded as a negative variation once the sale of the relevant plant occurs.

Operating expenses

Operating expenses consist primarily of raw and indirect material consumption, cost of personnel, amortization and impairments and other operating expenses, which include legal fees and other third party costs incurred in connection with the sale of plants.

Financial income and expenses

Financial income includes interest income from banks and from other financial assets, dividends from investments, gain from exchange rate transactions including income deriving from hedging instruments and other financial income. Financial expenses include interest expense on bank borrowings and financial debts, commissions on guarantees, losses from exchange rate transactions including losses deriving from hedging instruments and other financial expenses.

Net differences in exchange rates

Net differences in exchange rates represent differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, as recognized in the income statement.

Tax on profits

Tax on profits includes current income taxes, changes in deferred tax assets and changes in deferred tax liabilities calculated based on profit before tax affected by temporary and/or permanent tax differences referred to in the applicable law.

Results of Operations

Nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

The following table sets forth our consolidated statement of profit and loss for the periods indicated:

	Nine Months Ended September 30,		**Percentage Change**
	2017	**2018**	
	(*unaudited*)		
	(*in € thousands, except percentages*)		
Net business turnover	7,876	20,029	154.3%
Other operating revenues	1,798	109	(94.0%)
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	15,241	683	(95.5%)
Operating revenues	**24,915**	**20,821**	**(16.4%)**
Raw and indirect material consumption	(14,722)	(2,234)	(84.8%)
Cost of personnel	(4,661)	(4,827)	3,6%
Amortizations and impairments	(309)	(2,102)	580.0%
Other operating expenses	(4,803)	(3,106)	(35.3%)
Operating expenses	**(24,495)**	**(12,269)**	**(49.9%)**
Operating profit (EBIT)	**420**	**8,552**	**1,935.6%**
Financial income	186	455	143.9%
Financial expenses	(1,003)	(6,513)	549.3%
Change in fair value of financial instruments	8,176	1,179	(85.6%)
Net differences in exchange rates	(3,322)	(152)	(95.4%)
Net Financial Income/Expense	**4,037**	**(5,031)**	(224.6%)

	Nine Months Ended September 30,		Percentage Change
	2017	2018	
	(*unaudited*)		
	(*in € thousands, except percentages*)		
Interests in profits and loss of associates	(11)	276	(2,595.3%)
Earnings before corporate income tax	**4,447**	**3,798**	(14.6%)
Tax on profits	(49)	(984)	1,898.3%
Profits from the year	**4,397**	**2,814**	(36.0%)
Profits attributable to non-controlling interests	***86***	***528***	*512.8%.*
Profits attributable to shareholders of the Company	***4,311***	***2,286***	*(47%)*

Operating revenues

For the nine months ended September 30, 2018, operating revenues were €20.8 million, a 16.4% decrease from revenues of €24.9 million for the nine months ended September 30, 2017. This decrease was mainly driven by lower activity in the Development and Construction division for third party projects, and partly offset by increased activity in the Power Generation division.

Net business turnover

Net business turnover increased by €12.2 million, or 154%, during the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This increase was primarily due to our Power Generation division, where revenues increased by €10.1 million to €12.4 million during the nine months ended September 30, 2018 compared to €2.3 million during the nine months ended September 30, 2017. This increase was primarily due to revenues generated during the nine months ended September 30, 2018 from the sale of energy produced by the Spanish projects, the Telangana project and the three PMGD project plants, as compared to the nine months ended September 30, 2017 during which period we only generated revenues from the sale of energy produced by the Spanish projects and the PMGD project plants (with two of the three PMGD projects only starting production in July 2017).

With respect to our Development and Construction division, we recorded revenues of €4.8 million from EPC construction activities to third parties in Colombia and Chile during the nine months ended September 30, 2018 compared to €3.0 million from development and EPC construction activities to third parties in Chile during the nine months ended September 30, 2017.

With respect to our Services division, revenues from third parties increased by €0.2 million, from €2.6 million in the nine months ended September 30, 2017 to €2.8 million in the nine months ended September 30, 2018. The increase was due to the new plants under O&M contracts that started operation during the second half of 2017.

In the nine months ended September 30, 2018, 61.9% of our net business turnover was generated from electricity sales, with a further 23.9% generated from development and construction activities and 14.2% from services. Geographically, in the nine months ended September 30, 2018, 42.1% of our net business turnover was generated from our activities in India, 23.2% from Chile, 20.1% from Colombia, 10.6% from Spain and 4.0% from other countries.

In the nine months ended September 30, 2017, 37.6% of our net business turnover was generated from development and construction activities, with a further 33.8% generated from services and the remaining 28.6% was generated from electricity sales. In the nine months ended September 30, 2017, 60.0% of our net business turnover was generated from our activities in Chile, 23.6% from Spain, 5.2% from India and 11.2% from other countries.

Other operating revenues

Other operating revenues decreased by €1.7 million, or 94%, to €0.1 million during the nine months ended September 30, 2018 from €1.8 million in the nine months ended September 30, 2017. This decrease was primarily due to insurance and other contractual payments made for our Chile and Uruguay projects in the nine months ending September 30, 2017 which were not repeated in the comparable 2018 period.

Changes in inventories of finished goods and work in progress & In-house work on non-current assets

Variation in finished and work-in-progress product stock and In-house work on non-current assets decreased by €14.6 million, or 95% to 0.7 million, during the nine months ended September 30, 2018 from €15.2 million in the nine months ended September 30, 2017. This decrease was primarily due to the fact that during the nine months ended September 30, 2017 we increased inventory by recording capitalized construction costs for plants available for sale and classified as inventory in connection with the final development and construction of the PMGD plants.

Operating expenses

Operating expenses decreased by €12.2 million, or 49.9% to €12.3 million, during the nine months ended September 30, 2018 compared €24.5 million in the nine months ended September 30, 2017. This decrease was primarily due to the development and construction activities performed with respect to the PMGD plants during the nine months ended September 30, 2017, which were not repeated during the comparative 2018 period

Raw and indirect material consumption

Raw and indirect material consumption decreased by €12.5 million, or 84.8%, to €2.2 million during the nine months ended September 30, 2018 compared to €14.7 million in the nine months ended September 30, 2017. This decrease was primarily due to the development and construction activities performed with respect to the PMGD plants during the nine months ended September 30, 2017, which were not repeated during the comparative 2018 period.

Cost of personnel

Cost of personnel increased by 3.6% to €4.8 million during the nine months ended September 30, 2018 compared to €4.7 million in the nine months ended September 30, 2017.

Amortization and impairment

Amortization and impairment increased by €1.8 million, or 580%, during the nine months ended September 30, 2018 to €2.1 million compared to €0.3 million in the nine months ended September 30, 2017. This increase was primarily due to the fact that in the nine months ended September 30, 2018, the Spanish projects, the Telangana project and the three PMGD project plants were in operation, while in the nine months ended September 30, 2017, only one of the plants of the Spanish projects was being amortized.

Other operating expenses

Other operating expenses decreased by €1.7 million, or 35.3%, to €3.1 million during the nine months ended September 30, 2018 compared to €4.8 million in the nine months ended September 30, 2017. This decrease was primarily due to the lower activity of the Development and Construction division during the nine months ended September 30, 2018 compared to the comparative 2017 period.

Net Financial income/expenses

Net Financial income/expenses decreased by €9.1 million, or 225%, to expenses of €5.0 million during the nine months ended September 30, 2018 compared to income of €4.0 million in the nine months ended September 30, 2017. This decrease was mainly due to (i) €8.2 million of financial income from the Telangana project for the nine months ended September 30, 2017, (ii) higher financial expenses incurred in the nine months ended September 30, 2018 due to the higher amount of project loans partly offset by (iii) losses due to transactions in foreign currencies for €3.3 million registered in the nine months ended September 30, 2017, compared to €0.2 million in for the nine months ended September 30, 2018.

Tax on profits

For the nine months ended September 30, 2018, we recognized increased tax on profits of €0.9 million, or 1898%, as compared to the nine months ended September 30, 2017.

Six months ended June 30, 2018 compared to the six months ended June 30, 2017

The following table sets forth our consolidated statement of profit and loss for the periods indicated:

	Six Months Ended June 30,		
	2017*	2018	Percentage Change
	(*unaudited*)	(*audited*)	
	(*in € thousands, except percentages*)		
Net business turnover	3,980	12,431	212.3%.
Other operating revenues	1,684	112	(93.3%)
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	14,713	203	(98.6%)
Operating revenues	**20,378**	**12,747**	**(37.4%)**
Raw and indirect material consumption	(14,292)	43	(100.3%)
Cost of personnel	(3,136)	(3,250)	3.6%
Amortizations and impairments	(206)	(799)	287.1%
Other operating expenses	(2,734)	(2,214)	(19.0%)
Operating expenses	**(20,368)**	**(6,220)**	**(69.5%)**
Operating profit (EBIT)	**10**	**6,527**	**66,154.7%**
Financial income	130	345	165.8%
Financial expenses	(454)	(4,321)	851.6%
Change in fair value of financial instruments	7,105	577	(91.9%)
Net differences in exchange rates	(1,363)	324	(123.8%)
Net Financial Income/(expense)	**5,417**	**(3,076)**	**(156.8%)**
Interests in profits and loss of associates	(11)	327	(3.062,7%)
Earnings before corporate income tax	**5,415**	**3,778**	**(30.3%)**
Tax on profits	(639)	(871)	(36.3%)
Profits from the year	**4,777**	**2,907**	**(39.1%)**
Profits attributable to non-controlling interests	***509***	***458***	***(10.0%)***
Profits attributable to shareholders of the Company	***4,268***	***2,449***	***(42.6%)***

* June 2017 figures are unaudited and included for comparative purposes.

Operating revenues

For the six months ended June 30, 2018, operating revenues were €12.8 million, a 37.4% decrease from revenue of €20.4 million for the six months ended June 30, 2017. This decrease was mainly driven by lower activity in the Development and Construction division for third party projects, and partly offset by increased activity in the Power Generation division.

Net business turnover

Net business turnover increased by €8.5 million, or 212%, to €12.4 million for the six months ended June 30, 2018 compared to €4.0 million during the six months ended June 30, 2017, primarily due to our Power Generation division, where revenues increased by €7.5 million to €8.6 million during the six months ended June 30, 2018 compared to €1.2 million during the six months ended June 30, 2017. This increase was primarily due to revenues generated during the six months ended June 30, 2018 from the sale of energy produced by the Spanish projects, Telangana project and the three PMGD project plants, as compared to the six months ended June 30, 2017 during which period we only generated revenues from the sale of energy produced by the Spanish projects and one of the PMGD project plants. With respect to our Development and Construction division, we recorded revenues of €1.8 million from EPC construction activities to third parties in Colombia during the six months ended June 30, 2018 compared to €0.4 million in the six months ended June 30, 2017. These revenues from Colombia correspond to the EPC project, Bolivar, and are accrued based on the level of progress in construction activities; *see "–Project portfolio, Backlog and Pipeline –Project portfolio".*

In the six months ended June 30, 2018, 69.4% of our net business turnover was generated from electricity sales, with 16.4% generated from services and the remaining 14.2% generated from development and construction activities. Geographically, in the six months ended June 30, 2018, 49.1% of our net business turnover was generated from our activities in India, 26.9% from Chile, 11.3% from Spain, 8.8% from Colombia and 3.9% from other countries.

In the six months ended June 30, 2017, 55.8% of our net business turnover was generated from services, 29.1% was generated from electricity sales and 15.1% was generated from development and construction activities. Geographically, in the six months ended June 30, 2017, 44.6% of our net business turnover was generated from our activities in Chile, 29.1 % from Spain, 9.1% from India and 17.2% from other countries.

Other operating revenues

Other operating revenues decreased by €1.6 million, or 93.3%, to €0.1 million in the six months ended June 30, 2018 compared to €1.7 million in the six months ended June 30, 2017. This decrease was primarily related to insurance and other contractual payments for our Chile and Uruguay projects in the June 30, 2017 period which were not repeated in the comparable 2018 period.

Changes in inventories of finished goods and work in progress & In-house work on non-current assets

Variation in finished and work-in-progress product stock decreased by €14.5 million, or 98.6%, to revenue of €0.2 million during the six months ended June 30, 2018 from €14.7 million during the six months ended June 30, 2017. This decrease was primarily due to the fact that we did not sell any plants during the six months ended June 30, 2017, while we increased stock by recording capitalized construction costs of plants available for sale classified as inventory in connection with the final development and construction of the PMGD plants.

Operating expenses

Operating expenses decreased by €14.1 million, or 69.5%, to €6.2 million during the six months ended June 30, 2018 from €20.4 million during the six months ended June 30, 2017. This decrease was primarily due to the development and construction activities performed with respect to the PMGD plants during the six months ended June 30, 2017 which were not repeated during the comparative 2018 period.

Raw and indirect material consumption

Raw and indirect material consumption decreased by €14.3 million, or 100%, during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. This decrease was primarily due to the development and construction activities performed with respect to the PMGD during the six months ended June 30, 2017 which were not repeated during the comparative 2018 period.

Cost of personnel

Cost of personnel increased by €0.1 million, or 3.6%, to €3.3 million during the six months ended June 30, 2018 from €3.1 million to the six months ended June 30, 2017.

Amortization and impairment

Amortization and impairment increased by €0.6 million, or 287%, to €0.8 million during the six months ended June 30, 2018 from €0.2 million the six months ended June 30, 2017. This increase was primarily the result of the fact that in the six months ended June 30, 2018 the Spanish projects, the Telangana project and the three PMGD project plants were in operation, while in the six months ended June 30, 2017 only one of the plants of the Spanish projects was being amortized.

Other operating expenses

Other operating expenses decreased by €0.5 million, or 19%, to €2.2 million during the six months ended June 30, 2018 from €2.7 million during the six months ended June 30, 2017.

Net financial income/(expense)

For the six months ended June 30, 2018, net finance expenses were €3.1 million, a decrease of €8.5 million, or 157%, from net finance income of €5.4 million for the six months ended June 30, 2017. This decrease was mainly due to (i) financial income of the Telangana project of €8.4 million for the six months ended June 30, 2017, (ii) higher financial expenses incurred in the six months ended June 30, 2018 due to the higher amount of project loans partly offset by (iii) losses due to transactions in foreign currencies for €1.4 million registered in the six months ended June 30, 2017, compared to profits of €0.3 million in for the six months ended June 30, 2018.

Tax on profits

For the six months ended June 30, 2018, we recognized tax of profits of €0.9 million, a 36.3% increase from tax on profits of €0.6 million for the six months ended June 30, 2017.

Year ended December 31, 2017 compared to the year ended December 31, 2016

The following table sets forth our consolidated income statement for the periods indicated:

	Year Ended December 31,		**Percentage Change**
	2016*	**2017**	
		(*audited*)	
	(*in € thousands, except percentages*)		
Net business turnover	152,934	13,160	(91.4%)
Other operating revenues	628	1,959	211.8%.
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	(111,262)	17,167	(115.4%)
Operating revenues	**42,300**	**32,286**	**(23.7)%**
Raw and indirect material consumption	(7,413)	(14,158)	91.0%
Cost of personnel	(5,434)	(7,622)	40.3%
Amortizations and impairments	(367)	(416)	13.2%
Other operating expenses	(6,708)	(4,813)	(28.3)%
Operating expenses	**(19,922)**	**(27,008)**	**35.6%**
Operating profit (EBIT)	**22,378**	**5,279**	**(76.4)%**
Financial income	447	539	20.6%
Financial expenses	(4,653)	(2,371)	(49.0)%
Change in fair value of financial instruments	(652)	7,326	(1,223.3%)
Net differences in exchange rates	2,716	(3,576)	(231.7%)
Net Financial Income/(expense)	**(2,142)**	**1,919**	**(189.6%)**
Interests in profits and loss of associates	131	(1,215)	(1,027,2)
Earnings before corporate income tax	**20,367**	**5,983**	(70.6)%
Tax on profits	(5,358)	(623)	(88.4)%
Profits from the year	**15,009**	**5,360**	**(64.3)%**
Profits attributable to non-controlling interests	***1,342***	***635***	***(52.7)%***
Profits attributable to shareholders of the Company	***13,667***	***4,726***	***(65.4)%***

* Restated and unaudited figures as of December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

Operating revenues

For the year ended December 31, 2017, operating revenues were €32.3 million, a 23.7% decrease from revenues of €42.3 million for the year ended December 31, 2016. During the course of 2016, we carried out total and partial divestitures of our interest in several companies operating solar plants; this accounted for a decrease in solar plant sale of €129.4 million, from €133.0 million in 2016 to €3.6 million in 2017, which in turn led to a decrease in net business turnover of €139.8 million, from €152.9 million in 2016 to €13.2 million in 2017. This effect was partly offset by variation in stock, which increased from an expense of €111.3 million in 2016 (as a result of the divestitures during the period) to revenue of €17.2 million in 2017.

Net business turnover

Net business turnover decreased by €139.8 million, or 91.4%, to €13.2 million in the year ended December 31, 2017 from €152.9 million in the year ended December 31, 2016, primarily due to the following:

- with respect to our Power Generation division, revenues decreased by €4.5 million, or 41.6%, in 2017, to €6.3 million recorded in the year ended December 31, 2017 from €10.7 million recorded in the year ended December 31, 2016. This decrease was primarily due to the fact that we generated revenues from the sale of energy produced by the Moquegua FV and Ataca projects (for the first nine months of 2016 until their sale) and the energy generated from PAS1 and SIS SP, while in 2017 we generated revenues from the sale of energy produced by the projects PAS1, PSS and CAS1 (in operation only from the second half of 2017) and Telangana plants (in operation only from the end of 2017);

- with respect to our Development and Construction division:

  (i) revenues from the divestments of plants in operations classified as inventory decreased by €132.8 million in 2017, to €0.2 million recorded in the year ended December 31, 2017 from €133.0 million recorded in the year ended December 31, 2016. Our revenues in 2016 were from of the sale of the Alto Cielo project (Uruguay) and the Moquegua FV (Peru) and Ataca projects (Chile), and in 2017, our revenues were only from the sale of the special purpose entity that owns land rights and other permits and authorizations relating to the DAS project under construction in Chile;

  (ii) revenues generated from development activities to third parties in 2016 for which we recorded €5.8 million revenues relating to the sale of the off-take arrangement for the development of a plant in Chile which we decided not to pursue;

  (iii) revenues generated from EPC activities to third parties increased by €3.4 million in 2017, from nil in the year ended December 31, 2016 to €3.4 million recorded in the year ended December 31, 2017. Due to the EPC services in connection with the DAS plant in Chile in 2017, whereas we did not generate any revenues from EPC services to third parties in 2016;

- with respect to our Services division, revenues from third parties decreased by €0.1 million, or 3.1%, in 2017, to €3.3 million recorded in the year ended December 31, 2017 from €3.4 million recorded in the year ended December 31, 2016.

In the year ended December 31, 2017, 47.5% of our Net business was generated from electricity sales, with 27.7% generated from development and construction activities and the remaining 24.8% generated from services. Geographically, in the year ended December 31, 2017, 55.3% of our net business turnover was generated from our activities in Chile, 21.4% from Spain, 16.6% from India, 3.9% from Peru and 2.8% from Uruguay.

In the year ended December 31, 2016, 90.8% of our net business turnover was generated from our development and construction activities, 7.0% was generated from electricity sales and 2.2% from services. Geographically, in the year ended December 31, 2016, 51.3% of our net business turnover was generated from Chile, 28.1% from Peru, 18.8% from Uruguay and 1.9% from Spain.

Other operating revenues

Other operating revenues increased by €1.3 million, or 212%, from €0.6 million in the year ended December 31, 2016 to €2.0 million in the year ended December 31, 2017.

Changes in inventories of finished goods and work in progress & In-house work on non-current assets

Variation in finished and work-in-progress product stock increased by €128.4 million to revenue of €17.2 million in the year ended December 31, 2017 from negative €111.3 million in the year ended December 31, 2016. This increase was primarily due to the fact that we did not sell any plants in 2017, while we increased stock by recording capitalized construction costs of plants available for sale classified as inventory of €17.2 million (in connection with the final development and construction of the PMGD and Telangana projects). Conversely, in 2016 we increased stock by recording capitalized construction costs of €8.2 million (in connection with the development and construction of the PMGD project) and decreased stock by reversing €119.4 million in previously-recorded capitalized costs as a result of the sale to third parties in the Alto Cielo and Moquegua FV and Ataca projects.

Operating expenses

The following table sets forth a breakdown of our operating expenses for the periods indicated:

	Year Ended December 31,		Percentage Change
	2016*	**2017**	
		(*audited*)	
	(*in € thousands, except percentages*)		
Raw and indirect material consumption	(7,413)	(14,158)	91.0%
Cost of personnel	(5,434)	(7,622)	40.3%
Amortizations and impairments	(367)	(416)	13.2%
Other operating expenses	(6,708)	(4,813)	(28.3)%
Operating expenses	**(19,922)**	**(27,008)**	**35.6%**

* Restated and unaudited figures as of December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

Operating expenses increased by €7.1 million, or 35.6%, to €27.0 million in year ended December 31, 2017 from €19.9 million in the year ended December 31, 2016. As a percentage of operating revenues, operating expenses increased to 83.7% in 2017 from 47.1% in 2016, as discussed below.

Raw and indirect material consumption

Raw and indirect material consumption increased by €6.7 million, or 91.0%, from €7.4 million in year ended December 31, 2016, to €14.2 million in the year ended December 31, 2017. This increase was primarily the result of the increase in our development and construction activities performed with respect to the PMGD, Telangana and Diego de Almagro projects in the course of the year ended December 31, 2017.

Cost of personnel

Cost of personnel increased by €2.2 million, or 40.3%, to €7.6 million in year ended December 31, 2017 from €5.4 million in the year ended December 31, 2016. This increase was primarily the result of a three-year bonus to employees, which we accounted for in 2017.

Other operating income and expenses

Other operating expenses decreased by €1.9 million, or 28.3%, to €4.8 million in year ended December 31, 2017 from €6.7 million in the year ended December 31, 2016. This decrease was primarily the result of extraordinary income related to a penalty charged to a contractor for the delay in the Telangana construction.

Net Financial income and expenses

For the year ended December 31, 2017, net financial income was €1.9 million, from net financial expenses of €2.1 million for the year ended December 31, 2016. This change was mainly the result of the combination of the following factors: (i) financial income of Telangana project of €7.9 million in 2017, partly offset by (ii) higher financial expenses incurred in 2016 due to the higher average amounts of project loans on projects that we sold during the same year and (iii) losses due to transactions in foreign currencies for €3.6 million registered in 2017, compared to profits of €2.7 million in 2016, which was attributable to the appreciation of the euro and the U.S. dollar against certain other operating currencies of the Group's subsidiaries.

As a percentage of operating revenues, financial income and expenses went from a net expense of 5.1% in 2016 to a net income of 5.9% in 2017.

Tax on profits

For the year ended December 31, 2017, tax on profits was €0.6 million, an 88.4% decrease from tax on profits of €5.4 million for the year ended December 31, 2016.

Year ended December 31, 2016 compared to the year ended December 31, 2015

The following table sets forth our consolidated income statement for the periods indicated:

	Year Ended December 31,		
	2015*	2016*	Percentage Change
	(in € thousands, except percentages)		
Net business turnover	16,988	152,934	800.3%.
Other operating revenues	38	628	1,533.1%
Changes in inventories of finished goods and work in progress & In-house work on non-current assets	41,263	(111,262)	(369.6%)
Operating revenues	**58,289**	**42,300**	**(27.4)%**
Raw and indirect material consumption	(37,564)	(7,413)	(80.3) %
Cost of personnel	(4,515)	(5,434)	20.3%
Amortizations and impairments	(362)	(367)	1.5%
Other operating expenses	(5,975)	(6,708)	12.3%
Operating expenses	**(48,416)**	**(19,922)**	**(58.9) %**
Operating profit (EBIT)	**9,873**	**22,378**	**126.7%**
Financial income	543	447	(17.6) %
Financial expenses	(6,416)	(4.653)	(27.5) %
Change in fair value of financial instruments		(652)	
Net differences in exchange rates	4,201	2,716	(35.4) %
Net Financial Income/(expense)	**(1,672)**	**(2,142)**	**(28.1) %**
Interests in profits and loss of associates	691	131	(81.0) %
Earnings before corporate income tax	**8,892**	**20,367**	129.1%
Tax on profits	(1,494)	(5,358)	258.6%
Profits from the year	**7,397**	**15,009**	102.9%
Profits attributable to non-controlling interests	***1,231***	***1,342***	9.01%.
Profits attributable to shareholders of the Company	***6,167***	***13,667***	121.6%

*Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

Operating revenues

For the year ended December 31, 2016, revenues were €42.3 million, a 27.4% decrease from revenues of €58.3 million for the year ended December 31, 2015, as discussed below.

Net business turnover

Net business turnover increased by €135.9 million, or 800%, to €152.9 million during the year ended December 31, 2016 compared to €17.0 million during the year ended December 31, 2015, primarily due to the following:

- with respect to our Power Generation division, revenues decreased by €3.6 million, or 25.3%, in 2016, from €14.3 million recorded in the year ended December 31, 2015 to €10.7 million recorded in the year ended December 31, 2016. This decrease in revenue in 2016 was mainly due to the fact that in September 2016 we partly divested from the Moquegua FV and the Ataca projects. While in the year ended December 31, 2015, we recorded revenues of €12.8 million from the sale of energy produced by the Moquegua FV and Ataca projects, in the year ended December 31, 2016 we only accounted for the revenues from the sale of energy generated by these plants from January to September 2016 for a total of €8.2 million. This was partially offset by an increase of €0.7 million in revenues in 2016 due to the full effect over the year 2016 of the sale of energy produced by the PAS1 solar PV plant, which entered into operation only in June 2015;

- with respect to our Development and Construction division, during the year ended December 31, 2016, we recorded (i) revenues of €133.0 million from the divestments of plants in operations classified as inventory in connection with the sale of both the Alto Cielo project (Uruguay) and the Moquegua FV (Peru) and Ataca projects (Chile) and (ii) revenues of €5.8 million from the sale of the off-take arrangement for the development of a plant in Chile we decided not to pursue, whereas we did not generate any revenues from any of the foregoing activities in the 2015;

- with respect to our Services division, revenues from third parties increased by €0.8 million, or 27.2%, in 2016, to €3.4 million recorded in the year ended December 31, 2016 from €2.6 million recorded in the year ended December 31, 2015. This increase was primarily due to the higher number of plants for which we provided our O&M and asset management services.

In the year ended December 31, 2016, 90.8% of our net business turnover was generated from of development and construction activities, 7.0% was generated from of electricity sales and 2.2% generated from services. Geographically, in the year ended December 31, 2016, 51.3% of our net business turnover was generated from our activities in Chile, 28.1% from Peru, 18.8% from Uruguay and 1.9% from Spain.

In the year ended December 31, 2015, 84.4% of our net business turnover was generated from our electricity sales and 15.6% was generated from our services. Geographically, in the year ended December 31, 2015, 47.6% of our net business turnover was generated from our activities in Chile, 34.1% from Peru, 18.1% from Spain and 0.2% from other countries.

Other operating revenues

Other operating revenues increased by €590.0 thousand, or 1,533%, to €628 thousand in the in the year ended December 31, 2016 from €38 thousand in the year ended December 31, 2015.

Changes in inventories of finished goods and work in progress & In-house work on non-current assets

Variation in finished and work-in-progress product stock decreased by €152.5 million, or 370%, to negative €111.3 million in the year ended December 31, 2016 from €41.3 million in the year ended December 31, 2015. This decrease was primarily due to the fact that in the year ended December 31, 2016, we increased stock recording capitalized construction costs of €8.2 million in connection with the development and construction of the PMGD plant and recorded a decrease in stock by reversing €119.4 million in previously-recorded capitalized costs as a result of the sale to third parties in the Alto Cielo and Moquegua FV and Ataca plants, while in 2015, we did not sell any plant and only recorded an increase in stock of €41.3 million in connection with the construction of the Alto Cielo plant and with the finalization of the construction of one of the PMGD plants.

Operating expenses

Operating expenses decreased by €28.5 million, or 58.9%, to €19.9 million in the year ended December 31, 2016 from €48.4 million in the year ended December 31, 2015. As a percentage of the operating revenues, operating expenses decreased to 47% in 2016 from 83% in 2015.

Raw and indirect material consumption

Raw and indirect material consumption decreased by €30.2 million, or 80.3%, to €7.4 million in the year ended December 31, 2016 from €37.6 million in the year ended December 31, 2015. This decrease was primarily the result of higher of raw and indirect material consumption driven by greater development and construction activities in 2015, compared to 2016.

Cost of personnel

Cost of personnel increased by €0.9 million, or 20.3%, to €5.4 million in the year ended December 31, 2016 from €4.5 million in the year ended December 31, 2015. This increase was primarily the result of the start-up of new development activities in new jurisdiction that were undertaken in the course of 2016.

Other operating expenses

Other operating expenses increased by €0.7 million, or 12.3%, to €6.7 million in the year ended December 31, 2016 from €6.0 million in the year ended December 31, 2015.

Net Financial income and expenses

For the year ended December 31, 2016, net financial expenses were €2.1 million, a 28.1% increase from net financial expenses of €1.7 million for the year ended December 31, 2015. This increase was mainly the result of the combination of the following factors: (i) higher financial expenses associated to derivatives incurred in 2016 due to the higher average amounts of project loans on projects that we sold during the same year and (ii) profits due to transactions in foreign currencies for €4.2 million registered in 2015, compared to profits of €2.7 million in 2016, attributable to the appreciation of the euro and the U.S. dollar against certain other operating currencies of the Group's subsidiaries.

Tax on profits

For the year ended December 31, 2016, we recognized a tax on profits of €5.4 million, an increase from €1.5 million, or 259%, for the year ended December 31, 2015. This increase was primarily due to the divestment of equity stakes in the Ataca and Moquegua FV projects. As a percentage of operating revenues, tax on profits increased from 2.6% in 2015 to 12.7% in 2016.

Liquidity and Capital Resources

Our principal liquidity requirements are to finance project development and construction costs, current operations, working capital requirements and debt service obligations. We will continue to use capital in the future to finance the construction of new solar power plants and support the growth of our development platform. Historically, to fund these requirements and our planned capital expenditures, we have largely relied on cash from operations, sales of stakes in projects, project-level long term borrowings and proceeds from financing provided (indirectly) by Ardian as described under "*Material Contracts–Investment Agreement with and Financing from Ardian*". As a normal part of our business and depending on market conditions, we will from time to time consider opportunities to repay, redeem, repurchase or refinance our indebtedness. Changes in our operating plants, lower than anticipated electricity sales, increased expenses or other events may cause us to seek additional debt, equity or other financing in future periods. There can be no guarantee that financing will be available on acceptable terms or at all. Debt financing, if available, could impose additional cash payment obligations, additional covenants and operating restrictions.

Liquidity Position

The following table sets forth a breakdown of net financial debt as of December 31, 2015, 2016 and 2017 and as of June 30, 2018 and September 30, 2018. 'Net financial debt' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net financial debt' as an APM.

	As of December 31,			As of June 30,	As of September 30,
	2015	2016	2017	2018	2018
			(*in € thousands*)		
Debt with financial institutions (loan funds photovoltaic solar plants)	94,722	3,991	88,450	85,230	85,327
Other debts with financial institutions	18,379	32	28	172	2,857
Subordinated debts with non-controlling partners	–	–	3,717	3,901	3,911
Other financial liabilities	6,913	5,156	5,272	10,518	10,165
Cash and other liquid means	(16,338)	(16,474)	(19,529)	(13,064)	(12,440)
Other current financial assets[2]	(4,936)	(7,066)	(4,757)	(7,345)	(6,090)
Net financial debt [1]	**98,739**	**(14,362)**	**73,181**	**79,412**	**83,730**

[1] 'Net financial debt' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net financial debt' as an APM.

[2] 'Other current financial assets' includes Current investments in group companies and associates, excluding equity investments and Current investments, excluding equity investments and derivatives

Net financial debt as of September 30, 2018 was €83.7 million, compared to net financial debt of €79.4 million as of June 30, 2018. The movement in net financial debt between June 30, 2018 and September 30, 2018 was mainly due to the increase in the corporate debt not related to project finance agreements (namely, working capital financing) provided by Banco Santander of €1.0 million and by Bankinter of €1.7 million and a reduction in the cash and in other current financial assets of €1.9 million. 'Net financial debt' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net financial debt' as an APM.

Net financial debt as of June 30, 2018 was €79.4 million, compared to net financial debt of €73.2 million as of December 31, 2017. The movement in net financial debt between December 31, 2017 and June 30, 2018 was mainly due to the recognition as debt of €5.4 million of the capital contribution of the Axa Clean Energy Fund I as detailed in "*Material Contracts – Investment Agreement with and Financing from Ardian*". See note 12.1 of the Audited Interim Consolidated Financial Statements for more details. 'Net financial debt' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net financial debt' as an APM. As of June 30, 2018, other current financial assets mainly included bank deposits for €6.0 million.

Net financial debt as of December 31, 2017 was €73.2 million, compared to a net financial debt of negative €14.4 million as of December 31, 2016. The increase in net financial debt between December 31, 2016 and December 31, 2017 was mainly due to additional borrowings of €84.7 million which we entered in order to finance construction of the PMGD project by our Chilean subsidiaries (Pozo Almonte Solar 1, S.A., Calama Solar 1, S.A. and Calama Solar 2, S.A.) and the Telangana project by our Indian subsidiaries (Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd), which was partially offset by an increase in cash and other liquid means from our operations. 'Net financial debt' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net financial debt' as an APM.

Net financial debt as of December 31, 2016 was negative €14.4 million, compared to a net financial debt of €98.7 million as of December 31, 2015. The decrease in net financial debt between December 31, 2015 and December 31, 2016 was mainly due to the sale of the Alto Cielo, Moquegua FV and Ataca plants, which led to the consequent de-consolidation of these assets (solar plants) and the financial debt associated with them. As of December 31, 2015, current debt mainly comprised the outstanding loans in the amount of €90.8 million with credit institutions associated with solar PV plants, which were classified as current despite the fact that €87.4 million of the €90.8 million outstanding loans had contractual maturities beyond 12 months, because we planned the sell these assets (and the liabilities associated with them) in the short term. 'Net financial debt' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'net financial debt' as an APM.

The following table sets out a breakdown of gross debt as of September 30, 2018.

		Breakdown Gross debt		
	As of September 30, 2018	Debt without recourse to parent company	Debt with recourse to parent company	Concessions*
	(in € thousands)			
Non-current liabilities				
Non Current payables				
Long-term loan funds-photovoltaic solar plants	*78,114*	*78,114*	–	–
Subordinated debts with non-controlling partners related to plants	*3,417*	*3,417*	–	–
Other non current financial liabilities	*9,637*		*5,056*	*4,580*
Current liabilities				
Current payables				
Short-term loan funds-photovoltaic solar plants	*7,213*	*6,934*	*278*	–
Short-term loan funds-other	*2,857*	–	*2,857*	–
Subordinated debts with non-controlling partners related to stock	*495*	*495*	–	–
Other current financial liabilities	*528*	–	*528*	–
Total gross debt	***102,260***	***88,960***	***8,720***	***4,580***
Debt with financial institutions and other non -related parties	*93,768*	*85,048*	*8,720*	–
Subordinated debt with minority shareholders	*3,911*	*3,911*	–	–
Concessions	*4,580*	–	–	*4,580*

* Concession amount is calculated based on the present value of the lease payments over the expected life of the contract at a discount rate that takes into account the risk associated with the asset.

As of September 30, 2018, we had €85 million outstanding under project finance debt financing arrangements with banks and we had €3.9 million outstanding under minority shareholder loans, all of them granted to our SPVs and without recourse to parent company.

Our non-recourse debt with banks and minority shareholders is €89.0 million and our debt with recourse to our parent company was €8.7 million, as of September 30, 2018.

As of September 30, 2018, we had €8.7 million of debt with banks and other lenders that had recourse to our parent company, including:

- financing provided by ACE Renewable Holding USD (amounting to €5.1 million) expiring March 2023, pursuant to a loan agreement with a 11% of interest rate dated August 2018;

- minority shareholder loans made by TEP Solar (amounting to €0.5 million), as a collateral guarantee for the guarantees relating to the Telangana project where TEP Solar is a minority joint venture partner; and

- working capital financing provided by ICICI Bank (amounting to €0.3 million), by Banco Santander (amounting to €1.2 million) and by Bankinter (amounting to €1.7 million). The capital financing by ICICI Bank is classified as "Debt with financial institutions (loan funds photovoltaic solar plants)" in the table above, because it was entered into by our TS1 project entities. As of September 30, 2018, we had €12.5 million in revolving credit lines, out of which €3.1 million was drawn. The foregoing credit lines mature either in 2019 or thereafter.

We principally incur project finance debt. See "*—Key Factors Affecting Our Results of Operations—Availability of financing and related cost for the funding of projects.*" Compared to corporate debt, project finance debt has certain key advantages, including a clearly defined risk profile, being non-recourse, lower funding costs, generally longer terms and the ability to enable higher leverage on a project company basis. Borrowings under project-specific financing arrangements are secured by the underlying solar PV power plants only. In addition, we have entered into two loans with shareholders in our projects. Borrowings under these minority shareholder loans are typically provided by shareholders in projects to complete their equity contributions In the case of the Telangana project, these shareholder loans took the form of instruments convertible into shares or Compulsory Convertible Debentures (CCDs). CCDs are quasi-equity instruments that are convertible into shares at market value with no change in the shareholders' proportion of shares. As of September 30, 2018, we had €85 million outstanding under project finance debt financing arrangements with banks and we had €3.9 million outstanding under minority shareholder loans, all of them granted to our SPVs.

The table below shows the current status of our project finance debt with banks which amounts to the aforementioned €85 million, as of September 30, 2018, and the main financial covenants under these facilities which are the "Leverage ratio", the "Minimum liquidity" and the "Debt service cover ratio".

Project Name	Financing agreement concession year	Project Start	Loan Currency	Total Loan Amount *(millions in loan currency)*	Outstanding debt as of September 30, 2018 *(millions in EUR)*	Leverage ratio		Minimum Liquidity *(millions)*		Debt service coverage ratio		% Project cost covered	Project Duration *(months)*	Financial Entities	Maturity
						Maximum level accepted under financing agreement	Current level*	Minimum level required by financing agreement	Current level*	Covenant in financing agreement	Current ratio*				
Isla Mayor	2006	2007	EUR	2.01	0.9	77%	45%	0.1	0.4	1.05	1.46	75%	21	Banco Santander & Instituto de Crédito Oficial	2026
Lebrija	2007	2008	EUR	1.34	0.7	77%	36%	0.1	0.2	1.05	1.41	75%	21	Banco Santander & Instituto de Crédito Oficial	2027
Llerena 1	2007	2008	EUR	1.38	0.8	85%	30%	0.1	0.2	1.15	1.35	75%	24	CaixaBank, Banco Sabadell, BPI &	2030

Project Name	Financing agreement concession year	Project Start	Loan Currency	Total Loan Amount *(millions in loan currency)*	Outstanding debt as of September 30, 2018 *(millions in EUR)*	**Leverage ratio**		**Minimum Liquidity** *(millions)*		**Debt service coverage ratio**		% Project cost covered	Project Duration *(months)*	Financial Entities	Maturity
						Maximum level accepted under financing agreement	Current level*	Minimum level required by financing agreement	Current level*	Covenant in financing agreement	Current ratio*				
														Banco Santander	
Llerena 2	2007	2008	EUR	1.90	1.0	85%	31%	0.1	0.4	1.15	1.58	75%	22	CaixaBank, Banco Sabadell, BPI & Banco Santander	2028
Telangana	2017	2017	INR	4,650.8	55.0	75%	70%	0	615.5	1	n.a.[(1)]	75%	17	Power Finance Corporation	2033
PMGD (PAS1-CAS1-PSS)	2016	2015 PAS1, rest 2017	USD	31.9	26.6	56%	52%	1.4	4.15	1.2	2.04	56%	17	Banco Bice and Banco Consorcio	2032
TOTAL					**85.0**										

*All "current" figures are based on latest reporting submitted to the relevant financial entity in compliance with financial reporting covenants in the relevant financial agreement.

(1) The relevant calculation period for the current debt service ratio is 1 year after commissioning of the solar PV plants and this period has not yet elapsed.

See "*Business divisions – Power Generation*" for further details about our project finance debt terms.

Additionally, we have €4.6 million of debt under "Other financial liabilities" that relates to our concessions with the Chilean government which include the right to use some plots of land in Chile for a period of 30 years. This amount is calculated based on the present value of the lease payments over the expected life of the contract at a discount rate that takes into account the risk associated with the asset.

Generally, cash flows generated by the project are distributable to shareholders only after application to repay interest and principal pursuant to the amortization schedule, among other expenses, and the fulfilment of any other contractual covenants. Cash flows generated by a project may not be sufficient to pay dividends to shareholders in any given year or at all and may not be sufficient to repay interest and principal under project financing. Under such arrangements, any claim by us against the assets of the project company are subordinated to those of the lender or lenders until the financing is repaid in full, but the project finance lenders only have recourse to the assets of the project company and not to the shareholder of the project company or the sponsor of the project (except for, in some cases, a limited amount, which is typically not above 5% of the total project costs, and timeframe, which typically does not go beyond two years after COD). Our project debt contains customary non-financial and financial covenants, including maintaining or exceeding certain financial ratios, and limitations on capital expenditures and additional debt. Specifically, our project financing agreements typically include the following financial covenants which are applicable to the specific project or subsidiary that is the debtor in such financing agreements:

- Obligation to maintain a specified debt service coverage ratio, calculated as net cash entries divided by financial expenses.

- Obligation to maintain a minimum level of liquidity in designated reserve accounts.

- Limitations on financial indebtedness, leasing and factoring, with or without recourse.

As of the date of this prospectus, the Group complies with these covenants set out in the applicable project financing agreements.

The non-financial covenants are those usual in this type of project financing agreements, including the following:

- Obligation to comply with laws and regulations, including fiscal, environmental, anti-terrorism and anti-corruption laws.

- Reporting obligations on a quarterly and annual basis.
- Limitation on asset sales.
- Partial limitations on the use of cash including distribution to shareholders and loans pursuant to conditions set out in the applicable agreement.

The Group has implemented procedures to ensure adequate monitoring of its debt covenant obligations.

Pursuant to the terms of our project finance agreements, as of September 30, 2018, there are restrictions on the use of €7.8 million recorded under "Cash" and €3.82 million recorded under "Cash equivalents". The terms of these agreements restrict the use of these funds to paying operating expenses and servicing the debt of each of the SPVs holding the cash. Therefore, as of September 30, 2018, this restricted cash cannot be used by the Company but can be used to repay the project finance debt of the applicable SPVs holding the cash. Therefore, as of September 30, 2018, these financing agreements do not restrict the use of this restricted cash for the repayment of the project finance debt of the applicable SPVs holding the cash.

As of September 30, 2018, the Company operated with a working capital of approximately €12.6 million. 'Working capital' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'working capital' as an APM. The detail on the working capital recognised in the Group's consolidated statements of financial is provided in the following table:

3	**As of September 30, 2018** (*in € thousands*)
Inventories	1,691
Trade and other receivables	10,700
Prepayment for current assets	244
Current Operating Assets	**12,634**
Cash and cash equivalents	12,440
Current Investment in group companies and associates	909
Current investments	6,515
Current Assets	**32,498**
Trade and other payables	8,431
Current accruals and deferred income	41
Current Operating Liabilities	**8,473**
Current payables	11,269
Current provisions	187
Current Liabilities	**19,929**
Total Working Capital	**12,569**

Cash Flows

The following table provides a summary of our consolidated cash flow statement:

	Year Ended December 31,			**Six Months Ended June 30,**		**Nine months ended September 30,**	
	2015*	**2016***	**2017**	**2017****	**2018**	**2017****	**2018**
			(*audited*)	(*unaudited*)	(*audited*)	(*unaudited*)	
			(*in € thousands*)				
Cash flow generated from/(used in) operating activities (1) ……	**(36,401)**	**(2,370)**	**(74,318)**	**(64,135)**	**73**	**(74,297)**	**(3,530)**
Profit for the period after tax	***7,397***	***15,009***	***5,360***	**5,047**	**3,778**	***4,447***	***3,798***
Adjustments for:				-	-		
Depreciation and amortisation charge	362	367	416	206	799	309	2,102
Impairment and gains or losses on disposal of financial instruments	(245)	170	645	(221)	82	-	83

	Year Ended December 31,			Six Months Ended June 30,		Nine months ended September 30,	
	2015*	2016*	2017	2017**	2018	2017**	2018
			(*audited*)	(*unaudited*)	(*audited*)	(*unaudited*)	
			(*in € thousands*)				
Changes in fair value of financial instruments	-	652	290	1,327	(577)	(798)	(1,179)
Changes in provisions	108	(1,536)	305	(18)	(132)	-	(81)
Finance income	(543)	(222)	(474)	(130)	(345)	(186)	(455)
Finance costs	5,836	4,126	2,875	454	4,240	1,003	6,430
Exchange rate differences	(4,201)	(2,716)	3,576	1,363	(324)	3,322	152
In-house work on non-current assets	-	-	-	-	(18)	173	(71)
Other income and expenses	1,494	(5,358)	(623)	11	(327)	11	(276)
Changes in working capital:				-	-		
Inventories	(38,629)	(13,825)	(87,637)	(62,609)	(2,754)	(75,621)	(2,814)
Trade and other receivables	(1,084)	681	(3,553)	(6,273)	281	(8,200)	(2,737)
Trade and other payables	(1,262)	(425)	5,578	750	(940)	3,326	(5,788)
Other non-current assets and liabilities	149	(2,367)	1,677	(121)	(207)	(174)	-
Other cash flows from operating activities:				-	-		
Interest paid	(5,836)	4,126	(2,875)	(454)	(4,197)	(1,003)	(3,618)
Interest received	429	119	213	130	345	186	455
Other payments	(375)	(1,172)	(92)	(3,596)	-	(1,091)	-
Dividends received	-	-	-	-	367	-	470
Cash flow generated from/(used in) investment activities (2) ….	**5,454**	**21,463**	**(5,365)**	**(3,923)**	**(4,010)**	**(48)**	**(4,064)**
Non-current assets	(37)	(372)	(148)	10	(227)	-	(1,807)
Other financial assets	5,491	21,836	(5,217)	(3,934)	(3,783)	(48)	(2,258)
				-	-		
Cash flow generated from/(used in) financing activities (3) ……	**13,823**	**(19,474)**	**83,565**	**62,143**	**(2,218)**	**85,468**	**1,272**
Proceeds and payments relating to financial liability instruments:							
Capital increase	-	5,240	-	-	-	-	-
Proceeds from issue of bank borrowings, net	20,964	3,995	92,110	64,880	-	90,167	4,715
Proceeds from issue of bank with associates						-	190
Repayment of bank borrowings	(1,881)	(272)	(4,043)	(2,109)	(1,872)	(4,042)	(2,920)
Other repayment	(745)	(18,380)	(4,151)	(337)	(178)	(337)	(544)
Dividends and returns on other equity instruments paid:							
Dividends	(4,514)	(10,056)	(350)	(290)	(168)	(319)	(168)
Variations in exchange rates on cash and cash equivalents (4)……	**2,956**	**516**	**(827)**	**(500)**	**(310)**	**(751)**	**(767)**
Increase/(decrease) of cash flow (1 +2+3+4) ……	***(14,168)***	***136***	***3,055***	***(6,415)***	***(6,465)***	***10,372***	***(7,089)***
Cash and cash equivalents at beginning of period	30,505	16,338	16,474	16,474	19,529	16,474	19,529
Cash and cash equivalents at end of period	16,338	16,474	19,529	10,059	13,064	26,845	12,440

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.

** June 2017 and September 2017 figures are unaudited and included for comparative purposes.

Cash Flows generated from/(used in) operating activities

Net cash used in operating activities was €74.3 million in the nine months ended September 30, 2017, compared to €3.5 million used in the nine months ended September 30, 2018. This decrease in cash flows generated from operating activities was mainly due to construction of the Telangana project and two of the PMGD plants in the nine months ended September 30, 2017.

Net cash generated from operating activities was €0.1 million in the six months ended June 30, 2018, compared to €64.1 million used in the six months ended June 30, 2017. This increase in cash flows generated from operating activities was mainly due to construction of the Telangana project and two of the PMGD plants in the six months ended June 30, 2017.

Net cash used in operating activities was €74.3 million in the year ended December 31, 2017, compared to €2.4 million in the year ended December 31, 2016. This increase in cash flows used in operating activities was mainly the result of the construction of PMGD and Telangana projects, whereas in 2016 we generated cash from the sale of the Alto Cielo project (Uruguay) and the Moquegua FV (Peru) and Ataca projects (Chile).

Net cash used in operating activities was €2.4 million in the year ended December 31, 2016, compared to a net cash flow used in operating activities of €36.4 million in the year ended December 31, 2015. The decrease in cash flows used in operating activities was mainly the result of the sale in 2016 of the Alto Cielo project (Uruguay) and the Moquegua FV (Peru) and Ataca projects (Chile), which was partially offset by development and construction costs incurred during the same year in connection with the finalization of the construction of the Alto Cielo project and the initial development and construction of the PMGD project.

Cash Flows generated from/(used in) investing activities

Net cash used in investing activities was €4.1 million in the nine months ended September 30, 2018, compared to nil in the nine months ended September 30, 2017.

Net cash used in investing activities was €4.0 million in the six months ended June 30, 2018, compared to €3.9 million in the six months ended June 30, 2017. The slight increase in investing activities in the six months ended June 30, 2018 primarily related to €0.2 million in new projects.

Net cash used in investing activities was €5.4 million in the year ended December 31, 2017, compared to a net cash flow generated from investing activities of €21.5 million in the year ended December 31, 2016. This increase in cash flows used in investing activities was mainly due to the fact that, in 2017, we invested €5.8 in the development and construction of the Telangana project, while in 2016 we generated €21.9 million from the divestment of our equity interests in the Ataca and Moquegua FV projects.

Net cash generated from investing activities was €21.5 million in the year ended December 31, 2016, compared to a net cash flow generated from investing activities of €5.5 million in the year ended December 31, 2015. The increase of €16.0 million in net cash flows from investing activities was mainly due to the fact that in 2016 we generated €21.9 million from the divestment of our equity interests in the Ataca and Moquegua FV projects, while in 2015 we generated €6 million by decreasing cash invested in short-term treasury investments.

Cash Flows generated from/(used in) financing activities

Net cash generated from financing activities was €85.5 million in the nine months ended September 30, 2017, compared to €1.3 million generated in the nine months ended September 30, 2018. This decrease was due to the borrowings in the nine months ended September 30, 2017 under the project finance loans relating to the Telangana project (€57.1 million) and PMGD project (€28.9 million).

Net cash used in financing activities was €2.2 million in the six months ended June 30, 2018, compared to €62.1 million of cash generated from financing activities in the six months ended June 30, 2017. This decrease in cash flows generated from financing activities was mainly due to the borrowings in 2017 under the project finance loans relating to the Telangana project (€42.4 million) and PMGD project (€18.1 million).

Net cash generated from financing activities was €83.6 million in the year ended December 31, 2017, compared to net cash flow used in financing activities of €19.5 million in the year ended December 31, 2016. The variation in net cash flows from financing activities was primarily due to the borrowings in 2017 under the project finance loans relating to the Telangana project (€60.7 million) and PMGD project (€27.8 million), while in 2016, we repaid €18.4 million in connection with the project financing of the Alto Cielo project and distributed €10 million in dividends, the effect of which was partially offset by the capital increase of €5.2 million paid by Ardian as a minority investor (see "*Material Contracts–Investment Agreement with and Financing from Ardian*").

Net cash used in financing activities was €19.5 million in the year ended December 31, 2016, compared to a net cash flow generated from financing activities of €13.8 million in the year ended December 31, 2015. The variation in net cash flows used in financing activities was primarily due to the fact that in 2016 we repaid €18.4 million in connection with the project financing of the Alto Cielo project and distributed €10 million in dividends, the effect of which was partially offset by the capital increase of €5.2 million paid by Ardian as a minority investor (see "*Material Contracts–Investment Agreement with and Financing from Ardian*"), while in 2015, we borrowed €18.4 million under the project finance loan relating to the Alto Cielo project, the effect of which was partially offset by the distribution of €4.5 million in dividends during the same year.

Capital Expenditures

Our capital expenditure requirements comprise development and construction costs for plants which we build and own, including engineering, procurement and construction costs, equipment costs, internal direct labor (plus consultant and professional fees), engineering and environmental studies, permitting and licensing and legal costs. To date, we have not undertaken major repairs and maintenance to improve the efficiency or extend the life of our operating plants, which – if undertaken – would also be included in our capital expenditures. During the years ended December 31, 2015, 2016 and 2017, and during the nine months ended September 30, 2018, no significant repairs, maintenance or other expansion works were necessary in connection with "build and own" plants and therefore we did not incur any material capital expenditures. See "*Risk Factors—Risks Relating to Our Business—Our facilities are subject to unexpected operational and mechanical failure, which may cause additional costs and can have a negative impact in our business*."

We intend to use a portion of the proceeds of the Offering to acquire the Spanish Operating Assets. See "*Use of Proceeds*" and "*Material Contracts—Acquisition of the Spanish Operating Assets*."

We do not anticipate any additional material capital expenditures in the next three years in connection with existing "build and own" plants in operation. However, we continuously explore investment opportunities in our various geographic locations and business divisions if we believe that any of the opportunities has the potential to meet our internal investment return criteria. In the course of pursuing these investment opportunities, we may successfully bid on projects or operating plants that will require additional capital expenditures.

With respect to investments made in connection with "build and sell" projects, we recognize under IFRS the development and construction costs incurred in connection as revenues under the line item "variation in stock" as the construction advances, which we then reverse once we sell the plant to a third party, recording the revenues from the sale of such project under the line item "net business turnover". For additional information on our recent investments made in connection with "build and sell" projects, see "*—Key Factors Affecting Our Results of Operations—Projects built and sold to third parties and third-party EPC contracts in the Development and Construction division*."

Contractual Obligations

We have contractual obligations related to financial debt commitments that represent prospective cash requirements. The following table summarizes our outstanding contractual obligations and commercial commitments as of September 30, 2018:

	Less than 1 year	1–5 years	Over 5 years	Total[1]
		(in € thousands)		
Bank loans	10,239	21,002	58,943	90,184
Subordinated debt with non-controlling partners	495	2,856	561	3,911
Other financial liabilities	528	3,820	5,817	10,165
Total[1]	11,262	27,678	65,320	104,261

(1) The difference between the total obligations of €104.261 million shown in the table and the Gross Debt of €102 million shown in the preceding table corresponds to debt arrangement expenses of €(2) million that are excluded from this table.

Off-Balance Sheet Arrangements

We have contingent liabilities in respect of bank guarantees and other guarantees provided in the ordinary course of business. In the ordinary course of business, we are required to provide performance guarantees in the form of cash or bank guarantees in connection with the execution of projects. In the case of bank guarantees, a bank or an insurance company, to which we would ultimately be liable, issues a surety bond on our behalf to guarantee satisfactory completion of a project or a contractual obligation of the Company. As of September 30, 2018, we had furnished €27.7 million of guarantees to third parties pursuant to customary industry practice where members of our Group act as sponsors or contractors in the development, construction and operation of projects. See "*Risk Factors –Risks Relating to Our Business – We may be unable to acquire or maintain the performance guarantees and bonds necessary to complete our ongoing projects or to obtain new contracts*."

Quantitative and Qualitative Disclosure about Market Risk

See "*Risk Factors –Risks Relating to Our Business*" for more details.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with IFRS. Significant accounting policies are summarized in Note 3 to our Audited Interim Consolidated Financial Statements and to our Interim Consolidated Financial Statements, which include a description of the accounting principles and valuation standards used in their preparation in accordance with IFRS. Adoption of IFRS is summarized in Note 2.2 to our Audited Interim Consolidated Financial Statements. Our critical accounting policies and estimates are discussed in the following paragraphs.

Net realizable value for the solar PV plants

The Group classifies as stock the solar PV plants of subsidiary companies that are included in the scope of consolidation and whose purpose is sale (the so called "build and sell" projects), materialized through disposal of the shares of such companies. Such assets are measured at production cost for the Group or net assets value, whichever is the lowest. To estimate the fair value of the shares, the Group uses measurement techniques based on future cash flow discounts estimates and on the market yield required by investors for the assets to be analyzed and considering non-binding tender offers for said assets which, even though non-binding, have been made with sufficient analysis of assets and measurement.

Financial debt

Financial debts are initially recognized at their fair value minus the transaction costs incurred. Later, financial debts are measured at their amortized cost; any difference between the obtained funds (net of expenses) and their redemption value is recognized in the income account along the debt life based on the effective interest rate method.

The Group removes financial liabilities from accounts only upon cancellation or maturity of the related obligations. Modifications in the conditions of a financial loan are accounted for as the extinguishments of liabilities only when such modifications are substantial.

Loan funds are classified as current liabilities unless the Group is unconditionally entitled to defer its liquidation for at least 12 months after the balance date. The fees paid for obtaining the facilities are recognized as transaction costs of the debt as long as it is likely a part of or the whole facility will be utilized. In that case, fees are deferred until use of the facility commences.

Loans and credits subject to solar PV plants allocated for sale are classified as current or non-current depending on the expected period for the solar PV park sale, since such disposal, which is performed through sale of shares/interests of the public/private limited company in which the plants are legally structured, involves the removal from the scope of consolidation of all its assets and liabilities.

Because of this, regardless of the maturity calendars that contractually correspond to this subject financing, the total amount of the financing subject to solar PV plants whose sale is expected in twelve months from year-end is classified as current in the attached consolidated balance.

Provisions calculation

Provisions for environmental restoration, restructuring costs and law suits are recognized when the Group has a present obligation, either legal or implicit, as a result of a past event; resource outflow is likely to be necessary to liquidate an obligation; and the amount has been estimated reliably. Provisions for restructuring include penalties for lease cancellation and payments for employee dismissal. No provisions are recognized for future operating losses.

When there is a number of similar obligations, the probability of resource outflow being necessary to liquidate an obligation is determined considering the kind of obligations as a whole. A provision is recognized even when the probability of resource outflow regarding any item included in the same kind may be small.

Provisions are measured at the present value of the payment expected to be necessary to liquidate the obligation using a before tax rate that can reflect the measurement in the present market of the temporary value of the money and specific risks of the obligation. The provision increase due to the test of time is recognized as an interest expense.

Provisions for dismantling of plants and securities

The Group estimates the necessary provisions to deal with the dismantling expenses when there is the obligation to remove the plants from their current location upon termination of a use concession contract for the land where said plants have been built. Said provisions are constituted when the construction has been finished, at the current value of the discounted future cash flows, estimating the expenses based on a formal closure plans and are subject to a formal revision. In addition, the depreciable amount of the asset will be depreciated prospectively over the remaining useful life of said asset.

In addition to the provisions for dismantling expenses, there are provisions registered to guarantee and cover any inaccuracy that may arise from delivered material, supplies and replacements and provisions for penalties due to delays with certain solar plant connections. As of September 30, 2018 provision for dismantling plants was €0.3 million.

Operating Segment Reporting and other Non Financial Key Operational Data

We are an integrated solar PV power producer, and our activities include developing, constructing, operating, managing and owning solar power plants. Transactions in which companies within our Group perform development and construction work (through our Development and Construction division) or deliver O&M or asset management services (through our Services division) to plants that we control are considered internal to the Group. As a result, under IFRS, the revenues and margins from such transactions are eliminated upon consolidation. Because the effects of intra-group transactions are thus eliminated, we believe that our consolidated income statement does not reflect the underlying activity and performance of our business but will instead reflect only transactions with third parties outside our consolidated group. We believe that the underlying activity level and financial performance of our divisions is more accurately reflected in our operating segment reporting before intra-Group eliminations, rather than by referring to the line items in the consolidated financial statements. We therefore present and discuss in our operating segment reporting the results of each division separately, including intra-Group transactions before eliminations upon consolidation, and having regard to our actual percentage equity interest in the project, which we believe better reflects the value creation in each of our operating business divisions. See "—*Key Factors Affecting Our Results of Operations—Vertically-integrated company with intra-Group transactions eliminated in the consolidated financial statements under IFRS.*"

Operating segments information was not included in the Audited Consolidated Financial Statements for the years ended December 31, 2015 and 2016 because IFRS 8 "Operating segments" was not applicable to the Group. However, in our Audited Consolidated Financial Statements for the year ended December 31, 2017, we have included operating segment information for that year as well as for the years ended December 31, 2015 and 2016. Our Audited Interim Consolidated Financial Statements and our Interim Consolidated Financial Statements also include operating segment information. The tables below present this information for the years ended December 31, 2015, 2016 and 2017, the six months ended June 30, 2017 and 2018 and the nine months ended September 30, 2017 and 2018.

The "*Eliminations*" column reflects:

i. the intra-group transactions that, according to the IFRS, are eliminated on consolidation of our profit or loss;

ii. elimination of transactions attributable to our interest in entities not controlled by the Group that are accounted for in various segments but not included in the Group's consolidated operating results under IFRS;

iii. transactions attributable to non-controlling interests in companies that are fully consolidated in the Group's consolidated results under IFRS, but which are partially eliminated in the segments to reflect our proportional ownership interest in the results;

iv. reclassifications of project transactions under IFRS are classified under accounting headings that do not allow a correct analysis of the segment's activity, such as (a) income from penalties for loss of profits that under IFRS are accounted as less operating expense but, as that aim of these penalties is to compensate the income not obtained, in the segmented information they are shown as "Operating income", and (b) financial results of project contracts that under IFRS, since this activity is not the main activity of the Group is classified as financial results, but they are part of the operating results of the projects, and in the segmented information they are shown as Operating results; and

v. exits from the group perimeter, where the margins of the intra-group transactions made with the companies that leave the perimeter are recognized when they are sold but at the segment level, they were recognized at the time of construction.

The segment reconciliation, including the detail of the eliminations by type, are included in Note 5 of our 2017 Audited Consolidated Financial Statements for the year ended December 31, 2017 and Audited Interim Consolidated Financial Statements for the Group as of and for the six months ended June 30, 2018, and Interim Consolidated Financial Statements as of and for the nine months ended September 30, 2018.

The segmented information presented below with respect to our Power Generation division does not reflect the *pro forma* impact of the acquisition of the Spanish Operating Assets, which is discussed under *"Presentation of Financial and Other Information—Pro Forma Financial Information*" and "*Selected Pro Forma Financial Information."*

Segment Income Statement Data

	A. Development and Construction	B. Services	C. Corporate	Aggregated (A+B+C)	D. Power Generation	Total Aggregated Divisions (A+B+C+D)	Eliminations	Consolidated IFRS
For the year ended December 31, 2015 *	*(in € thousands, except ratios)*							
Operating revenues	36,174	4,009	*n/a*	40,183	16,116	56,300	1,989	58,289
Direct costs [(1)]	(31,574)	(2,100)	*n/a*	(33,674)	(3,361)	(37,034)	(8,319)	(45,354)
Gross profit [(2)]	4,600	1,909	*n/a*	6,509	12,756	19,265	(6,330)	12,935
Gross profit margin [(3)]	12.7%	47.6%	*n/a*	16.2%	79.1%	34.2%	*n/a*	22.2%
SGA expenses [(4)]	(2,225)	(194)	(281)	(2,700)	–	(2,700)	–	(2,700)
EBITDA [(5)]	2,375	1,715	(281)	3,809	12,756	16,565	(6,330)	10,235
EBITDA margin [(6)]	6.6%	42.8%	*n/a*	9.5%	79.1%	29.4%	*n/a*	17.6%
Operating Profit (EBIT) [(7)]	2,375	1,704	*(281)*	3,797	6,847	10,645	(772)	9,873
EBIT margin [(8)]	6.6%	42.5%	*n/a*	9.5%	42.5%	18.9%	*n/a*	16.9%

*Restated and unaudited figures included in the 2017 Audited Consolidated Financial Statements for comparison purposes

	A. Development and Construction	B. Services	C. Corporate	Aggregated (A+B+C)	D. Power Generation	Total Aggregated Divisions (A+B+C+D)	Eliminations	Consolidated IFRS
For the year ended December 31, 2016*				*(in € thousands, except ratios)*				
Operating revenues	22,938	4,200	*n/a*	27,138	12,727	39,864	2,436	42,300
Direct costs (1)	(13,186)	(2,244)	*n/a*	(15,430)	(2,528)	(17,958)	1,708	(16,250)
Gross profit (2)	9,751	1,956	*n/a*	11,708	10,199	21,906	4,144	26,050
Gross profit margin (3)	42.5%	46.6%	*n/a*	43.1%	80.1%	55.0%	*n/a*	61.6%
SGA expenses (4)	(2,598)	(413)	(325)	(3,336)	–	(3,336)	32	(3,305)
EBITDA (5)	7,153	1,543	(325)	8,371	10,199	18,570	4,175	22.745
EBITDA margin (6)	31.2%	36.7%	*n/a*	30.8%	80.1%	46.6%	*n/a*	53.8%
Operating Profit (EBIT) (7)	7,139	1,537	*(325)*	8,351	5,416	13,768	8,610	22.378
EBIT margin (8)	31.1%	36.6%	*n/a*	30.8%	42.6%	34.5%	*n/a*	52.9%

*Restated and unaudited figures included in the 2017 Audited Consolidated Financial Statements for comparison purposes

	A. Development and Construction	B. Services	C. Corporate	Aggregated (A+B+C)	D. Power Generation	Total Aggregated Divisions (A+B+C+D)	Eliminations	Consolidated IFRS
For the year ended December 31, 2017				(*audited*) *(in € thousands, except ratios)*				
Operating revenues	36,766	4,679	*n/a*	41,446	13,052	54,498	(22,211)	32,286
Direct costs (1)	(22,093)	(2,571)	*n/a*	(24,664)	(1,713)	(26,377)	5.694	(20,683)
Gross profit (2)	14,674	2,108	*n/a*	16,782	11,339	28,121	(16,517)	11,603
Gross profit margin (3)	39.9%	45.1%	*n/a*	40.5%	86.9%	51.6%	*n/a*	35.9%
SGA expenses (4)	(5,161)	(539)	(223)	(5,923)	–	(5,923)	14	(5,909)
EBITDA (5)	9,513	1,569	(223)	10,859	11,339	22,198	(16,503)	5,695
EBITDA margin (6)	25.9%	33.5%	*n/a*	26.2%	86.9%	40.7%	*n/a*	17.6%
Operating Profit (EBIT) (7)	9,476	1,563	*(223)*	10,816	7,316	18,132	*(12,853)*	5,279
EBIT margin (8)	25.8%	33.4%	*n/a*	26.1%	56.1%	33.3%	*n/a*	16.3%

	A. Development and Construction	B. Services	C. Corporate	Aggregated (A+B+C)	D. Power Generation	Total Aggregated Divisions (A+B+C+D)	Eliminations	Consolidated IFRS
For the six months ended June 30, 2017				(*unaudited*) *(in € thousands, except ratios)*				
Operating revenues	33,112	1,978	*n/a*	35,090	3,619	38,710	(18,332)	20,378
Direct costs (1)	(17,634)	(1,194)	*n/a*	(18,828)	(709)	(19,538)	1,303	(18,235)
Gross profit (2)	15,478	784	*n/a*	16,262	2,910	19,172	(17,029)	2,143
Gross profit margin (3)	46.7%	39.6%	*n/a*	46.3%	80.4%	49.5%	*n/a*	10.5%
SGA expenses (4)	(1,615)	(182)	(150)	(1,947)	0	(1.947)	21	(1,926)
EBITDA (5)	13,863	602	(150)	14,315	2,910	17.224	(17,008)	216
EBITDA margin (6)	41.9%	30.4%	*n/a*	40.8%	80.4%	44.5%	*n/a*	1.1%
Operating Profit (EBIT) (7)	13,849	588	(150)	14,287	1,425	15.712	(15,702)	10
EBIT margin (8)	41.8%	29.7%	*n/a*	40.7%	39.4%	40.6%	85.7%	0%

	A. Development and Construction	B. Services	C. Corporate	Aggregated (A+B+C)	D. Power Generation	Total Aggregated Divisions (A+B+C+D)	Eliminations (a)	Consolidated IFRS
For the six months ended June 30, 2018				(*audited*) *(in € thousands, except ratios)*				
Operating revenues	2,496	2,218	*n/a*	4,714	10,131	14,845	(2,099)	12,747
Direct costs (1)	(1,721)	(1,389)	*n/a*	(3,110)	(995)	(4,105)	1,214	(2,891)
Gross profit (2)	775	829	*n/a*	1,604	9,136	10,740	(885)	9,856
Gross profit margin (3)	31.1%	37.4%	*n/a*	34.0%	90.2%	72.3%	*n/a*	77.3%
SGA expenses (4)	(2,079)	(159)	(292)	(2,530)	0	(2,530)	0	(2,530)
EBITDA (5)	(1,304)	670	(292)	(925)	9,136	8,211	(885)	7,326
EBITDA margin (6)	(52.2)%	30.2%	*n/a*	(19.6)%	90.2%	55.3%	*n/a*	57.5%
Operating Profit (EBIT) (7)	(1,308)	656	(292)	(944)	5,998	5,055	1,472	6,527
EBIT margin (8)	(52.4)%	29.6%	*n/a*	(20.0)%	59.2%	34.0%	*n/a*	51.2%

For the nine months ended September 30, 2017	A. Development and Construction	B. Services	C. Corporate	Aggregated (A+B+C)	D. Power Generation	Total Aggregated Divisions (A+B+C+D)	Eliminations	Consolidated IFRS
	(*unaudited*) (*in € thousands, except ratios*)							
Operating revenues	35,158	3,313	*n/a*	38,471	6,235	44,706	(19.792)	24,915
Direct costs [(1)]	(20,037)	(1,869)	*n/a*	(21.906)	(1,283)	(23,189)	2,401	(20,788)
Gross profit [(2)]	15,121	1,443	*n/a*	16,565	4,953	21,517	(17,391)	4,127
Gross profit margin [(3)]	43.0%	43.6%	*n/a*	43.1%	79.4%	48.1%	*n/a*	16.6%
SGA expenses [(4)]	(2,841)	(388)	(169)	(3,398)	-	(3,398)	-	(3,398)
EBITDA [(5)]	12,280	1,056	(169)	13,167	4,953	18,120	(17,391)	729
EBITDA margin [(6)]	34.9%	31.9%	*n/a*	34.2%	79.4%	40.5%	*n/a*	2.9%
Operating Profit (EBIT) [(7)]	12,260	1,051	(169)	13,143	2,345	15,488	(15,068)	420
EBIT margin [(8)]	34.9%	31.7%	*n/a*	34.2%	37.6%	34.6%	76.1%	1.7%

For the nine months ended September 30, 2018	A. Development and Construction	B. Services	C. Corporate	Aggregated (A+B+C)	D. Power Generation	Total Aggregated Divisions (A+B+C+D)	Eliminations (a)	Consolidated IFRS
	(*unaudited**) (*in € thousands, except ratios*)							
Operating revenues	5,459	3,334	*n/a*	8,793	15,398	24,191	(3,370)	20,821
Direct costs [(1)]	(4,894)	(2,022)	*n/a*	(6,916)	(1,501)	(8,418)	2,326	(6,092)
Gross profit [(2)]	565	1,312	*n/a*	1,877	13,896	15,773	(1,044)	14,729
Gross profit margin [(3)]	10.3%	39.4%	*n/a*	21.3%	90.2%	65.2%	*n/a*	70.7%
SGA expenses [(4)]	(2,880)	(249)	(946)	(4,075)	-	(4,075)	-	(4,075)
EBITDA [(5)]	12,315	1,062	(946)	(2,198)	13,896	11,699	(1044)	10,654
EBITDA margin [(6)]	*n/a*	31.9%	*n/a*	(25)%	90.2%	48.4%	*n/a*	51.2%
Operating Profit (EBIT) [(7)]	(2,315)	1,042	(946)	(2,225)	9,217	6,992	1,561	8,552
EBIT margin [(8)]	*n/a*	31.3%	*n/a*	(25.3)%	59.9%	28.9%	*n/a*	41.1%

* Subject to limited review by Deloitte, S.L.

(1) Direct costs is an APM defined as costs and expenses directly attributable to our activities. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

(2) Gross profit is an APM defined as operating revenues minus direct costs. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

(3) Gross profit margin is an APM defined as gross profit expressed as a percentage of operating revenues. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

(4) SGA Expenses is an APM defined as general corporate, administrative expenses including general corporate, administrative and other overhead. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

(5) EBITDA is an APM defined as operating profit (EBIT), plus amortization and impairments. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

(6) EBITDA margin is an APM defined as EBITDA expressed as a percentage of operating revenues. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

(7) Operating Profit (EBIT), when reported on a segmented basis, is an APM. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

(8) EBIT margin is an APM defined as Operating profit (EBIT) expressed as a percentage of operating revenues. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

Power Generation Division

Operating Segment Reporting

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015*	**2016***	**2017**	**2017****	**2018**	**2017****	**2018**
			(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	
			(in € thousands)				
Operating revenues	**16,116**	**12,727**	**13,052**	**3,619**	**10,131**	**6,235**	**15,398**
Direct costs (1)	(3,361)	(2,528)	(1,713)	(709)	(995)	(1,283)	(1,501)
Gross Profit (1)............................	**12,756**	**10,199**	**11,339**	**2,910**	**9,136**	**4,953**	**13,897**
Gross Profit margin (1)................	*79.1%*	*80.1%*	*86.9%*	*80.4%*	*90.2%*	*79.4%*	*90.2%*
SGA expenses (1)	–	–	–	–	–	–	–
EBITDA (1)	**12,756**	**10,199**	**11,339**	**2,910**	**9,136**	**4,953**	**13,897**
EBITDA margin (1)......................	*79.1%*	80.1%	*86.9%*	*80.4%*	*90.2%*	*79.4%*	*90.2%*
Operating profit (EBIT)	**6,847**	**5,416**	**7,316**	**1,425**	**5,998**	**2,345**	**9,217**
EBIT margin (1)...........................	*42.5%*	42.6%	*56.1%*	*39.4%*	*59.2%*	*37.6%*	*59.8%*

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.
** June 2017 and September 2017 figures are unaudited and included for comparative purposes.
(1) APM. See *"–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

The financial results shown in the table reflect our proportional equity interests in the projects. Listed below are the main solar PV projects that contributed to the revenues and profitability of the Power Generation division during the years ended December 31, 2015, 2016 and 2017, the six months ended June 30, 2017 and 2018 as well as for nine months ended September 30, 2017 and 2018:

- *PAS1*: This solar PV project started generating revenues in July 2015;
- *Moquegua FV and Ataca*: These solar PV projects contributed to the EBITDA of the Power Generation division until September 2016, when we sold an 81% equity stake in these projects to ACE, retaining an equity interest of 19% in the project;
- *Alto Cielo*: This solar PV project started generating operating revenues in February 2016, which we then sold in April 2016. As a result, the Alto Cielo project only contributed to the results of our Power Generation division during the first quarter of 2016;
- *PMGD CAS1 and PSS:* These solar PV projects started generating revenues June 2017;
- *Telangana:* This solar PV project started generating revenues in October 2017.

The results in the Power Generation division are influenced by the number of projects we build and keep for ourselves (instead of selling to third parties); the more projects we keep, the higher the revenues in this division. See "*–Key Factors Affecting Our Results of Operations –Projects built and sold to third parties and third-party EPC contracts in the Development and Construction division*". In September 2016, we sold an 81% equity stake in the Moquegua FV and Ataca projects, which were the main projects generating operating revenue and gross profit in the Power Generation division during the year ended December 31, 2015. This sale resulted in an overall reduction of the division's operating profits and gross period from the year ended December 31, 2015 to the years ended December 31, 2016 and 2017. New solar PV projects became operational only during the second half of 2017, partially offsetting the impact of the sale of the Moquegua FV and Ataca projects. In addition, during the year ended December 31, 2017, we improved the gross profit margin of the Power Generation division with the addition of the CAS1, PSS and Telangana projects. 'Gross profit margin' is an APM; see "*—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'gross profit margin' as an APM.

Additional operating segment reporting data by project for the nine months ended September 30, 2018

For the nine months ended September 30, 2018	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana
			*Unaudited** (*in € thousands*)			
% of ownership	**80%**	**83%**	**19%**	**19%**	**10%**	**10%**
Operating revenues	2,689	8,102	1,018	593	640	655
Direct costs [1]	(431)	(201)	(294)	(115)	(61)	(64)
Gross Profit [1]	**2,259**	**7,901**	**725**	**479**	**579**	**590**
Gross Profit margin [1]	*84%*	*97.5%*	*71.2%*	*80.7%*	*90.4%*	*90.2%*
SGA expenses [1]	–	–	–	–	–	–
EBITDA [1]	**2,259**	**7,901**	**725**	**479**	**579**	**590**
EBITDA margin [1]	*84%*	*97.5%*	*71.2%*	*80.7%*	*90.4%*	*90.2%*
Operating profit (EBIT)	**1,097**	**6,076**	**337**	**269**	**346**	**354**
EBIT margin [1]	*40.8%*	*75%*	*33.1%*	*45.3%*	*54.1%*	*54,1%*

For the nine months ended September 30, 2018	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guijo de Coria	Total Power Generation during the period
% of ownership	**4%**	**6%**	**5%**	**8%**	**50%**	
Operating revenues	**177**	**116**	**115**	**189**	**1,104**	**15,398**
Direct costs [1]	**(29)**	**(20)**	**(19)**	**(26)**	**(243)**	**(1,501)**
Gross Profit [1]	**148**	**96**	**97**	**163**	**861**	**13,896**
Gross Profit margin	*83.6%*	*82.9%*	*83.7%*	*86.4%*	*78.0%*	*90.2%*
SGA expenses [1]	–	–	–	–	–	–
EBITDA [1]	**148**	**96**	**97**	**163**	**861**	**13,896**
EBITDA margin [1]	*83.6%*	*82.9%*	*83.7%*	*86.4%*	*78.0%*	*90.2%*
Operating profit (EBIT)	**73**	**48**	**48**	**95**	**474**	**9,217**
EBIT margin [1]	*41.1%*	*41.5%*	*41.7%*	*50.5%*	*43%*	*59.9%*

* Subject to limited review by Deloitte, S.L.

[1] APM. See *"–Alternative Performance Measures –Definitions and Reconciliations"* for details on treatment and reconciliation.

Additional operating segment reporting data by project for the six months ended June 30, 2018

For the six months ended June 30, 2018	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana
			audited (*in € thousands*)			
% of ownership	**80%**	**83%**	**19%**	**19%**	**10%**	**10%**
Operating revenues	**1,717**	**5,443**	**675**	**349**	**439**	**429**
Direct costs [1]	(282)	(151)	(182)	(76)	(41)	(42)
Gross Profit [1]	***1,435***	***5,291***	***493***	***273***	***398***	***388***
Gross Profit margin [1]	*83.6%*	*97.2%*	*73.0%*	*78.2%*	*90.7%*	*90.3%*
SGA expenses [1]	–	–	–	–	–	–
EBITDA [1]	***1,435***	***5,291***	***493***	***273***	***398***	***388***
EBITDA margin [1]	*83.6%*	*97.2%*	*73.0%*	*78.2%*	*90.7%*	*90.3%*
Operating profit (EBIT)	**666**	**4,044**	**237**	**134**	**244**	**232**
EBIT margin [1]	*38.8%*	*74.3%*	*35.0%*	*38.5%*	*55.6%*	*54.1%*

For the six months ended June 30, 2018	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guijo de Coria	Total Power Generation during the period
% of ownership	**4%**	**6%**	**5%**	**8%**	**50%**	
Operating revenues	113	74	74	122	695	10,131
Direct costs [1]	(19)	(13)	(12)	(17)	(159)	(995)
Gross Profit [1]	*94*	*61*	*61*	*105*	*536*	*9,136*
Gross Profit margin	*83.2%*	*82.4%*	*82.4%*	*86.1%*	*77.1%*	*90.2%*
SGA expenses [1]	–	–	–	–	–	–

EBITDA [1]	*94*	*61*	*61*	*105*	*536*	*9,136*
EBITDA margin [1]	*83.2%*	*82.4%*	*82.4%*	*86.1%*	*77.1%*	*90.2%*
Operating profit (EBIT)	**44**	**29**	**29**	**60**	**278**	**5,998**
EBIT margin [1]	*39.0%*	*39.2%*	*39.2%*	*49.0%*	*40.0%*	*59.2%*

[1] APM. See "*–Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

Note*:* The financial results shown in the tables above reflect our proportional equity interests in the projects.

Key Operating Data

The following table summarizes key operational data from the Power Generation division for the periods presented.

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	**2016**	**2017**	**2017**	**2018**	**2017**	**2018**
Energy generated during the period (*on a proportional basis, in MWh*) [1]	119,996	116,402	114,316	29,380	119,946	72,097	174,242
Plant load factor [2]	27.9%	29.4%	28.3%	26.6%	21.5%	27.0%	20.7%

(1) Calculated on a proportional basis, based on the Group's equity interest in the applicable project. The decline in energy generated during the years 2016 and 2017 was primarily due to the sale of an 81% equity interest in the Ataca and Moquegua FV projects in September 2016.

(2) Plant load factor refers to the ratio of the actual output of all our solar PV power plants over the reporting period to their potential output if it were possible for them to operate indefinitely at full capacity. Data for the year ended December 31, 2015 exclude the PMGS PAS1 project and non-operational projects during the period. Data for the year ended December 31, 2017, exclude PMGD CAS1-PSS and Telangana projects.

Additional key operational data by project for the nine months ended September 30, 2018

For the nine months ended September 30, 2018	**PMGD**	**Telangana**	**Ataca**	**Moquegua**	**Tacna**	**Panamericana**
Energy generated during the period (*on a proportional basis, in MWh*) [1]	**48,323**	**96,636**	**9,300**	**6,390**	**3,262**	**3,467**

For the nine months ended September 30, 2018	**Isla Mayor**	**Lebrija**	**Llerena 1**	**Llerena 2**	**Guijo de Coria**	**Total Power Generation during the period**
Energy generated during the period (*on a proportional basis, in MWh*) [1]	**520**	**367**	**364**	**503**	**5,112**	**174,242**

(1) Calculated on a proportional basis, based on the Group's equity interest in the applicable project.

Additional key operational data by project for the six months ended June 30, 2018

For the six months ended June 30, 2018	**PMGD**	**Telangana**	**Ataca**	**Moquegua**	**Tacna**	**Panamericana**
Energy generated during the period (*on a proportional basis, in MWh*) [1]	**32,320**	**68,578**	**6,300**	**4,144**	**2,247**	**2,259**

For the six months ended June 30, 2018	**Isla Mayor**	**Lebrija**	**Llerena 1**	**Llerena 2**	**Guijo de Coria**	**Total Power Generation during the period**
Energy generated during the period (*on a proportional basis, in MWh*) [1]	**311**	**222**	**217**	**306**	**3,044**	**119,946**

(1) Calculated on a proportional basis, based on the Group's equity interest in the applicable project.

Development and Construction Division

Operating Segment Reporting

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015*	**2016***	**2017**	**2017****	**2018**	**2017****	**2018**
			(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	
	(in € thousands)						
Operating revenues	**36,174**	**22,938**	**36,766**	**33,112**	**2,496**	**35,158**	**5,459**
Direct costs [(1)]	(31,574)	(13,186)	(22,093)	(17,634)	(1,721)	(20,037)	(4,894)
Gross Profit [(1)]	**4,600**	**9,751**	**14,674**	**15,478**	**775**	**15,121**	**565**
Gross Profit margin [(1)]	*12.7%*	*42.5%*	*39.9%*	*46.7%*	*31.1%*	*43.0%*	*10.3%*
SGA expenses [(1)]	(2,225)	(2,598)	(5,161)	(1,615)	(2,079)	(2,841)	(2,880)
EBITDA [(1)]	**2,375**	**7,153**	**9,513**	**13,863**	**(1,304)**	**12,280**	**(2,314)**
EBITDA margin [(1)]	*6.6%*	*31.2%*	*25.9%*	*41.9%*	*(52.2)%*	*34.9%*	*n/a*
Operating profit (EBIT)	**2,375**	**7,139**	**9,476**	**13,849**	**(1,308)**	**12,260**	**(2,321)**
EBIT margin [(1)]	*6.6%*	*31.1%*	*25.8%*	*41.8%*	*(52.4)%*	*34.9%*	*n/a*

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.
** June 2017 and September 2017 figures are unaudited and included for comparative purposes.
[(1)] APM. See *"–Alternative Performance Measures –Definitions and Reconciliations"* for details on treatment and reconciliation.

Listed below are the main solar PV projects that contributed to the revenues and profitability of the Development and Construction division during the years ended December 31, 2015, 2016 and 2017:

- *Moquegua FV and Ataca:* We concluded the construction of this plants before January 1, 2015, so the results arising from the construction activity are not reflected in the above table. In September 2016, we sold an 81% stake in these projects to a third party;
- *Alto Cielo*: The construction activity of this project started in the year ended December 31, 2015. We sold the project to a third party during the year ended December 31, 2016;
- *PPA sale*: We decided not to carry out the development and construction of a solar PV project in Chile and therefore sold the related PPA in the year ended December 31, 2016, recording revenues associated with such sale;
- *PMGD*: PMGD includes the PAS1 project, which was constructed during the year ended December 31, 2015, and CAS1 and PSS projects, which were constructed during the years ended December 31, 2016 and 2017;
- *Telangana*: The development and construction activities of this project were carried out during the year ended December 31, 2017; and
- *Diego de Almagro*: This is a "build and sell" project. Although the expected termination date of construction is scheduled for February 2018, the majority of the operating revenues and gross profit were recorded in the year ended December 31, 2017.

Gross profit margin during the year ended December 31, 2015 was 12.7%, mainly driven by the construction of the Alto Cielo project in Uruguay. It was our first project in Uruguay and was not a greenfield development; we acquired PPA rights from a third-party developer and completed development activities up to "ready to build" status. All these elements resulted in a lower gross profit margin in 2015 compared to the years ended December 31, 2016 and 2017. 'Gross profit margin' is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'gross profit margin' as an APM.

Key Operating Data

The following tables summarize key operational data from the Development and Construction division for the periods presented.

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	**2016**	**2017**	**2017**	**2018**	**2017**	**2018**
				(in MW)			
Backlog (*at period end*) [(1)]	189.5	237.5	124.1	133.5	365.6	124.1	510.3
Project under construction (*at period end*)	26.4	21.1	9.4	104.0	10.5	133.4	10.5
Projects reaching operating status during the period[(2)]	10.5	26.4	125.1	21.1	9.4	21.1	9.4
— from Backlog status at the beginning of the period	*10.5*	-	-	-	-	-	-
— from "under construction" status at the beginning of the period...	-	*26.4*	*125.1*	*21.1*	*9.4*	*21.1*	*9.4*
— others [(3)]	-	-	-	-	-	-	-
Projects sold before reaching operating status[(2)]	-	55.0	-	-	-	-	-
Projects in operating status *(on a proportional basis, at period end)* [(4)]	53.4	25.4	128.3	42.3	128.3	42.3	128.3
— additions during the period	-	-	*102.8*	*16.9*	-	*16.9*	-
— sold to third parties during the period	-	*(28.0)*	-	-	-	-	-
Projects in operating status *(total, at period end)*[(5)]	126.6	126.6	251.7	147.7	251.7	147.7	251.7

(1) For a description of our Backlog and internal classification of project development models, see "*Business— Project portfolio, Backlog and Pipeline*". The following table sets forth the changes in Backlog for the period indicated:

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	**2016**	**2017**	**2017**	**2018**	**2017**	**2018**
			(in MW)				
Backlog at the beginning of the period	**31.6**	**189.5**	**237.5**	**237.5**	**124.1**	**237.5**	**124.1**
Additions during the period	*168.4*	*124.1*	-	-	*241.6*	-	*386.2*
Projects reaching operating status	*(10.5)*	-	-	-	-	-	-
Projects sold before reaching operating status	-	*(55.0)*	-	-	-	-	-
Projects reaching "under construction" status	-	*(21.1)*	*(113.4)*	*(104.0)*	-	*(113.4)*	-
Backlog at the end of the period	**189.5**	**237.5**	**124.1**	**133.5**	**365.6**	**124.1**	**510.3**

(2) Projects reaching operating status include all projects that during the period start producing energy, including projects that we do not retain to generate and sell energy. For a description of our project development models, see "*Business—Business Divisions—Development and Construction.*" The following table sets forth a breakdown of projects reaching operating status by development type.

	Year ended December 31,				Six months ended June 30,	Nine months ended September 30,	
	2015	**2016**	**2017**	**2017**	**2018**	**2017**	**2018**
			(in MW)				
Projects reaching operating status during the period	**10.5**	**26.4**	**125.1**	**21.1**	**9.4**	**21.1**	**9.4**
"Build and own" projects	*10.5*	-	*125.1*	*21.1*	-	*21.1*	-
Other projects	-	*26.4*	-	-	*9.4*	-	*9.4*

(3) Includes projects reaching operating status during the period from Pipeline, Identified Opportunities or other status.

(4) Calculated on a proportional basis, based on the Group's equity interest in the applicable project.

(5) Total capacity of solar PV projects in which the Group has an equity interest (irrespective of the percentage of the Group's equity interest).

Services Division

Operating Segment Reporting

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015*	2016*	2017	2017**	2018	2017**	2018
			(audited)	*(unaudited)*	*(audited)*	*(unaudited)*	
				(in € thousands)			
Operating revenues	**4,009**	**4,200**	**4,679**	**1,978**	**2,218**	**3,313**	**3,334**
Direct costs [(1)]...................................	(2,100)	(2,244)	(2,571)	(1,194)	(1,389)	(1,869)	(2,022)
Gross Profit [(1)].................................	**1,909**	**1,956**	**2,108**	**784**	**829**	**1,443**	**1,312**
Gross Profit margin [(1)].......................	*47.6%*	*46.6%*	*45.1%*	*39.6%*	*37.4%*	43.6%	39.4%
SGA expenses [(1)]	(194)	(413)	(539)	(182)	(159)	(388)	(249)
EBITDA [(1)]	**1,715**	**1,543**	**1,569**	**602**	**670**	**1,056**	**1,063**
EBITDA margin [(1)]............................	*42.8%*	*36.7%*	*33.5%*	*30.4%*	*30.2%*	31.9%	31.9%
Operating profit (EBIT)	**1,704**	**1,537**	**1,563**	**588**	**656**	**1,051**	**1,042**
EBIT margin [(1)].................................	*42.5%*	*36.6%*	*33.4%*	*29.7%*	*29.6%*	31.7%	31.3%

* Restated and unaudited figures as of December 31, 2015 and December 31, 2016 included in the 2017 Audited Consolidated Financial Statements for comparative purposes.
** June 2017 and September 2017 figures are unaudited and included for comparative purposes.
[(1)] APM. See *"–Alternative Performance Measures –Definitions and Reconciliations"* for details on treatment and reconciliation.

Operating revenues of the Services division were positively affected by the additions of solar PV projects for which we provide Services. Gross profit margins during the years ended December 31, 2015, 2016 and 2017 have declined mainly because the majority of the new contracts have lower gross profit margins than the existing ones. In addition, during the years ended December 31, 2015 and 2016, we agreed to reduce the price of several existing Services contracts that expired in 2018 in exchange for an extension of such contracts. 'Gross profit margin' is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'gross profit margin' as an APM.

Key Operating Data

The following table summarizes key operational data from the Services division for the periods presented.

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	2016	2017	2017	2018	2017	2018
			(in MW)				
Weighted average availability during the period (*on a proportional basis*) [(1) (2)]	99.8%	99.8%	99.7%	99.8%	99.7%	99.8%	99.7%
Projects under O&M services (*at period end*)	106.4	132.7	153.8	153.8	160.2	153.8	160.2
Projects under asset management services (*at period end*)	198.3	219.4	219.4	219.4	330.3	219.4	330.3

(1) Calculated on a proportional basis, based on the Group's equity interest in the applicable project.

(2) Weighted average plant availability is measured by using as the denominator the total hours that a generating solar PV plant is able to produce electricity over a certain period and using for the denominator that number of hours less all maintenance outage hours, planned outage hours and forced outage hours (excluding the hours where power grid was unavailable), weighted for the relative yearly energy generation of solar PV plants.

Alternative Performance Measures

In this prospectus, we use the following non-IFRS financial measures: direct costs, gross profit, gross profit margin, SGA expenses, EBITDA, EBITDA margin, operating profit (EBIT), EBIT margin, net financial debt, leverage ratio and working capital. We present these measures broken down by division and on an aggregated divisional basis before consolidating adjustments. We use these measures as internal measures to evaluate and compare our performance. For the same reasons, we believe the measures are also useful for communicating with investors and other stakeholders. However, these measures are not defined under IFRS, should not be considered in isolation, do not represent our revenues, margins, results of operations or cash flow for the periods indicated and should not be regarded as alternatives to revenues, cash flow or net income as an indicator of operational performance or liquidity. Changes in these measures do not imply the same change in revenues or other line items in the income statement. See "*Presentation of Financial and Other Information*."

The APMs presented in this prospectus include figures derived from the Group's Audited Consolidated Financial Statements, the Audited Interim Consolidated Financial Statements and Interim Consolidated Financial Statements through aggregation or subtraction. We present these APMs as supplemental information because we believe they provide a useful additional basis for comparing the current performance of the underlying operations being evaluated and facilitate comparisons of operating performance from period to period and company to company. We believe that the presentation of the APMs included herein comply with the ESMA Guidelines. However, the APMs included in this prospectus might not be calculated or presented in the same way as similarly titled measures used by other companies, and consequently, such data may not be comparable with the data presented by such companies.

Definitions and Reconciliations

Direct costs

We define "*direct costs*" as costs and expenses directly attributable to our activities, including costs of raw materials, direct labor costs and direct other operating expenses. Direct costs do not include general corporate, sales, administrative and other overhead expenses.

The following table sets forth the reconciliation of our total direct costs:

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	**2016**	**2017**	**2017**	**2018**	**2017**	**2018**
				unaudited (*in € thousands*)			
Raw and indirect material consumption	(37,564)	(7,413)	(14,158)	(14,292)	43	(14,722)	(2,234)
Direct cost of personnel	(3,685)	(3,867)	(3,957)	(2,243)	(2,028)	(2,883)	(2,936)
Direct other operating income and expenses	(4,105)	(4,971)	(2,569)	(1,700)	(906)	(3,183)	(922)
Direct costs	**(45,354)**	**(16,250)**	**(20,683)**	**(18,235)**	**(2,891)**	**(20,788)**	**(6,092)**

Gross profit

We define "*gross profit*" as operating revenues *less* direct costs. This APM is used to evaluate the profitability of the divisions independently of general corporate, sales, administrative and other overhead expenses.

The following table sets forth the reconciliation of our total gross profit:

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	**2016**	**2017**	**2017**	**2018**	**2017**	**2018**
				(*in € thousands*)			
Operating revenues	58,289	42,300	32,286	20,378	12,747	24,915	20,821
Direct cost	(45,354)	(16,250)	(20,683)	(18,235)	(2,891)	(20,788)	(6,092)
Gross Profit	**12,935**	**26,050**	**11,603**	**2,143**	**9,856**	**4,127**	**14,729**

Gross profit margin

We define "*gross profit margin*" as gross profit expressed as a percentage of operating revenues. This APM is used to evaluate and compare performance across the different divisions, irrespective of their contribution.

SGA expenses

We define "*SGA expenses*" as operating expenses *minus* amortization and impairments *minus* direct costs. SGA expenses include general corporate, sales, administrative and other overhead expenses. This APM is used to assess the amount of fixed costs not directly linked to the level of activity in the different divisions. The following table sets forth the reconciliation of our SGA expenses:

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	2016	2017	2017	2018	2017	2018
	(*in € thousands*)						
Operating Expenses	(48,416)	(19,922)	(27,008)	(20,368)	(6,220)	(24,495)	(12,269)
Direct costs	(45,354)	(16,250)	(20,683)	(18,235)	(2,891)	(20,788)	(6,092)
Amortization and impairments	(362)	(367)	(416)	(206)	(799)	(309)	(2,102)
SGA Expenses	**(2,700)**	**(3,305)**	**(5,909)**	**(1,926)**	**(2,530)**	**(3,398)**	**(4,075)**

EBITDA

We define "*EBITDA*" as operating profit (EBIT), *plus* amortization and impairments. We use EBITDA to track the development of its divisions and to establish operational and strategic objectives. Although EBITDA is used to evaluate the profitability and cash generation of businesses, its use has limitations since, among others, it does not reflect:

- financial expenses, including interest expense, or the cash requirements necessary, to service interest or principal payments on our debt
- currency fluctuation
- tax payments on the benefit
- cash outflows for investments

Given the above limitations, EBITDA should not be considered as a measure of discretionary cash available for us to invest or as a measure of cash that will be available for us to meet our obligations. The following table sets forth the reconciliation of our total EBITDA to our consolidated operating profit (EBIT) under IFRS for the periods indicated:

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	2016	2017	2017	2018	2017	2018
	(*in € thousands*)						
Operating profit (EBIT)	**9,873**	**22,378**	**5,279**	**10**	**6,527**	**420**	**8,552**
Amortization and impairments	362	367	416	206	799	309	2,102
EBITDA	**10,235**	**22,745**	**5,695**	**216**	**7,326**	**729**	**10,654**

EBITDA margin

We define "*EBITDA margin*" as EBITDA expressed as a percentage of operating revenues. This APM is used to evaluate the performance of the different divisions in comparable terms, irrespective of their overall contribution.

Operating Profit (EBIT)

We define "*Operating Profit (EBIT)*" as operating revenues minus operating expenses. We recognize Operating Profit (EBIT) when used on a segmented basis as an APM and we use it to evaluate the profitability of the different divisions in comparable terms, irrespective of their overall contribution. The following table sets forth the reconciliation of our Operating Profit (EBIT):

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	2016	2017	2017	2018	2017	2018
	(*in € thousands*)						
Operating revenues	**58,289**	**42,300**	**32,286**	**20,378**	**12,747**	**24,915**	**20.821**
Raw and indirect material consumption	(37,564)	(7,413)	(14,158)	(14,292)	43	(14,722)	(2,234)
Cost of personnel	(4,515)	(5,434)	(7,622)	(3,136)	(3,250)	(4,661)	(4,827)
Amortizations and impairments	(362)	(367)	(416)	(206)	(799)	(309)	(2,102)
Other operating expenses	(5,975)	(6,708)	(4,813)	(2,734)	(2,214)	(4,803)	(3,106)
Operating expenses	**(48,416)**	**(19,922)**	**(27,008)**	**(20,368)**	**(6,220)**	**(24,495)**	**(12,269)**

	Year ended December 31,			Six months ended June 30,		Nine months ended September 30,	
	2015	2016	2017	2017	2018	2017	2018
				(in € thousands)			
Operating profit (EBIT)	**9,873**	**22,378**	**5,279**	**10**	**6,527**	420	8,552

EBIT margin

We define "*EBIT margin*" as operating profit (EBIT) expressed as a percentage of operating revenues. This APM is used as an indicator on the company's earnings ability.

Net financial debt

We define net financial debt as payables (current and non current) *minus* derivatives (current and non current) *minus* cash and cash equivalents minus current investments excluding derivatives and equity instruments minus current investments in group companies and associates excluding equity instruments. The following table sets forth the reconciliation of our net financial debt:

	Year ended December 31,			Six months ended June 30,	Nine months ended September 30,
	2015	2016	2017	2018	2018
			(in € thousands)		
Non current payables	3,944	4,240	3,352	92,697	91,167
Current payables	116,070	5,514	94,895	7,735	11,269
Non current derivatives	–	(576)	–	–	–
Current derivatives	–	–	(780)	(611)	(177)
Cash and other liquid means	(16,338)	(16,474)	(19,529)	(13,064)	(12,440)
Current investments in group companies and associates, excluding equity investments	(880)	(2,879)	(977)	(734)	(908)
Current investments, excluding equity investments and derivatives	(4,057)	(4,187)	(3,778)	(6,611)	(5,182)
Net financial debt	**98,739**	**(14,362)**	**73,181**	**79,412**	**83,730**

Leverage Ratio

We define "*Leverage ratio*" as net financial debt divided by net financial debt plus equity. This APM is used as an indicator on the company's ability to meet its financial obligations.

	Year ended December 31,			Six months ended June 30,	Nine months ended September 30,
	2015	2016	2017	2018	2018
			(in € thousands)		
a. Net financial debt	98,739	(14,362)	73,181	79,412	83,730
b. Equity	48,903	56,373	52,960	51,970	51,220
c. Net financial debt +equity	147,642	42,011	126,141	131,382	134,950
Leverage ratio (a/c)	**0.67**	**(0.34)**	**0.58**	**0.60**	**0.62**

Working Capital

We define "*Working capital*" as current assets *minus* current liabilities. This APM is used as an indicator of the company's efficiency in keeping its business operating smoothly and meeting all its financial obligations in the coming year. The following table sets forth the reconciliation of our working capital:

	As of September 30, 2018
	(in € thousands)
Current Assets	32,498
Current Liabilities	19,929
Total Working Capital	**12,569**

INDUSTRY AND MARKET OVERVIEW

In this prospectus, statements regarding the industry in which we operate and our position in this industry are based on publicly available third party sources and our experience, internal studies, estimates and surveys, and our own investigation of market conditions, including review of press reports and other publicly available data regarding our competitors. Press reports do not always indicate the date on which the information is current; therefore, there can be no assurance that we have a consistent data set for making comparisons. We believe that the sources of such information in this prospectus are reliable and generally reflective of industry and market conditions as we understand them, but there can be no assurance that any of these assumptions are accurate or correctly reflect our position in our industry. None of our internal surveys or information has been verified by any independent sources. Our internal estimates or judgments and those contained in this prospectus, particularly as they relate to expectations about our market and industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors" and "Forward-Looking Statements" elsewhere in this prospectus. The projections and other forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements". For additional information regarding the presentation of industry and market data in this section, see "Presentation of Industry and Market Data". This work is partially based on 'Renewable Energy Policies in a Time of Transition' developed by the International Renewable Energy Agency (IRENA), Organization for Economic Cooperation and Development (OECD)/International Energy Agency (IEA) and the Renewable Energy Policy Network for the 21st century (REN21) (2018), and the World Energy Outlook 2016 and World Energy Outlook 2017, developed by the OECD/IEA. However, the resulting work has been prepared by us and does not necessarily reflect the views of IRENA, OECD/IEA nor REN21. Neither IRENA, OECD/IEA nor REN21, which have not verified the accuracy of the information presented herein, accepts any responsibility or liability for this work. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this prospectus should be viewed with caution and no representation or warranty is given by any person, including us, the Joint Global Coordinators, the Joint Bookrunner, or the Co-Lead Manager, as to their accuracy.

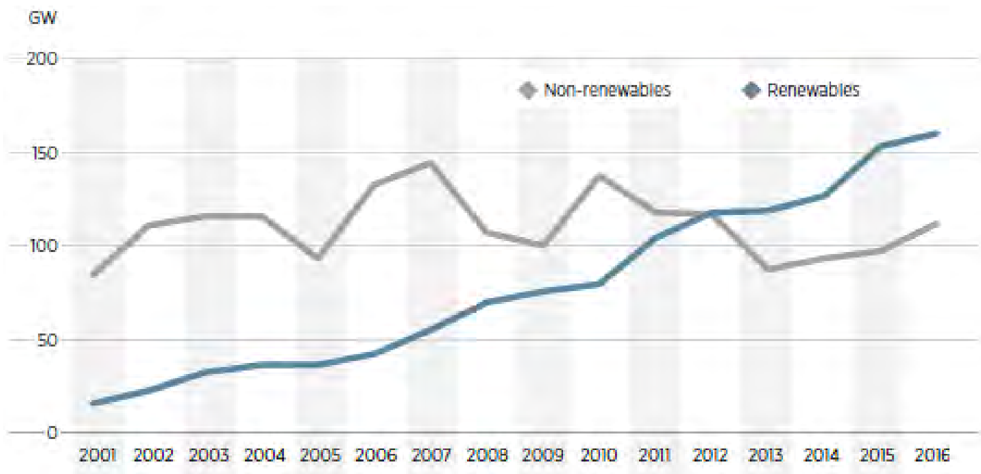
Power Sector Outlook Overview

Electricity is a driving force among worldwide end-uses of energy, making up, under the International Energy Agency's (IEA) New Policy Scenario ("NPS") 40% of the rise in final consumption to 2040 – which, for comparison, represents the same share of growth taken by the oil industry in the past twenty-five years. Electricity demand is expected to rise by 60% to 2040, with over 85% of global growth occurring in developing economies (source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c).

Under IEA's NPS, global electricity demand is projected to grow at 2% annually, increasing by more than two-thirds to 2040 to 34,467 TWh, and is set to diversify and decarbonize: the combined share of electricity generation of solar, wind and other renewable energy sources will increase from 24% in 2016 to 40% by 2040 (source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c).

Underscoring this trend is the fact that, since 2012, annual renewables capacity additions have been constantly outpacing conventional ones and a further acceleration is expected.

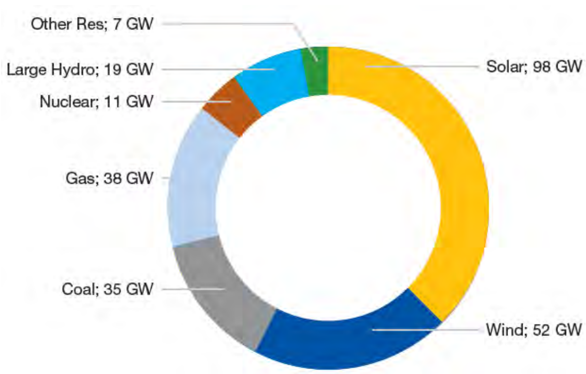
Figure: Renewables and Non-Renewables Power Capacity Additions, 2001-2016



(Source: © IRENA, OECD/IEA and REN21 2018, 'Renewable Energy Policies in a Time of Transition'.)

In 2017 alone, more solar PV capacities were installed globally (~98 GW or ~38% of total net power generating capacity additions of ~260 GW) than for any other power generation technology. In fact, solar alone saw more new capacity deployed than fossil fuels and nuclear combined. Furthermore, solar added nearly twice as much capacity as its renewables peer, wind power (source: © Frankfurt School of Finance & Management gGmbH 2018, Global Trends in Renewable Energy Investment 2018).

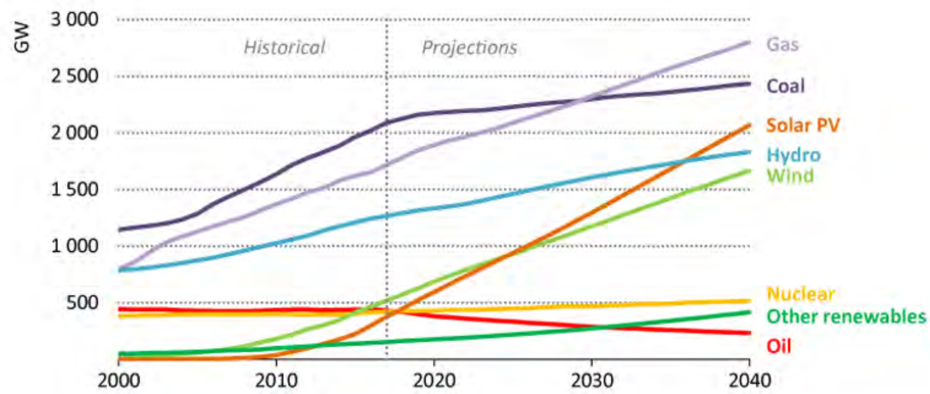
Figure: New Power Generating Capacity Added in 2017 by Main Technology



(Source: © Frankfurt School of Finance & Management gGmbH 2018, Global Trends in Renewable Energy Investment 2018)

Under IEA's NPS, global installed power capacity is projected to rise from approximately 6.7 TW in 2016 to 12.0 TW in 2040, with solar PV representing over 1/3 of the total new power capacity additions globally. Large scale solar PV is set to account for the largest share of renewable energy capacity additions in several regions, including Africa, China, India, Japan, Korea, Middle East and the United States (source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c).

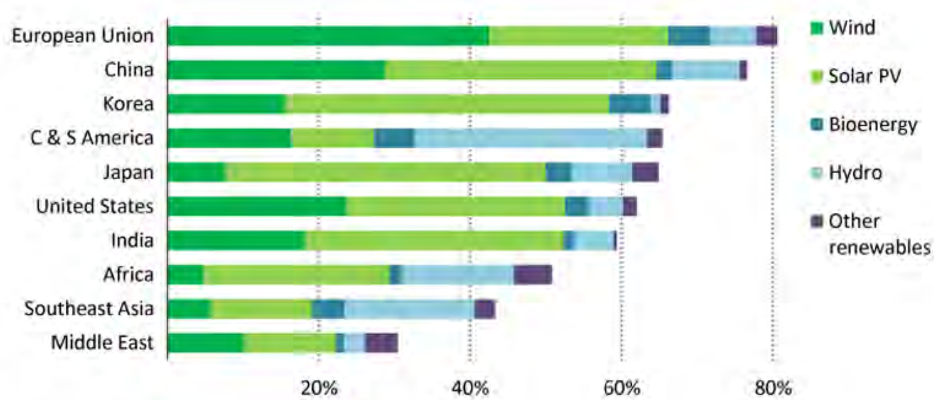
Figure: Installed Power Generation Capacity by Type in the New Policies Scenario



(Source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c)

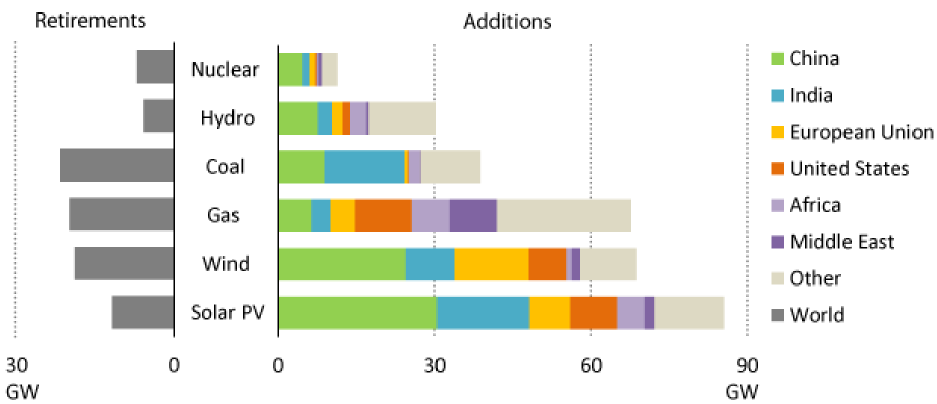
Growth in the renewables space will be driven mainly by densely populated and fast growing countries. Under IEA's NPS, China is expected to add approximately 1,500 GW of new renewable energy capacity through 2040, with solar PV reaching a total installed capacity of 740 GW. Over the same timeframe, India is expected to add approximately 750 GW, with solar PV reaching a total installed capacity of 420 GW. Latin America is expected to add approximately 210 GW of renewables capacity through 2040, so is Africa with approximately 260 GW (source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c).

Figure: Share of Renewables in Total Capacity Additions by Region in the New Policy Scenario, 2017-2040



(Source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c)

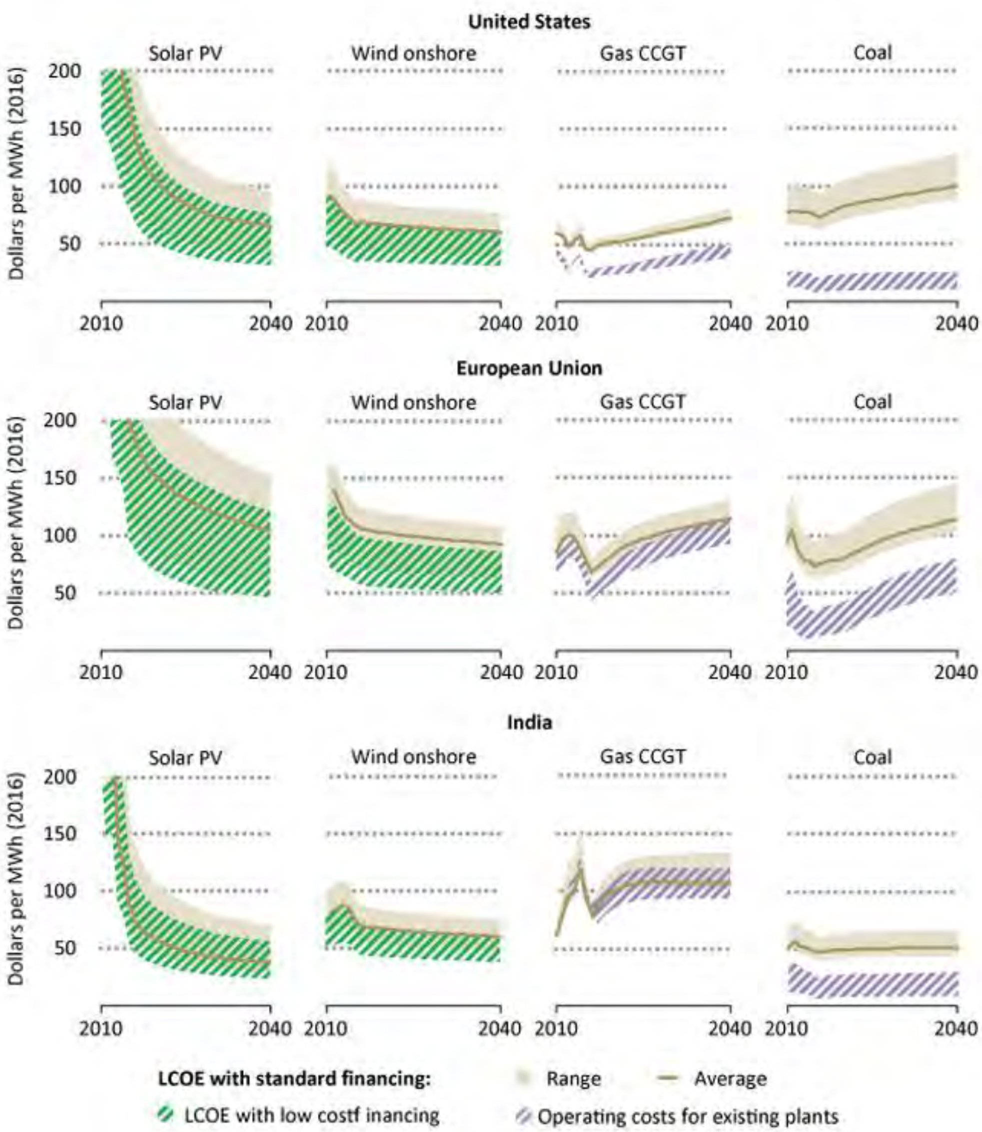
Figure: Global Average Annual Capacity Additions and Retirements by Technology in the New Policies Scenario, 2017-2040



(Source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c)

The evolution of technology costs, particularly for renewables, is one of the most important trends in the power sector. Strong policy support has enlarged the markets for renewables, setting the stage for improvements in manufacturing and research and development. As a result, the average levelized cost of electricity ("**LCOE**") for solar PV has reduced by 70% from 2010 to 2016 (vs. a 25% decrease for wind). Overall cost reductions have been achieved through falling solar module costs and reduced setup costs, resulting from streamlined installation processes and gains in panel efficiency that reduce the physical size of solar arrays per unit of output (source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c).

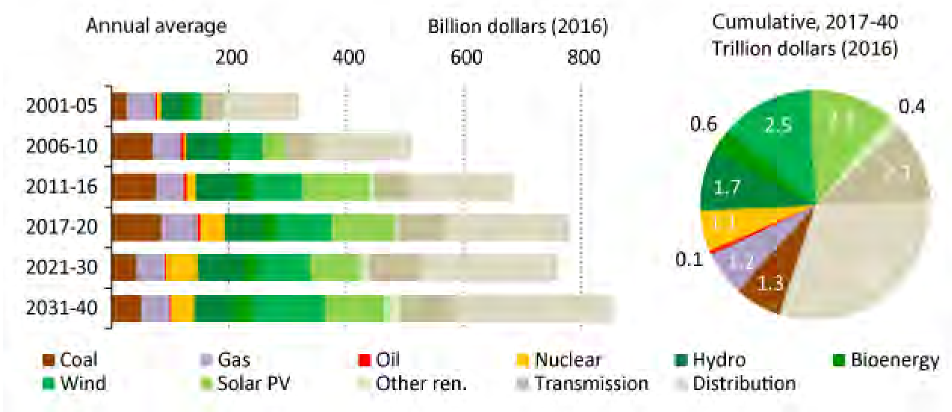
Figure: Historical and Projected Levelized Costs of Electricity by Selected Technology in the New Policies Scenario



(Source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c)

Under IEA's NPS, the expansion and maintenance of the power sector is projected to require over $19 trillion investment through 2040, approximately 60% of which is expected to be invested in the realization of new power plants. Developing economies account for two-thirds of global investment in the power sector. Renewables capture two-thirds of global investment in power plants as they become, for many countries, the least-cost source of new generation (source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c).

Figure: Global Annual Average Power Sector Investment and Cumulative Investment to 2040 in the New Policies Scenario



(Source: © OECD/IEA 2017 World Energy Outlook, IEA Publishing. Licence: www.iea.org/t&c)

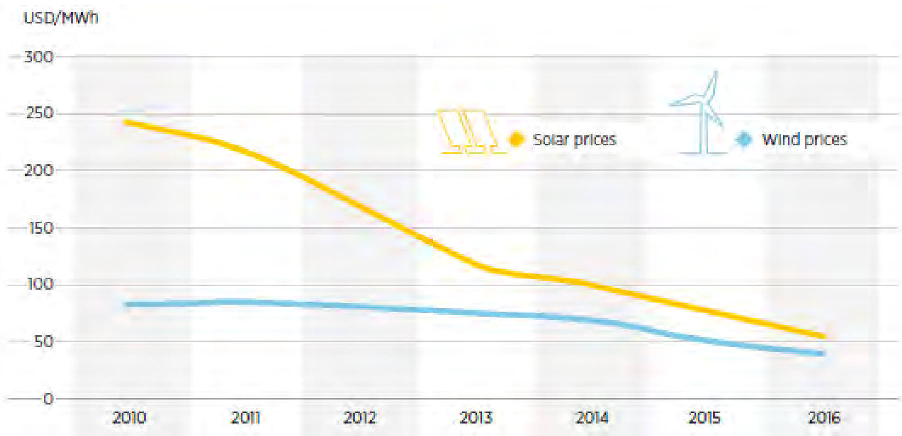
Solar Industry Current Trends and Dynamics

Solar PV is a relatively young industry which has developed extremely rapidly and has entered its growth phase in late 2000s when capacity additions have started to increase substantially boosted by healthy incentive schemes granted by local governments across Europe and China with the intent of accelerating respective economies decarbonization.

Compared to the first expansion phase experienced by the solar industry between 2000 and 2012 that was focused on Europe, some significant changes with respect to key markets and key growth drivers have shaped the market resulting in today's solar industry status. Some of the key trends include:

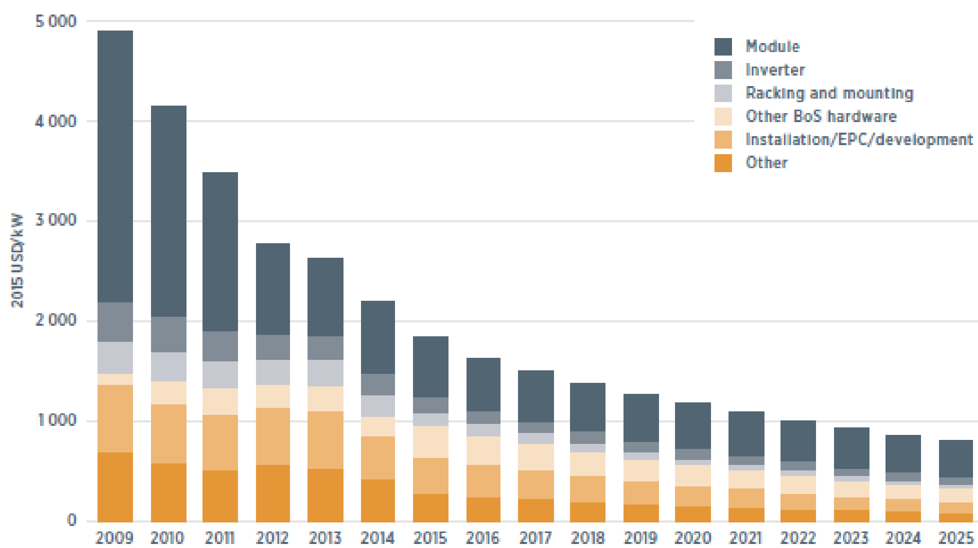
- Increased awareness of renewables with investors demanding more corporate social responsibility;
- Transition from subsidy-driven to self-sustained solar markets regulated through competitive auction and reverse-auction mechanisms which have resulted in solar prices reducing from approximately 250$/MWh in 2010 to below 50$/MWh in most recent auctions;
- Emergence of new high growth markets across Latin America, Africa, Middle East and Southeast Asia;
- Evolution in investor's perception with respect to renewable energy projects which are now perceived as long-term contracted de-risked assets;
- Improved financing terms and conditions underpinned by more sophisticated comprehension by lenders as well as access to new funding solutions such as green bonds and similar instruments; and
- Drastic levelized cost of electricity reduction driven by continuous technological improvements resulting in higher performance, reliability, predictability and thus lower operational and maintenance costs.

Figure: Average Global Prices Resulting from Solar PV and Onshore Wind Auctions, 2010-2016



(Source: © IRENA, OECD/IEA and REN212018, 'Renewable Energy Policies in a Time of Transition'.)

Figure: System Investment Cost Breakdown for Utility-Scale Solar PV, Global Weighted Average



(Source: IRENA (2017), Boosting Solar PV Markets: The Role of Quality Infrastructure, International Renewable Energy Agency, Abu Dhabi)

The rapid market evolution has resulted in several companies being displaced and forced out of business due to their inability to adapt to market dynamics. With solar becoming a mainstream technology and the industry global, long-term success will be guided in our view by factors including the following:

- No direct exposure to component manufacturing as all components have become increasingly commoditized and experienced massive price reductions;
- Vertical integration across the entire development value chain to ensure best practices in project development and execution possible to achieve only through own staff based in relevant countries with skills spreading from development to financing and EPC; and
- Managerial ability to retain organizational agility and flexibility to address any new market opportunity as they become available.

Select Countries Overview

Chile	
Current Power Generation Installed Capacity	~22 GW, 2016
Current Solar PV Installed Capacity	~2 GW, 2017
Expected Solar PV Installed Capacity in 2030	~9 GW
Policy Mechanism	Auction and Tenders

(Source: Climatescope (2017), Country, Chile; IRENA (2018), Renewable Energy Statistics 2018, The International Renewable Energy Agency, Abu Dhabi; ENERO (2018), Boletín del Mercado Eléctrico Sector Generación; Comisión Nacional de Energía.)

Colombia	
Current Power Generation Installed Capacity	~17 GW, 2016
Current Solar PV Installed Capacity	~0.1 GW, 2017
Expected Solar PV Installed Capacity in 2030	~1.2 GW
Policy Mechanism	Auction and tenders

(Source: Climatescope (2017), Country, Colombia; IRENA, Solar Energy (http://www.irena.org/solar); Government of Peru, Minister of Mines and Energy, Unidad de Planeación Minero Energética (2017). "PLAN DE EXPANSIÓN DE REFERENCIA GENERACIÓN – TRANSMISIÓN 2017 – 2031"; PV Magazine (August 2, 2018), "Colombia launches first RE auction").

India	
Current Power Generation Installed Capacity	~314 GW, 2016
Current Solar PV Installed Capacity	~19 GW, 2017
Expected Solar PV Installed Capacity in 2030	~196 GW
Policy Mechanism	Auction and Tenders

(Source: Climatescope (2017), Country, India; IRENA (2018), Renewable Energy Statistics 2018, The International Renewable Energy Agency, Abu Dhabi; IRENA (2017), Renewable Energy Prospects for India, a working paper based on REmap. The International Renewable Energy Agency (IRENA), Abu Dhabi; Government of India, Ministry of New and Renewable – National Solar Mission Phase II).

Peru	
Current Power Generation Installed Capacity	~13 GW, 2016
Current Solar PV Installed Capacity	~0.1 GW, 2017
Expected Renewables Installed Capacity in 2030	~2 GW
Policy Mechanism	Auction and Tenders

(Source: Climatescope (2017), Country, Peru; IRENA (2018), Renewable Energy Statistics 2018, The International Renewable Energy Agency, Abu Dhabi; Government of Peru, "Decreto Legislativo de la Promoción de Inversión para la Generación de Electricidad con el Uso de Energías Renovables", "Reglamento de la Generación de Electricidad con Energías Renovables").

South Africa	
Current Power Generation Installed Capacity	~48 GW, 2016
Current Solar PV Installed Capacity	~2 GW, 2017
Expected Solar PV Installed Capacity in 2030	~10 GW
Policy Mechanism	Auction and Tenders

(Source: Climatescope (2017), Country, South Africa; IRENA (2018), Renewable Energy Statistics 2018, The International Renewable Energy Agency, Abu Dhabi; Government of South Africa, Department of Energy, Integrated Resource Plan for Energy (2017); Renewable Energy Independent Power Producers Procurement Programme (REIPPPP).)

Spain	
Current Power Generation Installed Capacity	~105 GW, 2016
Current Solar PV Installed Capacity	~5 GW, 2017
Expected Solar PV Installed Capacity in 2030	77 GW
Policy Mechanism	Auction, Feed-in Tariff and Tenders

(Source: RED Electrica de Espana (2018), Statistical data, National Statisitical Series; IRENA (2018), Renewable Energy Statistics 2018, The International Renewable Energy Agency, Abu Dhabi; Gobierno de España. Ministerio de Ministerio de Industria, Comercio y Turismo "Comisión de Expertos de Transición Energética – Análisis y propuestas para la descarbonización" (March 2018); Royal Decree 413/2014.)

United States	
Current Power Generation Installed Capacity	~1,079 GW, 2016
Current Solar PV Installed Capacity	~41 GW, 2017
Expected Solar PV Installed Capacity in 2030	405 GW
Policy Mechanism	Investment Tax Credit

(Source: US Department of Energy, US Energy Information Administration (March 2017). "Electric Power Monthly with Data from January 2017"; IRENA (2018), Renewable Energy Statistics 2018, The International Renewable Energy Agency, Abu Dhabi; US Department of Energy, National Renewable Energy Laboratory (September 2017), "SunShot 2030 for Photovoltaics (PV): Envisioning a Low-cost PV Future"; American Recovery and Reinvestment Act of 2009 (H.R. 1).)

BUSINESS

Overview

We are a vertically-integrated, independent solar photovoltaic ("**PV**") power producer with operations in Spain and other key solar markets around the world. We specialize in innovative solar PV power projects, particularly in the field of solar PV energy, with in-house expertise and capabilities along the entire value chain, from the design, development, financing and construction of solar PV power plants to ongoing operation, management and monitoring services as well as the production and sale of affordable, rapidly deployable and sustainable clean energy.

Headquartered near Bilbao, Spain, we have been active since 2005 and we now have a diversified geographic footprint across Europe, Latin America, Asia and Africa, employing 127 people in 10 countries as of September 30, 2018. As of such date, we had offices in 10 countries (United States, Colombia, Peru, Chile, Uruguay, Spain, South Africa, India, Vietnam and Malaysia), as well as equity interests in 11 state-of-the-art solar PV power plants operating in Spain, Peru, Chile and India, which have a total capacity of approximately 252 MW, of which 128 MW (141 MW pro forma for the acquisition of the Spanish Operating Assets) were attributable to our proportional equity interests in such projects. During the year ended December 31, 2017, our solar PV power plants yielded 357.5 GWh (of which 114.3 GWh were attributable to our proportional equity interests in such projects), with a plant load factor of 28.3% and a combined plant availability rate of 99.7%. Furthermore, as of September 30, 2018, we rendered (i) O&M services to 13 solar PV power plants with a total capacity of 160 MW and (ii) management services to 23 solar PV power plants with a total capacity of 330.3 MW. In addition, as of September 30, 2018: our Backlog consisted of nine projects with a total capacity of 510 MW comprised of three projects in Spain (accounting for a total capacity of 211 MW), five projects in Chile (accounting for a total capacity of 169 MW) and one project in India (accounting for a total capacity of 131 MW); and our Pipeline consisted of 19 projects with a total capacity of 1,251 MW comprised of three projects in Spain (accounting for a total capacity of 109 MW), seven projects in Chile (accounting for a total capacity of 247 MW), six projects in South Africa (accounting for a total capacity of 517 MW), and three projects in Colombia (accounting for a total capacity of 378 MW). In addition, as of September 30, 2018, we had 31 projects with a total capacity of 1,695 MW marked as Identified Opportunities comprised of two projects in Spain (accounting for a total capacity of 9 MW), 15 projects in Chile (accounting for a total capacity of 521 MW), three projects in South Africa (accounting for a total capacity of 259 MW), one project in Colombia (accounting for a total capacity of 48 MW), two projects in USA (accounting for a total capacity of 140 MW), one project in Peru (accounting for a total capacity of 180 MW), and additional project opportunities totaling 538 MW in other markets such as Malaysia, Vietnam, Laos, Mali, and the Dominican Republic. As of September 30, 2018, the Company had 10.5 MW under construction for a third party in Colombia.

Since our inception, we have developed and constructed solar PV power plants representing a total capacity of 529 MW in 19 projects and we have acted as contractor or engineering, procurement and construction ("**EPC**") contractor for solar PV power plants across four countries representing a total capacity of 190 MW. Since our inception, we have rendered management services to solar PV power plants with a total capacity of 696 MW. As a result of our understanding of and experience with the project financing structure employed for our and for similar projects, we have successfully negotiated and structured project finance loans for projects with a total capacity of 279 MW, raising an equivalent of approximately €511 million of non-recourse project debt. In addition, as of September 30, 2018, we had secured sponsored investments totaling approximately €652 million (including €202 million in Spain, €122 million in Chile, €225 million in Peru, €75 million in India and €29 million in Uruguay).

Our operations are focused on three primary operational business divisions: Development and Construction, Power Generation and Services. Being a vertically-integrated platform affords us greater understanding and control over project development, financing, construction and operation, which in turn provides us with greater insight and certainty with regard to our construction costs, timeline and maintenance, which in turn gives us a competitive advantage in connection with competitive tender processes at the time of negotiating and structuring power purchase agreements ("**PPAs**") or other types of off-take arrangements. Our in-house EPC expertise coupled with advanced in-house O&M and asset management capability and efficient financial strategy, allow us to offer innovative and cost-effective solar PV power solutions. Because we have our own EPC and O&M capabilities as part of our Development and Construction and Services divisions we are able to retain the profit margins associated with those services. Furthermore, our Services and Power Generation divisions offer stable income with highly predictable cash flows to feed our future development and construction activities and thus counterbalance the cyclicality of the construction industry.

Solar PV Industry and Market Activities

A solar PV power plant consists of a group of photovoltaic modules and other components that produce electricity when exposed to the sun's radiation. Within the module are the photovoltaic cells, generally consisting of very thin "slices" of silicon, which, when appropriately treated, directly convert light into electrical energy. Depending on the characteristics of the material used to make the cell, modules may be of monocrystalline silicon (where the cell is extracted from a cylindrical block of silicon in which the atoms are arranged so as to constitute a single crystal), polycrystalline silicon (where the silicon atoms are arranged so as to constitute a multitude of crystals joined together within ingot-shaped pieces), or amorphous silicon (where the silicon atoms are arranged randomly on a glass substrate). These three types of cells and, consequently, the modules assembled with them, differ in their external appearance and their efficiency, which decreases from the monocrystalline to the amorphous cells. In addition, the "thin-film" technology, which makes it possible to produce thinner cells, consisting of more strata of different semiconductor materials (silicon or other materials), has been adopted to withstand higher temperatures and therefore reduce efficiency losses. The other components of the solar PV plants are the support structures of the modules, which can be fixed tilted or trackers that orientate the modules to maximize the solar irradiation captured by the plant, the inverter, the control system, the energy meters, the electrical panels and the connecting cables.

Solar PV Power Technology

Solar PV power technology is an electricity generation technology that generates electricity directly from the irradiation of the sun. The main components of a solar PV power installation are:

- Modules: consist of cells produced with very thin slices of silicon which, when appropriately treated, directly convert light into electricity. As detailed above, there are different PV modules technologies including, monocrystalline, polycrystalline, thin film and amorphous silicon. They are modular and malleable, such that a large installation can use exactly the same type of module as a small installation.
- Inverter: consists of power electronic apparatus that converts the Direct Current ("**DC**") electricity at variable voltage produced by the modules into the Alternating Current ("**AC**") electricity, which is the form of constant voltage electricity that consumers require. For large installations, it is typical for electricity voltage to be stepped-up in a transformer in order to reduce losses in the transfer between the sub-station or distribution line.
- Supporting structure: consists of the structure where the modules are installed. They can be either fixed tilt or trackers that orient the modules to follow the sun during the course of the day to maximize the solar irradiation captured by the plant.
- Balance of System ("**BoS**"): consists of all the other items or works that complete a solar PV power plant and include control systems, energy meters, electrical panels, connecting cables, civil works and buildings, mechanical and electrical assembly, and security.

All solar PV power plants that are intended to produce electricity for consumers, irrespective of their size, include all the components detailed in the foregoing. In addition, a necessary part of a solar PV project is the interconnection to the grid that typically requires the construction of a line and the installation of new equipment at a nearby substation.

Solar PV Power Market Segments

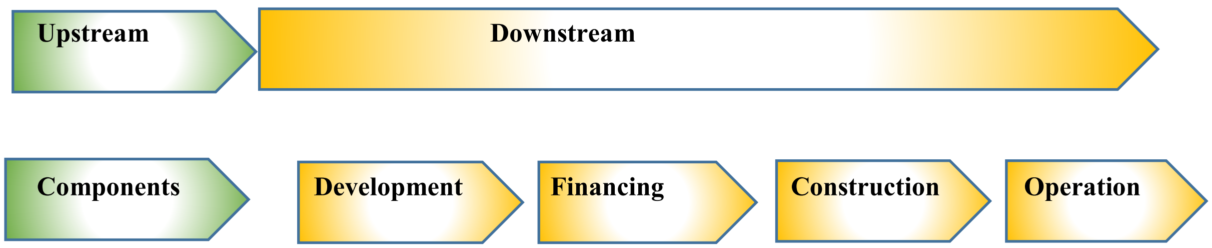
The solar PV power market is segmented as follows:

- Residential: are installations that serve homes or buildings that are connected to the grid and which take or supply the balance of energy produced and consumed by the building. They are typically rooftop mounted and of small size (<10 kW).
- Commercial: are installations that serve businesses, warehouses or public buildings connected to the grid. They are also rooftop mounted and of medium size (10kW < P < 1 MW).

- Utility-scale: are installations that serve the electric system in general or a large industry specifically. They are typically ground mounted and of large size (> 1MW, up to 1GW).
- Off-grid: are installations that serve consumers not connected to the grid. This is the case for isolated areas or underdeveloped countries with low electric grid penetration.

Solarpack is active only in the utility scale segment of the solar PV power market.

Value chain in utility scale solar PV power projects



Components

The upstream part of a utility scale solar PV power project comprises the design, manufacture and servicing of equipment and components like modules, inverters, metallic structures, controls, protections, cables and miscellaneous equipment necessary to operate successfully a solar PV power plant. Solarpack does not manufacture components or equipment for solar PV power plants and does not intend to do so in the future.

Development (one to three years)

Although the sequence of development activities varies by country and even by region, it typically comprises the following steps:

- Identification of a new site subject to accounting for the topology of the site, the solar resource and the proximity to an interconnection facility with enough capacity to transport the energy produced by the plant.
- Study of prognosis of production based on the solar resource and options of modules and supporting structures.
- Preliminary engineering of the plant and main equipment layout.
- Business case elaboration with known and estimated data.
- Negotiation of long-term land rights with landowners. Typically, we enter into long term lease contracts and in some cases, we buy the land.
- Negotiation or signature of long term PPAs or similar arrangements (like feed-in-tariff or others) with electricity off-takers. The off-takers could be distribution utilities, national or regional state public utilities or private companies. The PPA or similar arrangement is in many cases the result of auction processes where the company participates regularly.
- Negotiation of interconnection and transmission distribution agreements with local distribution companies to inject and evacuate the energy produced by the solar PV power plant.
- Obtaining of permits to develop and build a solar PV power plant in the chosen site with local, regional and national authorities including applicable environmental and land-use permits, licenses, concessions and project approval.

Since its inceptions, development activities have always been an integral part of Solarpack's scope of work. Solarpack performs the different tasks of the development activities in-house and in some cases outsources certain specialized work.

Financing (four to ten months)

The size of a utility scale solar PV power plant and the stability of cash flow over its operating life makes it eligible for structured finance and other project related financing schemes that have no recourse to the sponsor or the equity owner. Projects are typically funded through a mix of project finance and sponsor equity. Debt financing is raised to cover, on average, 70% to 80% of long-term project costs. The remaining 20% to 30% is typically met through equity contributions. The typical timeline for the financing process is approximately four to ten months. During this process, various financial options are explored, potential lenders identified and legal, technical and tax due diligence performed. Because of the non-recourse structure of these loans, the assets, rights and obligations of the solar PV plant are typically placed in a separate legal entity called special purpose vehicle ("SPV"). Since its inception, project financing has formed part Solarpack's financing activity framework.

Construction (six to twelve months)

Once the development steps and permits for construction are ready, and financial closing of the plant achieved, the construction is ready to start. This is typically organized under an EPC contract, an all-inclusive turnkey contract. It comprises different steps including:

- Basic and detailed engineering that involve the selection of technologies and solution for the project;
- Preparation of the procurement plan, material specifications, contractual documentation for purchasing of equipment and subcontracting of civil, mechanical and electrical works on site;
- Logistics for material and site transportation;
- Project management, site management and monitoring of work;
- Quality assurance, health and safety, environmental and social measures; and
- Commissioning and completion of the plant.

Solarpack has conducted some parts of the construction-side business since its inception and full EPC since 2008. See "*–Business Divisions–Development and Construction*".

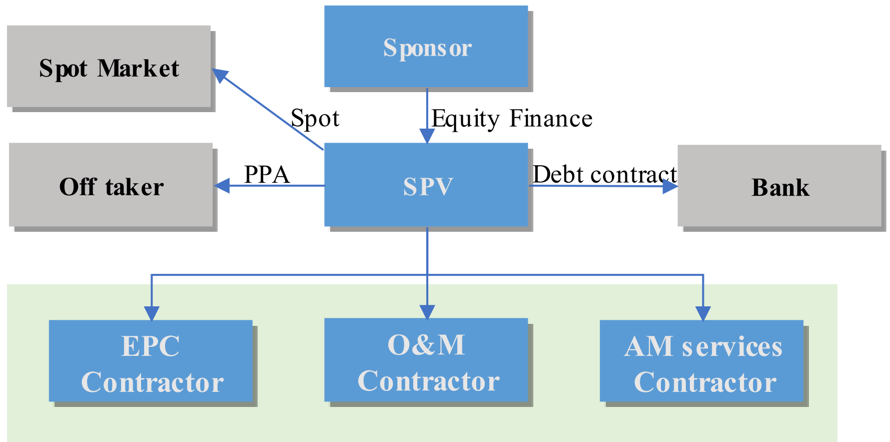
Operations

Once the project is completed and the plant starts commercial operation, new services are required. This section of the value chain includes services related to operating, monitoring, maintaining and repairing solar PV power plants to maximize plant performance and availability. This is typically divided as follows:

- Operation & Maintenance ("**O&M**") relates to taking care of: operations reporting and analysis; monitoring and supervision; surveillance; maintenance management and reporting; solar PV plant maintenance preventive and corrective; and incident response; and
- Asset Management ("**AM**") services relates to taking care of: optimization of plant performance; administration of the SPV; ensuring a predictable revenue stream; electricity sales monitoring; regulatory compliance; debt financing management; accounting and finance; plant contracts management; and controlling and reporting.

Solar PV project players

The typical arrangement in a solar PV project development and construction phase is depicted in the below chart.



For Solarpack projects, Solarpack typically acts as sponsor, EPC contractor, and once the plant starts operations, Solarpack performs O&M and AM services. The sponsor usually relates to the Development & Construction phase of a project. Once the plant is in commercial operation, the owner of a solar PV power plant is typically called an Independent Power Producer ("**IPP**").

History

The Company was founded in April 2005 by José María Galíndez (our Chairman) and Pablo Burgos (our CEO). In the first years of our operations, we focused on the Spanish market, but starting in 2008, we began our international expansion across some of the fastest-growing and most attractive solar markets.

The following are the key milestones in our history:

- **2005**: incorporation of Solarpack;
- **2006-2007**: completed development of four projects in Spain, accounting for approximately 21 MW (together **"SIS SP"** solar PV plants);
- **2008**: first 450 kW built as EPC contractor; incorporation of Solarpack Chile;
- **2009**: beginning of operations in USA and France;
- **2010**: award of "build and sell" contract for a power plant in Spain for a total capacity of approximately 6 MW; award of four PPAs in Peru accounting for a total capacity of approximately 87 MW (Tacna Solar, Panamericana Solar, GTS Majes and GTS Repartición projects); development services agreement with a third-party client in Peru for GTS Majes and GTS Repartición projects with a total capacity of up to 44 MW; award of a PPA with Codelco in Chile for a total capacity of approximately 1.1 MW;
- **2011**: establishment of a joint venture with X-Elio, a global leader in solar PV energy development, to build our Tacna Solar and Panamericana Solar projects in Peru; establishment of a joint venture with Kabi Energy to initiate operations in South Africa; award of a project in Moquegua ("**Moquegua FV**") in Peru accounting for a total capacity of approximately 19 MW;
- **2012**: project financing for $180 million sponsored by the Overseas Private Investment Corporation (OPIC), the U.S. government's development finance institution for our Tacna Solar and Panamericana Solar projects in Peru; construction of our Tacna and Panamericana solar PV plants in Peru with a total capacity of 43 MW and our Calama Solar 3 ("**CS3**") solar PV plant in Chile with a total capacity of 1.1

MW; award of a PPA in Chile's first solar mining international tender process to build two solar PV plants in Pozo Almonte ("**PAS2**" and "**PAS3**" solar PV plants) with a total capacity of 25 MW;

- **2013**: project financing sponsored by the Inter-American Development Bank and the French Development Agency (Proparco) for $65 million for our 25 MW PAS2 & PAS3 project and our 1 MW CS3 project in Pozo Almonte and Calama, Chile; construction of PAS2 and PAS3 in Pozo Almonte; start of development operations in Ecuador;

- **2014**: construction of our Moquegua FV solar PV plant with a total capacity of 19 MW in Peru; start of development of a 26 MW project in Uruguay (Alto Cielo project) which was formed from the unification of PPAs duly perfected in February 2015;

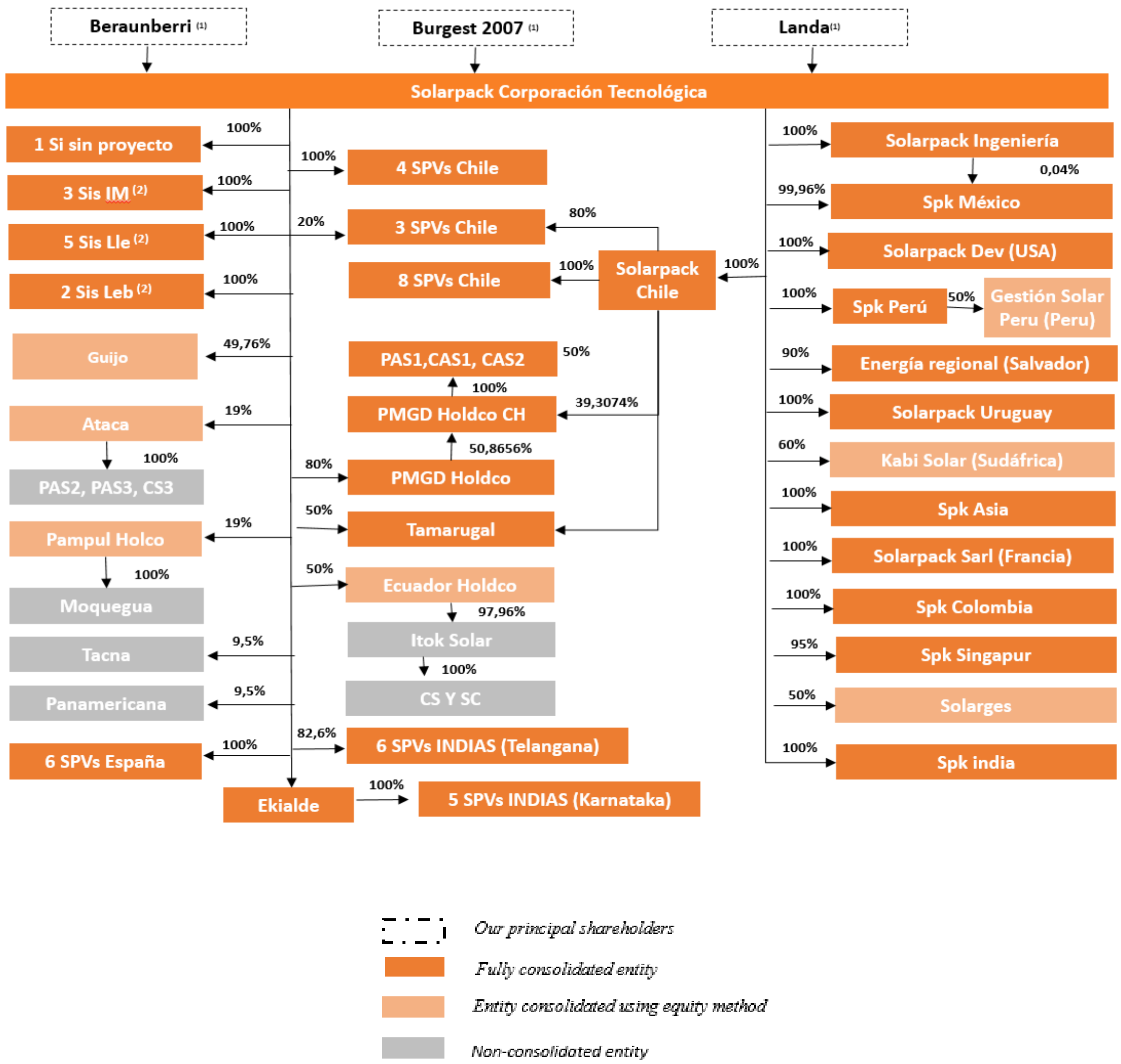
- **2015**: award of six PPAs accounting for 104 MW in India (Telangana Solar 1 project, ("**TS1**" or "**Telangana**")); award of PPAs accounting for approximately 55 MW in Chile; construction of solar PV plants with a total capacity of 37 MW in Uruguay and Chile (Alto Cielo and Pozo Almonte Solar 1 solar PV plant ("**PAS1**"));

- **2016**: award of PPAs for 124.1 MW in Chile ("Granja" project); sale of 81% of four Peruvian and Chilean solar PV plants (Moquegua FV, PAS2, PAS3 and CS3) to Ardian, who simultaneously became a minority investor in the Company until the share capital reduction in 2018 (see "*Material Contracts– Investment Agreement with and Financing from Ardian*");

- **2017**: €84 million project financing raised in India and Chile. Construction of TS1, Puerto Seco Solar ("**PSS**") and Calama Solar 1 ("**CAS1**") adding a total capacity of 125 MW in India and Chile; and

- **2018:** signed five PPAs in India for our 131 MW KA2 project in Karnataka; 100 MW awarded in the Spanish tender; 10.5 MW under construction for third party in Colombia; re-start of development operations in USA.

The following diagram presents the corporate structure of the Group, as of the date of this prospectus:



(1) Beraunberri, S.L. is wholly-owned by the family of Mr. José María Galíndez Zubiría; Burgest 2007, S.L. is wholly owned by the family of Mr. Pablo Burgos Galíndez; Landa LLC is wholly owned by Mr. Antonio Galíndez Zubiría and his family. For additional information, see "*Principal Shareholders.*" Effective August 2018, Ardian (through ACE) became a nominal shareholder of the Company. For additional information, see *"Material Contracts–Investment Agreement with and Financing from Ardian."*

(2) As of the date of this prospectus, the Company owns 100% of three SIS SPV entities in Isla Mayor (out of the 70 SPV entities that comprise the Isla Mayor project), 2 SPV entities in Lebrija (out of the 32 SPVs that comprise the Lebrija project), two SPVs in Llerena 1 (out of the 40 SPV entities that comprise the Llerena 1 project), and three SPV entities in Llerena 2 (out of the 40 SPV entities that comprise the Llerena 2 project). These entities are related to the plans to complete acquisition of the Spanish Operating Assets upon completion of the Offering, as described under "*Material Contracts—Acquisition of the Spanish Operating Assets*".

Key Business Divisions Highlights

The operations of our three operational business divisions are summarized below.

Development and Construction. Our Development and Construction division focuses primarily on the development of solar PV power plants, which convert solar radiation directly into electrical energy. The development phase of a solar PV project begins with the selection of a potentially suitable site, taking into account solar resources, proximity to the transmission/distribution grid, possible environmental constraints, title to the land for the project and impact on the local community, alternatives to the sale of solar energy, likelihood of negotiating a bankable long-term energy off-take arrangement and, depending on the size of the project, negotiations with possible co-investors. We then seek the governmental authorizations necessary for the construction and subsequent management of the solar PV power plant and we negotiate and structure the project financing to fund the construction. Once appropriate funding is in place, we carry out our EPC activities. First, the plant is designed, which requires, among other things, estimating the plant's optimal capacity and potential production on the basis of the information acquired in the site-scouting phase and applying all our internal knowledge and know-how to obtain the most competitive levelized cost of energy. We assign a team of our experienced personnel to manage start-up and construction activities at our project sites and employ local subcontractors and employees under the supervision of our team to build our projects. We also identify and prepare the procurement plan specifying the materials, resources and expertise required for contractual documentation and plant construction. The construction phase entails opening of the worksite, undertaking the civil works, mechanical and electrical plant installation, grid connection and plant commissioning. Once completed, we oversee the inspection and acceptance testing and deliver the plant with a plant delivery report and the required technical and authorization documentation. As of September 30, 2018, we had one EPC third-party solar PV project under construction with a total capacity of 10.5 MW. For the year ended December 31, 2017, our Development and Construction division generated operating revenues of €36.8 million and an EBITDA of €9.5 million, representing an EBITDA margin of 25.9%. 'Operating revenues', 'EBITDA' and 'EBITDA margin' are Operating Segments figures; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. EBITDA' and 'EBITDA margin' are APMs; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'EBITDA' and 'EBITDA margin' as APMs.

Power Generation. When a solar PV power plant enters into operation, our Power Generation division generates revenue by selling the electricity produced by our solar PV plants under the specific PPA or other types of off-take arrangement and, to a limited extent, on the spot market. The amount of revenue generated depends primarily on the production level of the plant and the selling price of the electricity. Electricity sales are therefore critical to maximize income from electricity generation. We generate revenues from creditworthy off-takers, including a mix of government entities or central and state run utilities such as the national electricity systems of Spain and Chile, the Republic of Peru and Southern/Northern Power Distribution Company of Telangana (Indian power distribution company) as well as private companies such as Collahuasi and Codelco (Chilean mining companies). We typically enter into long-term off-take arrangements with these off-takers who pay a fixed rate, in certain cases subject to inflation adjustments, for electricity generated by our solar PV power plants. As of September 30, 2018, we had equity stakes in 11 solar PV projects with a total capacity of 252 MW (of which 128 MW (141 MW pro forma for the acquisition of the Spanish Operating Assets) were attributable to our proportional equity interests in such projects). For year ended December 31, 2017, our Power Generation division produced 114.3 GWh and generated operating revenues of €13.1 million, an EBITDA of €11.3 million, representing an EBITDA margin of 86.9%, proportionally to our equity interests in the projects. 'Operating revenues', 'EBITDA' and 'EBITDA margin' are Operating Segments figures; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. 'EBITDA' and 'EBITDA margin' are APMs; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'EBITDA' and 'EBITDA margin' as APMs.

Services. Our Services division provides both (i) O&M services and (ii) asset management services to solar PV power plants developed by the Group and by third parties. Our Services division provides a comprehensive range of services and solutions to maximize the utilization rate, rate of power generation and system life of our solar PV power projects. Specifically, through our Services division, we provide O&M services on operations reporting and analysis, monitoring and supervision, inspections, preventive plant maintenance, repair and replacement of plant equipment, site management and incident response. As of September 30, 2018, we provided O&M services in 13 solar PV power plants (of which four were plants owned by third parties and the remaining plants owned by us) for a total capacity of 160 MW. Our O&M services are performed both from our headquarters in Spain through our remote control center ("**ROC**") as well as by on-the-ground contractors who are on call to promptly remedy any issues that may arise. Moreover, as part of our asset management activities, we provide a broad range of commercial, accounting, financial, tax and corporate services to solar PV power plants in operation, with the goal of maximizing cash available for distribution to shareholders. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising clients on how to optimize plant performance, researching and analyzing data, arranging for refinancing of senior debt and the daily management and optimization of PPAs or other off-take arrangements. As of September 30, 2018, we provided this type of asset management services to 23 solar PV power plants (either owned by us or owned by third parties) representing a total capacity of 330.3 MW. For the year ended December 31, 2017, our Services division generated operating revenues of €4.7 million and an EBITDA of €1.6 million, representing an EBITDA margin of 33.5%. 'Operating revenues', 'EBITDA' and 'EBITDA margin' are Operating Segments figures; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. 'EBITDA' and 'EBITDA margin' are APMs; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of, 'EBITDA' and 'EBITDA margin' as APMs.

The following chart presents a breakdown of our operating revenues and EBITDA by business activities, for the years ended December 31, 2015, 2016 and 2017, and for the nine months ended September 30, 2018 which underscores our business strategy focused on EBITDA generation, cash conversion and an increase of operational efficiency to support profitability. See "*– Our Business Strategy*".

		Year ended December 31,			Nine months ended September 30,	
		2015	2016	2017	2017	2018
		€ million				
Operating Revenues[(1)]						
	D&C	36.2	22.9	36.8	35.2	5.5
	Power Generation	16.1	12.7	13.1	6.2	15.4
	Services	4.0	4.2	4.7	3.3	3.3
EBITDA[(1) (2)]						
	D&C	2.4	7.2	9.5	12.3	(2.3)
	Power Generation	12.8	10.2	11.3	5.0	13.9
	Services	1.7	1.5	1.6	1.1	1.1
EBITDA margin[(1) (2)]						
	D&C	6.6%	31.2%	25.9%	34.9%	(42.4)%
	Power Generation	79.1%	80.1%	86.9%	79.4%	90.2%
	Services	42.8%	36.7%	33.5%	31.9%	31.9%

[(1)] Operating Segments figures. See *"Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment.

[(2)] APM. See *"Operating and Financial Review –Alternative Performance Measures –Definitions and Reconciliations*" for details on treatment and reconciliation.

As illustrated in the chart above, among our three business activities, the Power Generation division generally yields the highest EBITDA margin because solar PV plants generally have high investment costs but low operating costs. The low operating costs are a result of the use of the sun as a free renewable fuel source as compared to conventional thermal power technologies that use coal or natural gas.

Competitive Strengths

We believe that the following strengths characterize our business and will help us realize our strategic goals and reinforce our competitive position. But see also "*Risk Factors*".

Vertically-integrated platform in attractive and growing market.

We believe we are an international independent solar PV power producer in fast-growing energy markets with project development capacities across Europe, Latin America, Asia (in particular, in India) and Africa. We consider that our vertically-integrated business model with in-house expertise and capabilities along the entire value chain, careful cost management, conservative budgeting and prudent approach to project selection provides us a competitive advantage against other players in the market which focus only on yield generation or number of megawatts in operation and allows us to exploit synergies across business activities. Because we have our own in-house EPC and O&M capabilities, we retain the profit margins associated with those services that other project developers may lose by paying third-party providers. In particular, our in-house EPC capabilities allow us to control costs and enhance our ability to be flexible with our choice of technology, which in turn allows us to choose high-quality equipment while optimizing the combination of total solar project cost and yield. Our in-house O&M capabilities then maximize project yield and performance through proprietary system monitoring and adjustments. As a result of the know-how we acquire through our first-rate in-house EPC and O&M activities, we believe we are able to rely on best-in-class technology, while keeping costs under control. Finally, through our Power Generation division, we sell energy to creditworthy off-takers, including a mix of government entities or central and state run utilities as well as private companies. The fact that our business model can provide comprehensive solutions (e.g., from design, financing, procurement and construction to the operation of the plant, the subsequent management and maintenance of the projects and other related services) represents a significant competitive advantage. In each of our three business divisions, we enjoy strong strategic positioning with revenue generation underpinned by a growing and resilient market, regulatory support and pro-renewable energy policies as well as high barriers to potential entrants who lack market and industry knowledge.

According to IEA's *"World Energy Outlook 2017"*, global electricity demand is projected to grow at 3% annually, increasing by more than two-thirds to 2040 to 34,467 TWh, and is set to diversify and decarbonize with wind, solar and bioenergy-based renewables combined share of generation increasing from 24% in 2016 to 40% by 2040. We therefore believe that global warming and the increasing appetite for environmentally friendly sources of energy—and an increasing political desire for energy diversity—will continue to encourage the adoption of solar power over conventional fossil fuel power plants. In this context, we believe we have achieved a unique position within the solar PV segment, which represents a mature and price-competitive technology and currently has the highest growth rate among other renewable energy technologies.

Track record of quality project execution.

We believe that we have cultivated a reputation in our industry for more than 10 years as a business with a track record of successfully and reliably executing complex projects of high quality and standards. This is underscored by the fact that, since our inception, we have developed solar PV power plants that have generated revenues for the Company representing a total capacity of 529 MW (including 33 MW in Spain, 123 MW in Chile, 106 MW in Peru, 104 MW in India, 26 MW in Uruguay and 136 MW in the USA). In addition, we have built 14 projects as contractor or EPC contractor for a total capacity of 190 MW (including 33 MW in Spain, 68 MW in Chile, 62 MW in Peru and 26 MW in Uruguay). Our focus on quality and timely completion of our projects allows us to maintain strong and long-lasting relationships with customers, off-takers and partners, which has in turn helped us to expand internationally and win repeat business. We believe that our track record in achieving high conversion rates of projects that have obtained interconnection and site control into operational projects, across some of the fastest-growing and most attractive solar energy markets, provides us an advantage in the auction evaluation process. Our hands-on experience has streamlined our decisions-making processes in connection with entering new markets or pivoting away from certain markets that do not offer the best risk-adjusted returns for our business model. At the same time, it has helped us gain critical operational expertise and in-depth knowledge of key solar markets which improves project performance and expedites project execution. We have developed rigorous internal policies and systems that significantly reduce the time necessary to design, finance, commission, operate and maintain projects. Additionally, our lean and efficient execution expertise facilitates completion of our plants within the agreed completion time frames, enabling us to scale our operations without significant cost increases and to quickly redeploy resources to other projects, allowing us to develop and construct several projects in parallel without compromising on efficiency. Due to our presence and extensive experience in the industry, we have developed a track-record of negotiating and executing innovative and bankable PPAs with private and public counterparties across different jurisdictions. This has also allowed us to establish credibility with multinational and national development institutions and, as a result, obtain financing from institutional lenders such as the Inter-American Development Bank, the Overseas Private Investment Corporation (OPIC) and the Power Finance Corporation of India (PFC), as well as enter into agreements to jointly develop projects with many leaders in our sector (including some of our competitors) such as T-Solar, X-Elio, Terraform Global, Sener, Kabi Energy, Think Energy Partners (TEP) and Renewvia Energy, which we believe demonstrates our strong reputation in the industry. At the same time, we have been members of the boards of numerous industry organizations, such as the Spanish Photovoltaic Union ("UNEF" in Spain) and the Chilean Association for Renewable Energies ("ACERA" in Chile). Capitalizing on a track record of developing and operating large-scale solar PV plants in both developed and emerging markets, our employees, from our local plant managers to our global executive team, have developed strong working relationships with regulators and other industry participants in the markets in which we operate. We believe that our operational expertise, long-term local relationships and risk mitigation strategies will continue to create opportunities for long-term success.

Significant Backlog, Pipeline and Identified Opportunities providing good revenue and earnings visibility.

We continually seek to identify new development opportunities and grow our portfolio of solar PV projects. Leveraging on our integrated platform, process-oriented organization structure and strong understanding of the market and activity across different regions, we believe we have developed an effective, well-defined and financially viable business plan that realizes and meets the criteria for competitive project financing, allowing us to take advantage of development opportunities, represented by our Backlog, Pipeline and Identified Opportunities, and to grow our portfolio.

"Backlog" comprises projects for which we estimate the likelihood of success of at least 90%. These are projects (i) for which we have been awarded rights as part of the applicable off-take arrangement tender process, or (ii) the applicable off-take arrangement has been obtained such that we have been nominated as preferred bidders and are in the process of preparing for the execution of the off-take arrangement, or (iii) non-recourse financing has been obtained without the need of an off-take arrangement, or (iv) an agreement for the sale and construction of a "build and sell" project (not subject to any financing condition precedents) has been signed with a third-party buyer, or (v) an EPC agreement has been signed in the case of projects developed by third-parties. As of September 30, 2018, our Backlog consisted of nine projects with a total capacity of approximately 510 MW, comprised of three projects in Spain (accounting for a total capacity of 211 MW), five projects in Chile (accounting for a total capacity of 169 MW) and one project in India (accounting for a total capacity of 131 MW). In the last three years, our Backlog has been made up consistently of projects with a total capacity of between 124 MW and 238 MW and we have put in operation or sold six projects adding a total capacity of 217 MW. See "*Operating and Financial Results –Development and Construction Division –Key Operating Data*" for more details on the historical performance of our Backlog.

In addition, we classify as "Pipeline" projects for which we estimate the likelihood of success at 50% (not including projects included in our Backlog) that are either (i) in-house projects, for which we have procured contractual or legal rights relating to site control and interconnection rights from the relevant regulatory bodies or, if only initiated but contractual or legal rights have not yet been procured, for which we estimate a likelihood of contractual or legal rights being procured of more than 50%, or (ii) third-party projects, for which a bidding solicitation for a third-party EPC customer has been formally launched and for which we have been shortlisted in the request-for-proposal ("**RFP**") process. As of September 30, 2018, our Pipeline consisted of 19 projects with a total capacity of 1,251 MW comprised of three projects in Spain (accounting for a total capacity of 109 MW), seven projects in Chile (accounting for a total capacity of 247 MW), six projects in South Africa (accounting for a total capacity of 517 MW), and three projects in Colombia (accounting for a total capacity of 378 MW).

We classify "Identified Opportunities" as projects in the preliminary stage for which we have made a feasibility study and a business case evaluation, for which we estimate the likelihood of success at 10% to 30%. As of September 30, 2018, we had 31 projects marked as Identified Opportunities comprised of two projects in Spain (accounting for a total capacity of 9 MW), 15 projects in Chile (accounting for a total capacity of 521 MW), three projects in South Africa (accounting for a total capacity of 259 MW), one project in Colombia (accounting for a total capacity of 48 MW), two projects in USA (accounting for a total capacity of 140 MW) and one project in Peru (accounting for a total capacity of 180 MW). We also have 538 MW in other markets such as Malaysia, Vietnam, Laos, Mali, and the Dominican Republic.

Given the approach we adopt to classify and pursue new business opportunities, we believe our Backlog, Pipeline and Identified Opportunities projects are important indicators of the strength of our business, the expansion of our geographic footprint base and our ability to generate operating revenue and net profit in the near and medium term. This revenue and earnings visibility is further underpinned by our Services and Power Generation activities which offer steady income with stable and predictable cash flows to feed our development and Construction activities and counterbalance the cyclicality of the construction industry. We typically enter into long-term, fixed-price (or inflation-linked) PPAs with government agencies and independent commercial businesses. As a result of generally reliable solar irradiation in all the countries in which we operate, our energy production under these PPAs has historically had little volatility, which, coupled with predictable operating expenses, makes for predictable cash flows from these bankable agreements. We believe the quality of our Backlog, Pipeline and Identified Opportunities in terms of both project size and geographical diversification as well as our existing agreements in the Services division and long-term off-take arrangements provide considerable revenue and earnings visibility for the short to medium term.

Diversified geographic footprint and business activities providing resilience during downturns, supported by a track record of financial and organic growth.

Our business is diversified across jurisdictions and activities, reducing our dependence on any single market or business division, providing resilience during downturns and positioning us to exploit opportunities in markets around the world. With activities in 10 countries, including Spain, India, Peru and Chile, our global operations cover both mature markets and growing economies. We believe that our positive financial performance over the last few years demonstrates the resilience of our business model and the success of our strategy of geographic diversification. Our in-house capability combined with our local management teams on the ground have allowed us to move quickly to seize attractive development opportunities and exploit them efficiently in order to minimize schedule delays and cost overruns. Our geographic diversification has allowed us to mitigate the risks associated with exposure to only one jurisdiction and helped us maintain positive EBITDA levels, generating attractive EBITDA margins for our Power Generation division of 79.1%, 80.1% and 86.9% for the years ended December 31, 2015, 2016 and 2017, respectively, and aggregated EBITDA margins for our Development and Construction and Services divisions and our Corporate unit, of 9.5%, 30.8% and 26.2% during the same periods. 'EBITDA' and 'EBITDA margin' are Operating Segments figures; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. 'EBITDA' and 'EBITDA margin' are APMs; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'EBITDA' and 'EBITDA margin' as APMs. In addition to our geographic diversification, our three divisions (Development and Construction, Power Generation and Services) complement each other, providing us with significant synergies, continuous feedback to improve operations across our platforms, cross-selling opportunities and increasing the diversification of our business activities, with the cyclicality of revenues of our Development and Construction operations partially offset by the more stable revenue streams from our Services and Power Generation activities.

Experienced management team supported by the founding shareholders with a long-term focus on sustainable growth.

We benefit from the extensive experience and industry know-how of our board of directors and management team. Our co-founders, José María Galíndez (our Chairman) and Pablo Burgos (our Chief Executive Officer), have guided the Group since its inception and steered it through a period of significant growth from a local solar energy producer into an international player diversified across geographies and business activities. Our management team has a track record of identifying new markets and development opportunities and delivering on growth strategies. Our senior executives have an average of more than nine years with the Group. We have experienced very low turnover among senior management throughout the history of the Group, which we believe is attributable to our corporate culture and the collaborative and collegial philosophy of the executive team. We believe our management team has demonstrated its ability to manage and grow our business, adapt to changing market conditions, undertake strategic investments and integrate innovative technology across our business operations. See "*Board of Directors and Management*".

Our Business Strategy

We have developed a strategy focused on generating profitable growth while balancing associated risks. The key components of this business strategy are:

Continue our international expansion, including selectively entering new markets.

We follow a rigorous approach to new markets grounded on a systematic risk-based analysis. We have developed critical operational expertise and regional knowledge that improves project performance and expedites project execution, all of which we believe will help us preserve our market position, but also to continue our international expansion and selectively enter new markets. We intend to leverage our presence in countries where we already operate, as well as use our technological expertise and knowledge of local markets and potential synergies to expand our operations in those countries and to expand to neighboring countries, particularly in Latin America and Asia. We intend to seize opportunities in markets with high GDP growth rates and strong demand for solar PV infrastructure, subject to the presence of a stable legal framework and clients with strong credit standing and sufficient solar resources and irradiation levels. Consistent with our rigorous investment policy and our risk-based analytical approach, in pursuing our growth strategy, we will continue to prioritize long-term contracted cash flows to ensure advance payment practices in hard currencies. We will also prioritize U.S. dollar– and euro–denominated contracts, and we generally seek to generate at least 67% of the Power Generation and Services divisions cash flows denominated in hard currencies. We also look for opportunities for profitable growth through entry into markets where there is a need to expand current energy infrastructure or to gradually replace fossil energy with renewable energy sources, including in Colombia, Malaysia, India, South Africa, the United States of America, Chile and Spain. In assessing new countries to enter, we also consider criteria such as energy prices, market structures, expected market growth, investment environment, access to financing (through the bankability of the PPAs and other off-take arrangements), as well as whether we can establish partnerships with third-party companies having experience and presence in the relevant local market. We believe the energy sector and, in particular, the solar PV segment is a key area of growth globally and intend to leverage our in-house capabilities and experience in solar power generation to selectively penetrate new markets and achieve competitive positions in different jurisdictions. We believe that selectively expanding our operations in developed markets and emerging markets will allow us to grow as well as to diversify our risk profile and reduce our exposure to any single market.

Follow a systematic approach in assessing new business opportunities to maintain and further strengthen our competitive position.

As well as selectively entering new markets, our objective is to maintain profitable growth and our position as an international independent solar PV power producer in each of the jurisdictions in which we already operate. As a result, we intend to continue to focus on areas where we have a track record of execution and local presence. As part of this strategy, we are constantly evaluating projects and business opportunities across our regions of focus. We believe our fully integrated platform with in-house capabilities along the entire value chain will continue to support the growth in the near to medium term and improve our margins. We expect to continue to develop and acquire a diversified portfolio to achieve further economies of scale, and base investment decisions on the best risk-adjusted returns across our core markets, assessing potential investments against each other across regions. We intend to pursue a strategy that seeks to leverage our existing capabilities across a range of countries, regulatory regimes, development models and technologies by applying a rigorous approach to our business development activities. Consistent with our risk based analytical approach, we pursue this strategy in markets in which we believe there are robust fundamentals for solar PV. In general, development initiatives are examined by our Business Development team, which meets periodically to select the projects that we intend to pursue and categorize them as "Identified Opportunities", "Pipeline" or "Backlog" depending on the stage of advancement and the likelihood of success of each project. In order to maintain and further strengthen our competitive position, we intend to use the proceeds from the Offering to make capital investments to fund projects in existing markets such as Chile, Spain, Colombia, United States, Peru and India, which we believe can increase our penetration into those markets and enhance our profitability. Consistent with this view, we have adopted a clear dividend policy with the aim to reinvest our operating cash flow for the next three to five years into new project development to drive long-term growth and enhance shareholder value.

Maintain a well-defined project investment/divestment policy that allows us to rigourously pursue investment opportunities.

We intend to pursue balanced growth and profitability through a rigorous investment and divestment policy, aimed at maximizing expected returns and mitigating associated risks. We intend to invest in long-term projects where we retain a full ownership position or a majority position with control over the exit of other co-investors. These projects are called "build and own". At the same time, we will also pursue an opportunistic strategy that seeks to invest in profitable projects with identified exit options and the ability to capture a higher residual value at sale. We believe this strategy balances our risk exposure because these "build and sell" projects allow us to quickly monetize the value created during the development and construction stage, with reduced investment requirements and providing new capital for the further development of the business. In addition, these types of activities offer valuable insights on the market for these assets and on how efficiently we are able to develop and build projects, as well as their market valuation. As part of our investment policy, we intend to continue to unlock value through a flexible asset rotations approach whereby we periodically sell assets in order to optimize investment returns and free up capital for new investments and quickly redeploy capital for equity investments in other projects under the right conditions particularly in projects denominated in currencies for which we have a limited allocation of funds. We also maintain strict discipline towards the deployment of new non-committed capital expenditures, committing to such investments only when long-term funding has been secured. In addition, in the Power Generation division, we have adopted equity internal rate of return ("**IRR**") criteria that seek to ensure that our growth plans generate long-term, sustainable cash flows for our business, with a target IRR of at least 9-10% for projects in OECD countries with exposure to hard currencies and a target IRR of at least 12-15% for projects in non-OECD countries with exposure to non-hard currencies. In our Development and Construction activities, we structure our projects to seek to obtain a margin of at least 10-15% over capital expenditures at the time of commercial operation date, subject to developments and construction risks that may affect the level of margin.

Maintain a prudent financial strategy and continue to focus on EBITDA generation, cash conversion and an increase of operational efficiency to support profitability.

We are committed to maintaining a prudent financial strategy and intend to increase operational efficiency, thus improving our productivity and optimizing our working capital and capital allocation. Our financial strategy is to build our solar assets with the most efficient cost of capital available to us. In order to achieve these goals, we plan to continue to focus on profitable and sustainable growth through further reducing fixed and variable costs, increasing cost efficiencies and achieving synergies through our vertically-integrated business model. As we have our own EPC and O&M capabilities, we retain the profit margins associated with those services that other independent power producers typically use to pay to third-party providers. In the short term, in order to continue our growth, we plan to optimize and reinvest our operating cash flow into new capital investments and new project development and construction. In parallel, to support profitability, we intend to continue to reduce costs by applying a rigorous investment and divestment discipline, improving the rotation of assets, leveraging our in-house EPC and O&M capabilities to strengthen our negotiating power with technology providers and project lenders. To further strengthen our Power Generation division, we intend to primarily invest in assets where we can limit market price volatility and volume risk by entering into long-term off-take arrangements with creditworthy or credit enhanced counterparties such as sovereign-guaranteed utility companies and corporations. Most of our off-take arrangements have pricing mechanisms which allow us to predict the revenues for producing electricity or providing capacity and the corresponding cash flows that each project will receive over the term of the relevant contract. On this basis, we currently have revenue visibility in our PPAs averaging 21.7 years. In particular, we plan to have at least 70% of our Power Generation revenues coming from contracted or regulated sources. We believe all of these factors will contribute to enhance operational efficiency to support profitability.

Business Divisions

We operate primarily in three business divisions: (i) Development and Construction, (ii) Power Generation and (iii) Services, along with our Corporate unit which provides only residual general corporate and administrative costs and functions. As a vertically-integrated platform, our business model covers the entire value chain from the development, financing and construction to ongoing operation of solar PV power plants, their management, maintenance and monitoring services as well as the production and sale of the energy they produce.

Below is a summary of our three operational divisions and how each division covers a portion of the value chain for solar PV plants.

Development and Construction

Our Development and Construction division is a pivotal component of our business model, allowing us to offer solar PV energy solutions throughout the entire solar PV power plant lifecycle, including project development, financing and engineering, procurement and construction. As a developer, we have two basic project development models:

- *Build and Own*: we develop and build the solar PV power projects for which we retain a controlling equity stake. Once complete and connected to the grid, we operate the projects and sell the energy they produce under long-term off-take arrangements. As of September 30, 2018, our Build and Own projects formed 72% of the MWs included in our Backlog, which reflects our strategy to develop a majority of our projects with the target of such project being part of our Power Generation division. Specifically, going forward, our aim is to focus on growing our Build and Own business by having a target of 65-75% as Build and Own projects compared to a 25-35% target for Build and Sell projects.

- *Other projects:* we develop and build solar PV power projects, which we then sell to a third-party independent power producer immediately before or after the construction phase begins up until the guarantee period (so-called "build and sell" projects) has expired which is typically for a duration of two years or we only act as EPC contractor with respect to projects developed by third-parties. Our customers have included major players in the industry, such as Celsia, Terraform Global, X-Elio and S-Energy forming a mix between customers seeking investment opportunities and those seeking to directly exploit the project. These projects allow us to quickly monetize the value created during the development and construction stage, with reduced investments and providing us with new capital for the further development of our business. In addition, this type of activities offers us valuable insights into the market for these assets and how efficiently we are able to develop and build projects, as well as their market valuation. As of September 30, 2018, our "other projects" formed 28% of the MWs included in our Backlog.

Project Development

As part of our development initiatives, we typically identify new locations for solar PV power plants, taking into account solar resources, proximity to the transmission/distribution grid and possible environmental and regulatory constraints, and we analyze the feasibility of the project and define the guidelines for the project development and capital allocation. The selection and allocation of investments in different projects and geographical areas is conducted with a view to maximizing value, according to the strict criteria and internal procedures that we have adopted. Once the development initiative has been approved, we seek to obtain land and land rights for the development of solar PV power projects. We also negotiate long-term PPAs with potential purchasers of the electricity to be generated by such projects or develop solar PV power plants in jurisdictions where different types of off-take arrangements are in place, such as the Spanish regulated tariff framework, feed-in-tariff or similar structures. We also manage the interconnection and transmission/distribution processes, negotiate agreements to interconnect the projects to the electricity grid, and obtain the permits that are required prior to the construction of the projects, including applicable environmental and land-use permits, licenses, concessions and project approval. These vary by country, and, in some cases, by region within a country. The typical project development timeline for our projects is approximately one to three years, but the sequence of development activities varies by international location and, in certain locations, may begin by initially bidding for a PPA or other type of off-take arrangements.

We pursue projects in various stages of development, either on a standalone basis or by means of joint-ventures or other types of partnerships. According to our internal methodology, we classify different types of development projects as follows:

- *Greenfield projects:* In a greenfield project, a site is identified, and a plant developed and constructed, without converting already existing structures. We generally enter into greenfield projects to develop and construct the projects and we use this method when we have a well-established presence in the particular territory, as such an investment requires an in-depth knowledge of the market and the local context, and the expertise of local staff. Greenfield projects generally allow a higher return on the capital invested, and therefore are our preferred method whenever the appropriate conditions exist;

- *Co-development:* In certain countries we pursue projects by means of co-development or joint venture agreements, in certain cases via non-controlling stakes in local project companies with local or international third-party partners. We generally enter into such agreements in order to benefit from such third-party's experience and presence in the relevant local market. Development agreements typically provide for option rights exercisable when the project has obtained the necessary permits and agreed exit procedures; and

- *Brownfield projects:* In the case of acquisitions, we acquire fully constructed plants from third-parties or projects in an advanced development stage, which we then complete and put into service independently. We generally pursue these projects to seize or take advantage of specific market opportunities and fast-track our entry into countries where we have a less important presence.

In order to have the focus and coordination necessary within our teams for each project that reaches an advanced stage (e.g. projects reaching Backlog or under construction status), we typically hold multidisciplinary monthly or bi-weekly project specific committees to coordinate all relevant areas affecting each project: development, financing, engineering, EPC, tax, legal, accounting, etc. For a given project, these committees typically start once the project reaches Backlog status and finishes shortly after they are put in operation and handed over to our Services teams.

Financing

We typically fund our projects through a mix of project finance and sponsor equity. We generally raise long-term debt financing covering, on average, 70% to 80% of project costs. The remaining 20% to 30% of project costs required is met through a mix of cash flow generated from our business and equity proceeds. The typical timeline for the financing process is approximately four to ten months. During this process, we explore various financing strategies, identify potential lenders and perform legal, technical and tax due diligence, while negotiating the PPA and the EPC and O&M contracts until we secure the required funding. The primary sources of financing for our projects are cash from operations for the equity and project financing for the project debt. The financial institutions or international development institutions that finance our projects typically require us to pledge project assets. For a proper delimitation of risks and exposure to projects, we create an SPV for each project we finance and put in operation. We believe that our vertically-integrated business model gives us a competitive advantage in negotiating with lenders over our competitors who follow a different business model, as we typically act as the project equity sponsor and the EPC contractor, as well as the O&M and asset management service operator covering the downstream value chain. Since the EPC and O&M contracts are pivotal to the successful close of the project financing, the combination of our roles during the financing stage allows for a more streamlined negotiation in which only two parties are involved. Since 2005, we developed a profile for successfully securing non-recourse project financing with both traditional and multilateral development lenders, including Santander (Spain), Barclays (Spain), ICO (the Spanish public bank), CaixaBank (Spain), Triodos Bank (Spain), Banco BICE (Chile), Banco Consorcio (Chile), OPIC (USA), Proparco (the French Development Agency), PFC (India) and the Inter-American Development Bank. See "*Operating and Financial Review – Results of Operations – Liquidity Position*" for a full list of our non-recourse project financing facilities and the related conditions.

Engineering, Procurement and Construction ("EPC")

After obtaining the necessary internal approvals, administrative permits and licenses and arranging for financing, the plant construction phase begins. We manage all three stages of the EPC process: (i) producing a complete engineering design after selecting the most efficient technologies and solutions for each project (which our engineers carry out in parallel with the development phase); (ii) identifying and preparing the procurement plan specifying the materials, resources and expertise required for contractual documentation and plant construction; and (iii) managing and overseeing the construction work. We provide EPC services mainly to projects developed by us, but we occasionally provide EPC services to other project owners such as utilities, other independent power producers and commercial and industrial companies. We decide to provide EPC services to third-parties if we consider that they can bring value to our development and construction activities, either by accelerating our learning curve in some regions or providing critical volume for our worldwide EPC activities. EPC services include engineering design and related services, procurement of inverters, solar modules and BoS parts, advanced development of grid integration solutions, and construction contracting and management. Depending on the customer and market need, we may provide our full EPC services or any combination of individual products and services within our EPC capabilities.

In addition to specifying the site of the project, our EPC contracts define the scope and specifications of the project, quality standards, duration and cost. As is typical in our market, all our contracts are fixed-price, also known as lump-sum contracts, whereby the amount of payment does not depend on the amount of resources or time expended, as opposed to cost-reimbursable contracts, whereby the amount of payment reflects the actual costs incurred in carrying out the work, plus an additional fee.

A fixed-price contract places the risk associated with accurate scheduling and budgeting on us as the EPC contractor. The risks associated with fixed-price EPC contracts arise principally from the following factors: (1) technical complexities, in particular geotechnical risks; (2) bidding a fixed price before delivering significant procurement components and finalizing subcontractors agreements, even though a margin to cover certain related uncertainties is usually included in the price; (3) coordination of multiple subcontractors; (4) labor availability and productivity, as well as significant liquidated damages for delays; and (5) significant liquidated damages for delays or underperformance of the plant.

During the design stage, we prepare the main project management documents, including carrying out the front-end engineering design in order to prevent technical problems during the execution phase and then the detailed design, the procurement plan and the expense budget, with the goal of ensuring that time, cost, quality and safety targets are met. Whether we carry out the detailed design in-house or we subcontract such design to local engineering firms under detailed proprietary specifications, we review it internally and, in certain cases, have it reviewed by certified third parties to ensure compliance with local regulations, prepare the technical specifications and the terms and conditions of procurement. By collaborating with third-party engineering firms, we are able to optimize and leverage our resources, provide quick responses to our customers' needs and provide the most suitable expertise and experience for each project.

During the design stage, we also prepare both the environmental and social management plan and the health and safety management plan, which are key documents to maintain sustainable and responsible practices in the execution of our projects. We are committed to avoiding the risk of injuries and accidents and to minimizing the social and environmental impact of the construction phase. For this reason, in every construction site where we operate, we set detailed rules and mechanisms to manage the environmental and social impact to the local community taking into account the surrounding conditions and, during the whole construction activity, we have personnel dedicated exclusively to supervise the health and safety conditions who have the capacity to halt construction or the entry of workers into the construction site if the necessary precautions are not met.

The construction phase involves the use of tender, supply and service contracts that adhere to our corporate procedures and applicable regulations. We have developed strong capabilities to undertake international purchasing for our projects. We source our main project components from leading manufacturers within the product categories. Our procurement strategy focuses on the most important value items such as solar modules, inverters, steel structures, and other BoS parts, where we carefully review the source of supply to ensure quality and durability, while we outsource the supply of any remaining less valuable items to construction subcontractors, such as bulk materials and other commodities. We have entered into framework agreements with international qualified equipment suppliers and manufacturers and long-term partnerships with key original equipment manufacturers (OEMs). Our vertical integration combined with our partner collaboration enables us to identify and develop system-level innovations, which creates further value for our customers. The construction phase relies heavily on traditional civil, mechanical and electrical engineering and includes the opening of the worksite and fencing, civil works, plant installation, grid connection, preliminary trials, inspection to ensure health & safety and quality and plant commissioning.

We assign experienced personnel to manage start-up and construction activities at our project sites and employ local personnel under the supervision of our managerial construction team to build our projects. During the entire project design and execution process, we oversee the scheduling, social, environmental, health and safety, management and technical aspects of construction and monitor the status of the work and its conformity to projects and expense budgets; based on our assessments over time, we update the project management documents and, if necessary, the investment plan. Once the construction phase is complete, we oversee the inspection and acceptance testing.

Business plan objectives of the Development and Construction division

The adequate performance of the Development and Construction division is based on a variety of factors, including (i) the projects (in terms of number of MWs) built by the Group in each year, (ii) the gross profit and (iii) the EBITDA margins of the projects developed, which, in turn, are a function of the quality of the related development processes. 'Gross profit' and 'EBITDA margin' are Operating Segments figures; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. 'Gross profit' and 'EBITDA margin' are APMs; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'gross profit and "EBITDA margin' as APMs. We believe we have a track record of generating operating revenue, gross profit and EBITDA coming from our Development and Construction division. In the years ended December 31, 2015, 2016 and 2017, we were able to generate operating revenues of €36.2 million, €22.9 million and €36.8 million respectively for an aggregate of €95.9 million, and EBITDA margins of 6.6%, 31.2% and 25.9% respectively for the years ended December 31, 2015, 2016 and 2017. 'Operating revenues' and 'EBITDA margin' are Operating Segments figures; see "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures. 'EBITDA margin' is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'EBITDA margin' as APM.

As of September 30, 2018, the total amount of MWs in the Backlog is 459 MW (adjusted for a 90% success rate probability) and we expect to achieve an average gross profit margin in the range of 14.5% to 17.5% in the construction of this Backlog. 'Gross profit margin' is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'gross profit margin' as an APM. See "*Business—Project portfolio, Backlog and Pipeline— Recent developments: changes to project status*" for further details about our Backlog. In the near term, we believe that our Backlog as of September 30, 2018 (which we aim to substantially complete by December 31, 2019) will offer significant opportunities to further grow our operating revenues and gross margins.

Operating revenues in the Development and Construction heavily depend on the prices of EPC and development contracts, together with the size and number of projects (in terms of number of MWs) built by the Group. These prices vary by jurisdictions for a variety of reasons, including the type of solar PV system used (fixed tilted or tracking systems), the price structure and competitiveness of the construction industry operating locally, the impact of any import tariffs and the complexity of grid access infrastructure. Our EPC prices in the Backlog vary by jurisdictions. Specifically, with respect to the projects included in our Backlog as of September 30, 2018, we expect Development and Construction operating revenue values for our (i) Indian projects to be in the range of 30 to 32 million INR/MW, (ii) Spanish projects to be in the range of 0.55 to 0.59 million EUR/MW, and (iii) Chilean projects to be in the range of 0.86 to 0.92 million USD/MW.

Based on our historical performance and our current Pipeline and Identified Opportunities, our business plan objectives beyond 2019 include building an average of between 150 MW to 300 MW of solar PV plants per year. We intend to source such new projects from our diversified Pipeline and Identified Opportunities, which we expect to further develop using a portion of the proceeds of the Offering (see "*Use of Proceeds*"). With respect to EPC prices from 2020 onwards, market trends indicate a steady decline of market prices in the period 2020 to 2024, as estimated by IRENA (See "*Industry and Market Overview—Solar Industry Current Trends and Dynamics*"). At the same time, we expect a compression in the gross profit margins across the market. For this reason, in our business plan, we have set target average gross profit margins of 10% to 15% in our Development and Construction division during the execution of our Pipeline and Identified Opportunities for the period 2020-2024. 'Gross profit margin' is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'gross profit margin' as an APM. See "*Business—Project portfolio, Backlog and Pipeline*" for further details about our Pipeline and Identified Opportunities.

The business plan objectives and performance targets of our Development and Construction division are based on assumptions relating to future events and the operational performance of the business, which are subject to uncertainties, management strategic goals and action plans and the current information available to management as to developments in our sector, our competitive position and the regulatory environment in which we operate. These future events and the performance of the business may not occur or evolve differently than assumed, as such information depends on a number of variables that the management may not control or may control only to a limited extent. The indicative information described above is unaudited and was not prepared with a view towards compliance with IFRS or other applicable guidelines for the preparation and presentation of indicative financial information.

We cannot assure you that the information on which we have based our assumptions will be achievable or will not change. Although we believe the assumptions used and the basis of preparation to be reasonable, our actual results may vary from the indicative information presented above and such variations could be material. As such, you should not place undue reliance on the inclusion of such information and it should not be regarded as an indication that it will be an accurate prediction of future events. See "*Cautionary Statements Regarding Forward-Looking Statements*" and "*Risk Factors—Risks Relating to Our Business*" for a more complete discussion of factors that could affect our future performance and results of operations.

Power Generation

Once a solar PV power plant enters into operation, our Power Generation division generates revenue by selling the electricity generated by our plants. The amount of revenue generated depends primarily on the production level of the plant and the selling price of the electricity. Electricity sales are therefore critical to maximize income from electricity generation. The off-take arrangements that determine the sale price of electricity vary according to jurisdiction and include regimes based on regulated tariffs or, more typically for our business, those where an *ad hoc* PPA is negotiated and agreed for each project. In addition, we sell any residual excess production that is not sold under the specific off-take arrangement at the spot market. As of September 30, 2018, our top customers included Southern Power Distribution Company of Telangana Ltd. (accounting for 35.7% of segmented operating revenues), the PMGD regime in Chile (accounting for 17.5% of segmented operating revenues), Northern Power Distribution Company of Telangana Ltd. (accounting for 16.9% of segmented operating revenues), the Peruvian Concession Contracts (accounting for 12.2% of segmented operating revenues), the CNMC (accounting for 8.5% of segmented operating revenues), Collahuasi & Codelco (accounting for 6.4% of segmented operating revenues) and the Spanish electrical system (accounting for 2.5% of segmented operating revenues).

We have strategically focused on developing a high-quality operating portfolio of solar PV assets contracted under long-term off-take arrangements, ranging in duration between 20 to 25 years. As of September 30, 2018, we had equity stakes in 11 solar PV projects with a total capacity of 252 MW (of which 128 MW (141 MW pro forma for the acquisition of the Spanish Operating Assets) were attributable to our proportional equity interests in such projects). Under our off-take arrangements, we set up our solar PV energy plants either in close proximity to the grid interconnection point or at our customer's premises, as in the case of the CS 3 solar PV power plant in Chile. Generally, the distance from our solar PV power plant to the grid interconnection point ranges from 1 to 16 kilometers. We generate revenues from creditworthy off-takers, including a mix of government entities or central and state run utilities such as the national electricity systems of Spain, Chile and the Republic of Peru and Southern Power Distribution Company of Telangana Ltd. and Northern Power Distribution Company of Telangana Ltd. (two Indian power distribution companies) as well as private companies such as Collahuasi and Codelco (Chilean mining companies).

For a discussion of our PPAs, see "*Material Contracts—Power Purchase Agreements.*"

The following table summarizes the key features of the Power Generation projects in which we had an equity interest as of September 30, 2018. With respect to the projects located in Spain, the information provided in this table corresponds to the pro-forma figures; *see "Selected Pro Forma Financial Information"*.

Country	*Project Name*	*Solarpack Current Equity Interest*	*Solarpack Equity Interest (Adjusted for Acquisition)*	*% of Total Power Generation Revenue June 30, 2018*	*Gross Capacity (MW)*	*Annual Production (GWh)[(4)]*	*Commercial Operation Date (COD)**	*Type of Off-take Arrangement*	*Off-take Arrangement Expiration Date*	*Off-taker*	*Off-taker Credit Rating*	*Currency*
	Isla Mayor	4.3%	34%[(3)]	6.3%	8.4	15.3	12/31/2007	Regulated tariff[(5)]	12/31/2037	Spain[(7)]	N.A.	EUR
Spain[(1)]	Lebrija	6.3%	44%[(3)]	3.6%	3.8	7.3	12/31/2007	Regulated tariff[(5)]	12/31/2037	Spain[(7)]	N.A.	EUR
	Llerena 1	5.0%	80%[(3)]	8.3%	4.8	9.4	12/31/2007	Regulated tariff[(5)]	12/31/2037	Spain[(7)]	N.A.	EUR

Country	*Project Name*	*Solarpack Current Equity Interest*	*Solarpack Equity Interest (Adjusted for Acquisition)*	*% of Total Power Generation Revenue June 30, 2018*	*Gross Capacity (MW)*	*Annual Production (GWh)(4)*	*Commercial Operation Date (COD)**	*Type of Off-take Arrangement*	*Off-take Arrangement Expiration Date*	*Off-taker*	*Off-taker Credit Rating*	*Currency*
	Llerena 2	7.5%	70%(3)	8.3%	4.1	9.0	12/31/2007	Regulated tariff(5)	12/31/2037	Spain(7)	N.A.	EUR
	Guijo de Coria	49.8%	97%	9.5%	6.1	13.5	08/30/2011	Regulated tariff(5)	12/31/2041	Spain(7)	N.A.	EUR
	Tacna Solar	10%	10%	3.1%	22.2	45.4	12/31/2012	PPA	12/31/2032	Republic of Peru(8)	BBB+	USD
Peru	Panamericana Solar	10%	10%	3%	20.7	49.4	12/31/2012	PPA	12/31/2032	Republic of Peru(8)	BBB+	USD
	Moquegua FV	19%	19%	2.5%	19.4	45.9	12/31/2014	PPA	12/31/2034	Republic of Peru(8)	BBB+	USD
Chile	Ataca(2)	19%	19%	4.8%	26.5	70.6	03/30/2014	PPA	03/31/2034	Collahuasi / Codelco	N.A./A+	USD
	PMGD PAS1-CAS1-PSS	80%	80%	12.1%	31.6	90.5(4)	06/30/2017	Stabilized price regime(6)	N.A.	Chile(9)	A+(9)	USD
India	Telangana	83%	83%	38.4%	104.0	171.3(4)	11/30/2017	PPA	11/30/2042	Northern/ Southern Power Distribution Company of Telangana	N.A.	INR

* The Commercial Operation Date (COD) is the date on which the plant commences to inject power to the grid.

(1) As discussed under "*Use of Proceeds*", we intend to use a portion of the proceeds of the Offering to increase our equity interests in the Spanish projects. As a result, subject to the settlement of the Offering and the satisfaction of the conditions under the applicable acquisition agreements, we will increase our equity stake in such projects, acquiring assets representing an incremental installed capacity of approximately 13 MW. For additional information, see "*Material Contracts—Acquisition of the Spanish Operating Assets.*"

(2) Comprises the solar PV power plants of CS3, PAS2 and PAS3.

(3) The Company owns 100% equity interest in a number of SPVs with 0.12 MW each (0.1 MW in the case of Llerena 2). The percentage shown here is the number of SPVs owned by the Company out of the total number of SPVs associated with the project. The Company fully consolidates the SPVs in which it owns a 100% interest but does not consolidate any remaining SPVs.

(4) Refers to the production during the year ended December 31, 2017. The CAS1-PSS (part of PMGD project together with PAS1) and TS1 plants entered into operation in the second half of 2017. As a result, the annual production data shown in the table above for the PMGD PAS1-CAS1-PSS and TS1 plants represent estimated production for the full year (as extracted from the technical due diligence reports commissioned in connection with the project financing of the projects). Real production in 2017 was 57.8 GWh for the PMGD PAS1-CAS1-PSS plants and 33.8 GWh for TS1 plant.

(5) As discussed under "*Regulation–Spain*", we sell the energy generated by Spanish power plants in the pool market (at market prices) and such revenues are then supplemented by a regulated compensation paid by the national electricity system.

(6) As discussed under "*Regulation–Chile*", we sell the energy generated by the Chilean project PMGD PAS1-CAS1-PSS under an ad hoc stabilized price regime.

(7) Refers to the applicable national electricity system. See "*Regulation-Spain*". The off-takers in the Spanish market to whom we invoice are CNMC and our representative agent in the electricity market, Gnera Energia y Tecnologia, S.L.

(8) The off-takers in the Peruvian market to whom we sell are net buyers (typically big consumers and utilities) of electricity on the wholesale power market.

(9) Off-taker Credit Rating for PMGD PAS1 –CAS1-PSS refers to the sovereign rating of the Republic of Chile. The off-takers in the Chilean market to whom we sell are net buyers (typically big consumers and utilities) of electricity on the wholesale power market.

Once the relevant off-take arrangement of each Power Generation project expires, the solar PV plants will continue producing energy, subject to the availability of site control at each solar PV plant as follows:

- *Isla Mayor*: land lease agreements do not include a "long-stop" expiration date and, as a result, only expire when the technical installations are deemed to be 'technically useless'.
- *Lebrija*: land lease agreement expires in 2047.
- *Llerena 1 and Llerena 2*: land lease agreement expires when the technical installations are deemed to be 'technically useless' or, if earlier, in 2052.
- *Guijo de Coria*: land lease agreement expires when the technical installations are deemed to be 'technically useless' or, if earlier, in 2056.
- *Tacna Solar*: land lease agreements expire in 2041.
- *Panamericana Solar*: land lease agreements expire in 2041.

- *Moquegua FV*: land lease agreements are in the form of an easement linked to a "*concesion de generación*" and will not expire as long as the power plant is operating and compliant with the terms of the "*concesion de generación*".

- *PAS2-PAS3 (Ataca)*: land lease agreements expire in 2042.

- *CS3 (Ataca)*: land lease agreement is linked to the duration the off-take agreement. Accordingly, the solar PV plant may not continue to produce energy after 2033 if no agreement is reached with the off-taker Codelco to that effect.

- *PMGD (PAS1-CAS1-PSS)*: land lease agreements expire in 2042 for PAS1, in 2044 for CAS1 and in 2046 for PSS.

- *Telangana*: land is owned by the relevant SPVs and not subject to any right from a third party. As such, there is no "long-stop" expiration date for the generation of power.

Although no assurance can be given on what type of off-take arrangement, if any, would replace existing off-take arrangements when they expire, our power generating installations in Chile, Peru, India (Telangana) and Spain will be entitled to sell energy to the spot market by default. In addition, our solar PV modules benefit from a 25-year manufacturer warranty from the purchase date of the equipment and we expect that the solar PV modules will be able to continue to generate energy well beyond such warranty timeframe. Moreover, we do not envisage incurring any additional capital expenditures in connection with the expiration of the relevant off-take arrangement to keep the solar PV plant generating energy.

The following table summarizes the key terms of the material off-take arrangements in place for our projects in operation as of September 30, 2018:

Country	Project Name	Status	Type of Off-take Arrangement	Off-taker	Pricing[1]
Chile	PAS2 and PAS3 (Ataca)	In operation	Annual "take or pay" PPA, with a cap of up to 60 GWh/year and maximum amounts of energy to be supplied per month. This off-take arrangement expires in 2034.	Collahuasi	Tariff in U.S. dollars, indexed to U.S. Consumer Price Index.
Chile	CAS3 (Ataca)	In Operation	Annual "take or pay" PPA. All produced energy shall be sold to the buyer, and the buyer shall pay for all the generated energy. This off-take arrangement expires in 2032.	Codelco	Tariff in U.S. dollars, indexed to U.S. Consumer Price Index.
Peru	Tacna Solar, Panamericana Solar and Moquegua FV	In operation	Annual "take or pay" PPA, with a cap of up to 141 GWh/year and minimum amounts of energy to be supplied per year. These off-take arrangements expire in 2032 for Tacna Solar and Panamericana Solar, and in 2034 for Moquegua FV.	Republic of Peru	Tariff in U.S. dollars, indexed to U.S. Consumer Price Index. 225 USD/MWh as of October 2012 for Tacna Solar. 215 USD/MWh as of December 2012 for Panamericana Solar. 119.9 USD/MWh as of December 2014 for Moquegua FV.
India	Telangana	In operation	Annual "take or pay" PPA, with a cap set at 25% capacity utilization plant factor. This off-take arrangement expires in 2042.	Southern/Northern Power Distribution Company of Telangana	Fixed price in Indian Rupees. 5,724.9 INR/MWh.
Spain	Isla Mayor, Lebrija, Llerena 1 and Llerena 2	In operation	Compensation for investment and compensation for operation based on "standard parameters" plus a reasonable	Spain[2]	Difference between the specific retribution and the estimated revenues obtained

Country	Project Name	Status	Type of Off-take Arrangement	Off-taker	Pricing[1]
			rate of return (the so-called "specific retribution"). Expires in 2037.		at a market price, with a floor price. Installation codes: Isla Mayor 4.5 MWit - IT-00064 2.5 MWit - IT-00052 Lebrija 3.2 MWit - IT-00064 Llerena 1 4 MWit - IT-00064 Llerena 2 2.8 MWit - IT-00057 1.2 MWit - IT-00067
Spain	Guijo de Coria	In operation	Compensation for investment and compensation for operation based on "standard parameters" plus a reasonable rate of return (the so-called "specific retribution"). Expires in 2041.	Spain[2]	Difference between the specific retribution and the estimated revenues obtained at a market price, with a floor price. Installation code: 5.5 MWit - IT-00509

(1) Pursuant to Spanish Regulation, "installation codes" are a feature particular to the Spanish market, which investors use to track the revenue stream of each power plant.

(2) Refers to the applicable national electricity system. See "*Regulation–Spain*". The off-takers in the Spanish market to whom we invoice are CNMC and our representative agent in the electricity market, Gnera Energia y Tecnologia, S.L.

The following table summarizes the key terms of the material off-take arrangements in place for our projects in Backlog as of September 30, 2018:

Country	Project Name	Status	Type of Off-take Arrangement	Off-taker	Pricing[1]
Chile	Granja	Backlog	PPA with hourly energy commitment up to 280 GWh/year. This off-take arrangement expires in 2040.	Chilean distribution companies	Tariff in U.S. dollars, indexed to U.S. Consumer Price Index. 29.1 USD/MWh as of October 2016.
India	KA2	Backlog	Annual "take or pay" PPA, with a cap set at 25% capacity utilization plant factor. This off-take arrangement expires in 2044.	Gulbarga Electricity Supply Company Ltd., Mangalore Electricity Supply Company Ltd., Hubli Electricity Supply Company Ltd.	Fixed price in Indian Rupees. Between 3,120 INR/MWh and 3,190 INR/MWh, depending on the PPA. Average of 3,142 INR/MWh.
Spain	Monclova	Backlog	Compensation for investment and compensation for operation based on "standard parameters" plus a reasonable rate of return (the so-called "specific retribution"). Expires in 2044.	Spain[2]	Difference between the specific retribution and the estimated revenues obtained at a market price, with a floor price. Installation code: 45 MWit - ITR-0104
Spain	Grullas	Backlog	Compensation for investment and compensation for operation based on "standard parameters" plus a reasonable	Spain[2]	Difference between the specific retribution and the estimated revenues obtained

Country	Project Name	Status	Type of Off-take Arrangement	Off-taker	Pricing[1]
			rate of return (the so-called "specific retribution").Expires in 2044.		at a market price, with a floor price. Installation code: 55 MWit - ITR-0104

(1) Pursuant to Spanish Regulation, "installation codes" are a feature particular to the Spanish market, which investors use to track the revenue stream of each power plant.

(2) Refers to the applicable national electricity system. See "*Regulation–Spain*". The off-takers in the Spanish market to whom we invoice are CNMC and our representative agent in the electricity market, Gnera Energia y Tecnologia, S.L.

For a proper delimitation of risks and exposure to projects, we create an SPV for each project we finance and put in operation, which owns all the assets and liabilities for a particular project. In terms of taxation, this means that the corporate tax applicable to the Power Generation division depends on each project's specific tax regime. Solar PV assets typically benefit from accelerated depreciation provisions that are included in the tax legislation of various countries. This type of benefit is typically part of tax schemes that favor investment in renewable energy assets. The combined result of the accelerated depreciation mechanisms in conjunction with the high amount of financial expenses during the first 10 years of a project's life results in a delay in the payment of corporate taxes, which typically occurs after 12 years from the initial operation of the solar PV plant. See "*Operating and Financial Review—Key Factors Affecting Our Results of Operations— Regulatory and tax environment.*"

Project financing is also pivotal to this division. See "*Operating and Financial Review—Key Factors Affecting Our Results of Operations—Availability of financing and related costs for the funding of projects*." The following table summarizes the main project finance debt terms of the projects under operation within the Power Generation division. The figures provided for the below projects correspond to the total debt amount for the entire project (not accounting for the company's own equity interest in the applicable project). We note those levels of debt are 100% of the outstanding debt for each of the projects. In the case of Isla Mayor, Lebrija, Llerena 1 and Llerena 2, numbers correspond to the pro-forma debt which will be consolidated (note that these projects are divided in 100 kW SPVs and we will hold 100% stakes in these to account for 43% in Isla Mayor, 44% in Lebrija, 80% in Llerena 1 and 70% in Llerena 2).

The following table shows the total outstanding debt of each of the operating projects as of September 30, 2018 together with their terms. For the sake of clarity, we are showing the total outstanding debt for each project, as well as the attributable outstanding debt corresponding to Solarpack's equity stake in the projects. Please note that in both cases, the figures shown for Isla Mayor, Lebrija, Llerena 1 and Llerena 2 are the debt amounts for the SPVs fully owned by the Company in the Pro Forma Financial Information.

Project Name	Currency of loan	Total Outstanding debt at project level as of September 30, 2018, million	Attributable Outstanding debt at project level as of September 30, 2018, million	Maturity	Interest Rate	% of Debt hedged[3]	IRS rate[4]	Fixed rate (IRS+spread)[5]	IRS maturity[6]
Isla Mayor	EUR	7.7 [1]	7.7 [1]	2026	Euribor 6 M + 1.75%	89.68%	2.61%	4.36%	2026
Lebrija	EUR	5.0 [1]	5.0 [1]	2027	Euribor 6 M + 1.75%	91.03%	2.91%	4.66%	2027
Llerena 1	EUR	10.6 [1]	10.6 [1]	2030	Euribor 6 M + 1.75%	42.57%	4.54%	6.29%	2025
Llerena 2	EUR	8.5 [1]	8.5 [1]	2028	Euribor 6 M + 1.75%	56.90%	4.54%	6.29%	2025
Guijo de Coria	EUR	15.3	14.7	2032	Euribor 6 M + 1.75%	79.58%	1.17%	2.92%	2029
Panamericana Solar	USD	69.5	13.2	2030	4.28%	100%	n.a.	n.a.	n.a.
Tacna Solar	USD	69.7	13.3	2030	4.28%	100%	n.a.	n.a.	n.a.
Moquegua FV	USD	36.4	3.5	2032	4.90%	100%	n.a.	n.a.	n.a.
Ataca	USD	55.1	5.2	2032	Libor 6M + 3.5%	92.18%	1.55%	5.05%	2032

Project Name	Currency of loan	Total Outstanding debt at project level as of September 30, 2018, million	Attributable Outstanding debt at project level as of September 30, 2018, million	Maturity	Interest Rate	% of Debt hedged[3]	IRS rate[4]	Fixed rate (IRS+spread)[5]	IRS maturity[6]
Telangana	INR	4,577	3,783	2033	10.1%	100%[2]	n.a.	n.a.	n.a.
PMGD (PAS1-CAS1-PSS)	USD	31.2	25.0	2032	Libor 6M + 4.75%	70.17%	2.57%	7.32%	2032

(1) This amount of debt corresponds to the SPVs fully owned by the Company in the pro forma financial statements.
(2) Telangana project's interest rate is fixed until 2027.
(3) % Debt hedged represents the proportion of the debt hedged with an Interest Rate Swap. If the interest rate is fixed (e.g. Tacna Solar) without the need of an IRS, this percentage is represented as 100%.
(4) IRS rate refers to the rate agreed in the Interest Rate Swap derivative signed by the project.
(5) Fixed rate refers to the addition of the IRS rate plus the margin or spread that the lender receives as interest rate, which is the total interest rate that applies to the loan in the case of loans with IRS rate.
(6) IRS maturity refers to expiry date of Interest Rate Swap.

See "*Operating and Financial Review—Operating Segment Reporting and other Non Financial Key Operational Data—Power Generation Division*" for a more detailed economic and financial assessment of the Power Generation division.

Services

As part of our vertically-integrated platform, upon completion of a plant's construction, we are able to provide (i) O&M services and (ii) asset management services both to solar PV power plants developed by the Group as well as by third parties. On a combined basis, since our inception, our O&M and asset management services have provided a total capacity of 696 MW split across Spain (28%), Chile (24%), India (15%), Peru (9%), France (7%) Italy (6%), USA (4%), Uruguay (4%) and Germany (3%).

Operation & Maintenance ("O&M")

Since 2008, we have developed our in-house O&M team in our headquarters in Spain, together with on-site operations teams, to operate and maintain all of our owned and operated solar PV plants as well as third parties' assets. Our O&M division provides a comprehensive range of services and solutions to maximize the utilization rate, rate of power generation and system life of our solar PV power projects. Specifically, our O&M services include operations reporting and analysis, monitoring and supervision, inspections, preventive plant maintenance, repair and replacement of plant equipment, site management and incident response. We believe our O&M activities are a pivotal component of our strategy focused on profitable growth driven by long-term revenues and stable cash flows. In addition, our O&M activities allow us to realize a number of synergistic, value-adding benefits for the entire platform by providing key feedback and insight for development and construction as well as for the power generation activities. Our O&M agreements typically last an average of 10 years and the customer pays us a fixed fee averaging around €19,000/MW. Our O&M agreements generally include warranties for response time, availability and, in certain circumstances, performance ratios.

As of September 30, 2018, we carried out O&M services in 13 plants (26% in Peru, 16% in Uruguay, 22% in Spain and 36% in Chile) making up a total capacity of 160 MW. The table below sets forth the solar PV power projects for which we are undertaking O&M services with the related plant availability (measured by the amount of time that a generating plant is able to produce electricity over a certain period by subtracting from total hours in the period all maintenance outage hours, planned outage hours and forced outage hours (excluding the hours where power grid was unavailable)), for the periods indicated, which shows that the plant availability for solar plants for which we provide O&M services have historically remained near 100% on average.

	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018 (1)*
Isla Mayor	99.4%	99.7%	99.4%	99.6%	99.9%	99.8%	99.9%	99.7%	99.7%	99.7%	99.6%
Lebrija	95.8%	99.6%	99.8%	99.4%	99.3%	99.8%	99.9%	99.8%	99.6%	99.8%	99.9%
Llerena 1	99.9%	99.8%	99.7%	99.9%	99.9%	99.9%	99.9%	99.8%	99.9%	99.9%	99.8%

	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018 (1)*
Llerena 2	99.9%	99.9%	99.5%	99.9%	99.7%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Isla Mayor R&D	-	99.9%	99.9%	99.9%	100%	100%	99.9%	99.7%	99.8%	99.7%	99.8%
Guijo de Coria	-	-	-	-	99.6%	99.9%	99.9%	99.8%	99.9%	99.9%	99.7%
CS3 (Ataca)	-	-	-	-	-	99.1%	99.2%	99.6%	98.8%	99.5%	99.6%
Tacna Solar	-	-	-	-	-	99.8%	99.9%	99.7%	99.8%	99.6%	99.7%
PAS2 (Ataca)	-	-	-	-	-	-	99.6%	99.9%	99.9%	99.9%	99.9%
PAS3 (Ataca)	-	-	-	-	-	-	99.6%	99.9%	99.9%	99.9%	99.9%
PAS1 (PMGD PAS1-CAS1-PSS)	-	-	-	-	-	-	-	99.8%	99.9%	99.7%	99.9%
Moquegua FV	-	-	-	-	-	-	-	99.8%	99.9%	99.8%	99.9%
Alto Cielo	-	-	-	-	-	-	-	-	99.8%	99.8%	99.4%
CAS1 (PMGD PAS1-CAS1-PSS)	-	-	-	-	-	-	-	-	-	-	99.6%
PSS (PMGD PAS1-CAS1-PSS)	-	-	-	-	-	-	-	-	-	-	99.6%
Albacete	-	-	-	-	-	-	-	-	-	-	99.8%
La Gineta	-	-	-	-	-	-	-	-	-	-	99.9%

(1) As of September 30, 2018.

A large portion of our O&M services is carried out through our ROC from our headquarters in Spain on a real-time basis. Our ROC is able to provide comprehensive solutions to our customers, from plant supervision (performance monitoring, service dispatch/supervision, diagnostics, issue detection and security system interface) to plant operations (remote plant control, maintenance scheduling and grid operator interface) and back-office services (trending analysis and forecasts, performance reporting, management of spare components and interaction with regulatory entities and insurance companies). We also engage our on-the-ground operators who carry out the annual maintenance plan and are on call to promptly remedy any issues that may arise, in particular with respect to preventive and corrective maintenance, diagnostic activities and other various on-site activities.

Asset Management

Drawing on our first-hand experience and reputation in the industry, our asset management team provides a broad range of consulting and advisory services both to related parties and to third parties, ranging from technical consulting to company administration, financing compliance and reporting, advisory and technical monitoring, economic and regulatory monitoring, O&M tendering and test supervision. These services include a broad range of commercial, accounting, financial, tax and corporate services to solar PV power plants in operation, with the goal of maximizing cash available for distribution to shareholders. Asset management contracts are typically entered into for periods between one and three years of duration and, as a result of the quality of service we provide, the vast majority of our clients periodically renew these contracts. We provide asset management services to a selected group of customers that typically manage infrastructure funds invested in a portfolio of solar PV power plants in operation, including funds or assets established or managed by DIF Renewable Energy, MEAG Power, Foresight, BBVA Private Banking, Santander Private Banking, Whitehelm Capital and Ardian. Our customers pay for our advisory services an average yearly fee of around €4,000/MW.

As of September 30, 2018, we provided asset management services in connection with 23 solar PV plants (with 51% in Chile, 21% in Spain, 19% in Peru and 9% in France) for a total installed capacity of 330.3 MW.

Contracts under operation

Our contracts for both O&M and Asset Management services typically have fixed annual fees, adjusted for inflation. The following table summarizes the list of contracts for both O&M and Asset Management services provision that are under operation as of September 30, 2018:

	O&M scope		Asset management scope	
Contract Code name	Contracted Revenue/year in 2018	Maturity	Contracted Revenue/year in 2018	Maturity
	(thousands)		*(thousands)*	
Spain 1	€210	2029	€ 107	2029
Spain 2	€102	2029	€48	2029
Spain 3	€68	2031	€58	2031
Spain 4	€113	2031	€58	2031
Spain 5	€254	2026	€33	2026
Latin America 1	n.a.	n.a.	$66	Dec 2018
Latin America 2	$ 537	2032	$66	Dec 2018
Latin America 3	$ 374	2024	$90	Aug 2019
Latin America 4	$ 764	2034	$74.5	May 2034
Latin America 5	$ 425	2036	$62.5	Oct 2036
Latin America 6	$ 422	2031	n.a.	n.a.
France 1	n.a.	n.a.	€29	Feb 2019
France 2	n.a.	n.a.	€27	Feb 2019
France 3	n.a.	n.a.	€27	Feb 2019
Spain 6	€34	2019	€17	Dec 2019
Spain 7	€65	2019	€32	Dec 2019
Spain 8	€12	2032	n.a.	n.a.
Spain 9	n.a.	n.a.	€27	Feb 2019
Spain 10	n.a.	n.a.	€38	Feb 2019
Spain 11	n.a.	n.a.	€65	Nov 2018
Spain 12	n.a.	n.a.	€65	Jun 2019
Spain 13	n.a.	n.a.	€105	Jan 2020
Latin America 7	n.a.	n.a.	$196	Apr 2021

Project portfolio, Backlog and Pipeline

Project portfolio

We classify a project as being "in operation" once it is producing energy. For a list of our projects in operation that generate and sell energy, see "*—Business Divisions—Power Generation.*"

Projects "under construction" are projects for which construction has commenced and for which we target to achieve completion within 18 months. The table below presents our projects under construction as of September 30, 2018:

	Country	*Capacity (MW)*	*Expected Commercial Operation Date (COD)*	*Build and Own*
EPC project Bolivar	Colombia	10.5	December 5, 2018	No

We apply a rigorous approach to our business development activities. In general, development opportunities are sought in the geographical areas that are best aligned with the Company's development objectives, and potential projects are assessed on the basis of certain criteria, including availability of resources, potential connection to the transmission/distribution grid, site accessibility and road system, property interests and financing options, and, depending on the size of the project, possible co-investors are considered. Development initiatives are examined by our Business Development team, which meets periodically to select the projects that we intend to pursue, depending on strategic relevance and technical and economic sustainability. As a result of our experience and track record in the industry, we are able to choose selectively among a broad range of business opportunities those projects we intend to pursue in light of their economic prospects and our strategic objectives. We seek to optimize our portfolio by selecting projects based on development time frames and risk/return ratios, while retaining the ability to adapt to the resources available and reallocate assets.

We classify business opportunities into three categories (Backlog, Pipeline and Identified Opportunities) depending on the stage of advancement and the likelihood of success of each project, as evaluated based on our development experience:

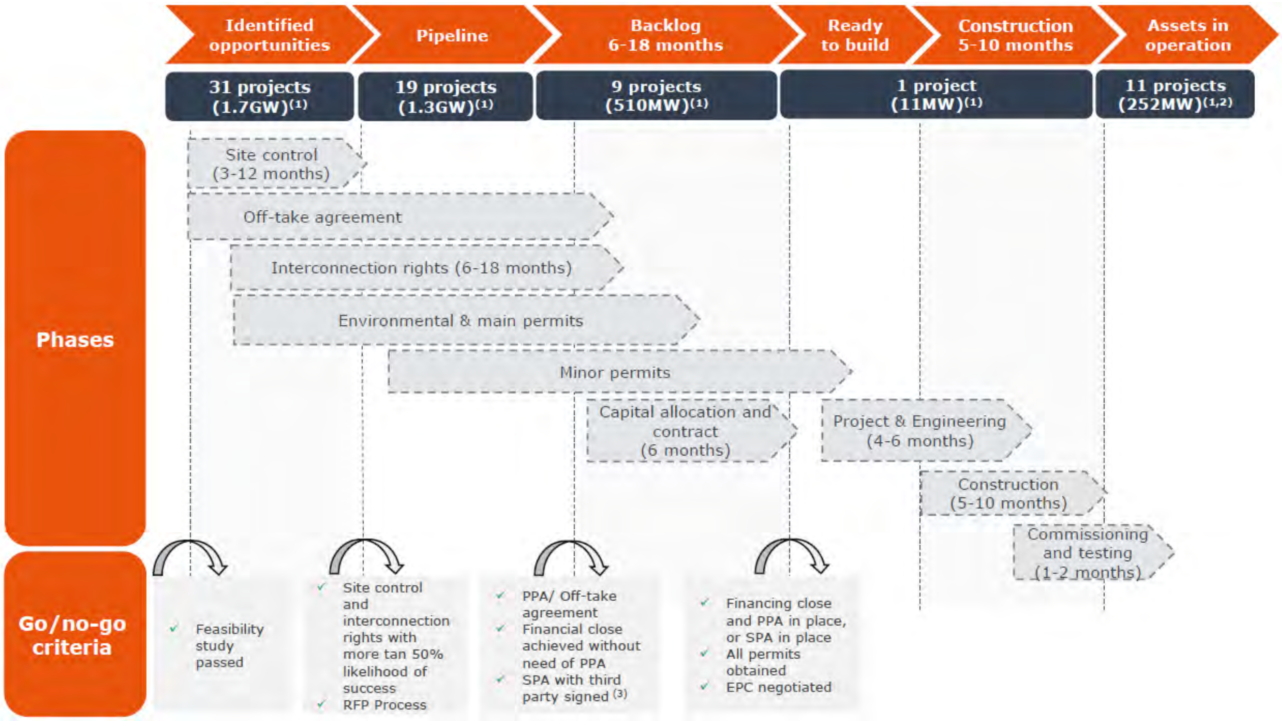
- "*Backlog*" comprises projects for which we estimate the likelihood of success of at least 90%. These are projects (i) for which we have been awarded rights as part of the applicable off-take arrangement tender process, or (ii) the applicable off-take arrangement has been obtained such that we have been nominated as preferred bidders and are in the process of preparing for the execution of the off-take arrangement, or (iii) financing has been obtained without the need of an off-take arrangement, or (iv) an agreement for the sale and construction of a "build and sell" project (not subject to any financing condition precedents) has been signed with a third-party buyer, or (v) an EPC agreement has been signed in the case of projects developed by third-parties. As of September 30, 2018, our Backlog consisted of nine projects with a total capacity of approximately 510 MW, comprised of three projects in Spain (accounting for a total capacity of 211 MW), five projects in Chile (accounting for a total capacity of 169 MW) and one project in India (accounting for a total capacity of 131 MW).

- "*Pipeline*" projects for which we estimate the likelihood of success at 50% (not including projects included in our Backlog) that are either (i) in-house projects, for which we have procured contractual or legal rights relating to site control and interconnection rights from the relevant regulatory bodies or, if only initiated but contractual or legal rights have not yet been procured, for which we estimate a likelihood of contractual or legal rights being procured of more than 50%, or (ii) third-party projects, for which a bidding solicitation for a third-party EPC customer has been formally launched and for which we have been shortlisted in the RFP process. As of September 30, 2018, our Pipeline consisted of 19 projects with a total capacity of 1,251 MW comprised of three projects in Spain (accounting for a total capacity of 109 MW), seven projects in Chile (accounting for a total capacity of 247 MW), six projects in South Africa (accounting for a total capacity of 517 MW), and three projects in Colombia (accounting for a total capacity of 378 MW).

- "*Identified Opportunities*" are projects in the preliminary stage for which we have made a feasibility study and a business case evaluation, for which we estimate the likelihood of success at 10% to 30%. As of September 30, 2018, we had 31 projects marked as Identified Opportunities comprised of two projects in Spain (accounting for a total capacity of 9 MW), 15 projects in Chile (accounting for a total capacity of 521 MW), three projects in South Africa (accounting for a total capacity of 259 MW), one project in Colombia (accounting for a total capacity of 48 MW), two projects in USA (accounting for a total capacity of 140 MW) and one project in Peru (accounting for a total capacity of 180 MW). We also have 538 MW in other markets such as Malaysia, Vietnam, Laos, Mali, and the Dominican Republic.

The classification of business opportunities into the various categories is updated periodically, assessing the progress of each project against objective milestones, including site control, interconnection rights, environmental and archeological approvals, status of permits and licenses, local support, off-taker feasibility and cost analysis.

Given the foregoing, the lifecycle of a project is typically between 18 and 48 months from pipeline to operation following the sequence illustrated the following chart:



(1) Figures as of September 30, 2018.

Backlog

The table below presents our Backlog as of September 30, 2018:

Project Name	*Country*	*Capacity (MW)*	*Site Control*	*Interconnection Rights*	*Environmental Approvals*	*Financing*	*Off-take Arrangement status*	*Build & Own*	*Share Purchase Agreement*	*EPC for 3rd Party*	*Estimated cost of debt (%)*
Monclova	Spain	**49.4**	Obtained	Secured	Submitted	In progress	Obtained	Yes	N/A	N/A	3.75-4.50
Grullas	Spain	**61.6**	Obtained	Secured	Submitted	In progress	Obtained	Yes	N/A	N/A	3.75-4.50
Granja Solar	Chile	**124.1**	Secured	Secured	Obtained	In progress	Obtained	Yes	N/A	N/A	6.20-6.50
KA2	India	**130.6**	In progress	In progress	N/A	In progress	Obtained	Yes	N/A	N/A	9.75-10.50
Alvarado	Spain	**100.0**	Obtained	Obtained	In progress	n.a.	n.a.	No	Obtained	Obtained	n/a
Bellavista	Chile	**10.6**	Submitted	Secured	Obtained	n.a.	n.a.	No	Obtained	Obtained	n/a
Tricahue	Chile	**10.6**	Secured	Obtained	Obtained	n.a.	n.a.	No	Obtained	Obtained	n/a
Quinantu	Chile	**11.6**	Obtained	Submitted	Submitted	n.a.	n.a.	No	Obtained	Obtained	n/a
Panimavida	Chile	**11.7**	Obtained	Secured	Submitted	n.a.	n.a.	No	Obtained	Obtained	n/a
TOTAL		**510.3**									

Note: In the table above, "*obtained*" refers to the signing of the relevant contract or the granting or perfection of the permit and approval, as applicable; "*secured*" refers to the stage where we have received clearance for the granting of the relevant permit and approval, as applicable, or have reached a commercial agreement on the relevant contracts, but the signature or final notification is pending; "*submitted*" refers to submission of the required documents to the relevant authority as required by the applicable local law or counterparty; "*in progress*" refers to the preparation of the underlying documentation and ongoing negotiations; "*not initiated*" refers to a stage where the documentation has not been drafted yet.

All of our current Backlog opportunities as of September 30, 2018 are fully owned by Solarpack, and are not subject to any joint venture or other similar types of commercial agreements.

Planned Project Investments

As discussed under "*Use of Proceeds*," we intend to use a portion of the proceeds of the Offering to invest in the construction of four solar PV projects included in our Backlog as of September 30, 2018: the Granja project in Chile, the Monclova and Grullas plants in Spain and the KA2 project in India (collectively, the "**Planned Project Investments**"). We expect that these four solar PV power plants will achieve operational status before the end of 2019.

The table below presents the key information for each of these Planned Project Investments in their respective currencies.

Project name	*Country*	*Capacity (MW)*	*Estimated Total Uses (in millions)*	*Estimated Total Sources[(1)]*		*Target power generation in 2020 (GWh)* [(2)]	*Expected OPEX 2020 (in millions)**	*Expected OPEX 2021 (in millions)**	*Off-take arrangement Expiration date*
				Equity (in millions)	*Senior Debt (in millions)*				
Monclova	Spain	49.4	EUR 32.3	EUR 10.4	EUR 21.9	102 GWh	EUR 0.63	EUR 0.64	Dec 2044
Grullas	Spain	61.6	EUR 39.4	EUR 13.2	EUR 26.2	126 GWh	EUR 0.81	EUR 0.83	Dec 2044
Granja	Chile	124.1	USD 120.4	USD 24.3	USD 96.1	336 GWh	USD 1.87	EUR 1.92	Dec 2040
KA2	India	130.6	INR 4,791	INR 1,446	INR 3,345	208 GWh	INR 24.6	INR 24.9	Nov 2044

* OPEX refers to the operating costs of the project, such as, for example: land lease, O&M and asset management fees, municipal taxes, audit expenses, insurance, power marketing expenses, recurrent interconnection costs, fees or tariffs. In most cases, OPEX costs are contracted on a long-term basis and, as such, are stable and recurrent. For Spanish projects, OPEX does not include 7% tax on electricity generation (*Impuesto sobre el Valor de la Energía Eléctrica*) tax.
(1) The estimated amounts of debt and equity which the Company plans to secure to fund the relevant project.
(2) The expected target of power to be generated by the project in the year ending December 31, 2020.

The table below presents the key information for each of these Planned Project Investments translated into euros[(3)].

Project name	*Country*	*Capacity (MW)*	*Estimated Total Uses (in millions)*	*Estimated Total Sources[(1)]*		*Target power generation in 2020 (GWh)* [(2)]	*Expected OPEX 2020 (in millions)**	*Expected OPEX 2021 (in millions)**	*Off-take arrangement Expiration date*
				Equity (in millions)	*Senior Debt (in millions)*				
Monclova	Spain	49.4	EUR 32.3	EUR 10.4	EUR 21.9	102 GWh	EUR 0.63	EUR 0.64	Dec 2044
Grullas	Spain	61.6	EUR 39.4	EUR 13.2	EUR 26.2	126 GWh	EUR 0.81	EUR 0.83	Dec 2044
Granja	Chile	124.1	EUR 103.8	EUR 20.9	EUR 82.9	336 GWh	EUR 1.61	EUR 1.66	Dec 2040
KA2	India	130.6	EUR 58.2	EUR 17.5	EUR 40.6	208 GWh	EUR 0.30	EUR 0.30	Nov 2044

* OPEX refers to the operating costs of the project, such as, for example: land lease, O&M and asset management fees, municipal taxes, audit expenses, insurance, power marketing expenses, recurrent interconnection costs, fees or tariffs. In most cases, OPEX costs are contracted on a long-term basis and, as such, are stable and recurrent. For Spanish projects, OPEX does not include 7% tax on electricity generation (*Impuesto sobre el Valor de la Energía Eléctrica*) tax.
(1) The estimated amounts of debt and equity which the Company plans to secure to fund the relevant project.
(2) The expected target of power to be generated by the project in the year ending December 31, 2020.
(3) Exchange rates used: EUR/INR = 82.39, EUR/USD = 1.16

- *Monclova and Grullas*. These two projects are within a distance of 20 km of each other and located approximately 60 km east of Seville (Spain). Both projects will use silicon PV modules and will connect to 66 kV and 132 kV transmission systems. In July 2017, the Spanish Ministry of Energy awarded us 100 MW in project rights in the renewable energy tender it had organized. We intend to assign these project rights to the Monclova and Grullas projects once they are operational by year-end 2019. We anticipate that Monclova and Grullas will sell their power to the Spanish market managed by OMEL and will benefit from a minimum guaranteed revenue associated with rights assignment.

See "*Regulation—Spain*". We have started discussions with financial institutions to provide long term debt financing for these projects, and we expect to finalize financing concurrently with the start of the construction, which we estimate will occur during the second quarter of 2019.

- *Granja.* This project is located in the Chilean I Region, near the transmission node of the Lagunas substation and 65 kilometers away from the town of Pozo Almonte. The Granja project is designed with one axis horizontal tracking systems which maximizes the well-positioned solar resource in this part of Chile, with a projected electricity production of 2,707 kWh/kWp during its first year of operation. In 2016, we were awarded the PPAs relating to the Granja project by the Chilean Ministry of Energy, pursuant to which we will have the right to sell energy at a fixed price of US $29.1 dollars (as of April 2016) to all the regulated Chilean electricity distribution companies (distribution companies are required by law to publicly tender the supply to serve their residential and small industrial clients – "regulated customers" – those whose consumption is subject to price regulation). The off-take arrangement commences on January 1, 2021 and we intend to begin selling energy during the second half of 2019 onwards to the Chilean spot market. These PPAs have certain differences with traditional PPAs. Among others, (i) they are not "take or pay" (i.e. requiring the off-taker to purchase a fixed amount of energy) but "take and pay" (i.e. requiring the off-taker to purchase a unfixed amount of energy that is subject to change based on factors such as absence of demand) agreements, (ii) they may expose Solarpack to distribution companies over-contracting; and (iii) the PPAs contemplate no payment guarantees for the benefit of the supplier. The Granja project will also be entitled to receive revenues for firm capacity as per Chilean market regulation. We have already initiated a process to secure $96.1 million in senior debt with an agreed term sheet and we expect to sign facility agreements with the relevant financial institution within the next 12 months. On April 19, 2018, we signed an option to secure the interest rate swap ("**IRS**") cost for a relevant portion of the expected senior debt ($60 million), thus partially protecting us from interest rate increases in the IRS markets until closing. As of September 30, 2018 we had a €1.0 million asset recorded in our balance sheet to account for the fair value of this IRS option.

- *Karnataka 2 ("**KA2**")***.** Located in India, this is our next investment in the region which will be comprised of five different project sites in the state of Karnataka. These projects are designed with a fixed-tilt system that have an East-West orientation to maximize the use of the land, which is a valuable agricultural resource in Karnataka state. We participated in the tender through our wholly owned Indian subsidiary Ekialde Solar Pvt Ltd. The tender was organized by the Karnataka Renewable Energy Development Limited ("**KREDL**"), a Government of Karnataka undertaking. The KREDL awarded us five PPAs each effective May 2018, with each of the five project sites corresponding to each PPA. Our counterparties in the off-take arrangements are the Gulbarga Electricity Supply Company Limited ("**GESCL**") for three of the sites, the Mangalore Electricity Supply Company Limited ("**MESCL**") for one of the sites and the Hubli Electricity Supply Company Limited ("**HESCL**") for an additional site. The supply of electricity is expected to commence in November 2019 for a 25-year period, and our SPVs have the right to receive a fixed price of between 3,120 and 3,190 INR/MWh. We are still in the process of negotiating the relevant land rights for the project and obtaining all necessary permits and authorizations. With respect to the sourcing of senior debt, we have already started negotiations with leading Indian financial institutions and we intend to finalize the loan documentation during the first quarter of 2019.

In addition, we continuously explore investment opportunities in our various geographic locations if we believe that any such opportunities has the potential to meet our internal investment return criteria. As part of this opportunistic strategy, we are constantly evaluating new project opportunities across our regions of focus, where we have a track record and local presence, and evaluate these projects internally against one another to find the most attractive risk-adjusted investments. In the course of pursuing these investment opportunities, we intend to continue to invest in the development of our Pipeline into Backlog, of our Identified Opportunities into Pipeline and in the origination of additional Identified Opportunities.

Pipeline

The table below presents our Pipeline as of September 30, 2018:

Country	Capacity (MW)	Site Control	Interconnection Rights	Environmental Approvals	EPC for 3rd Party
Chile 2	10.6	Obtained	Secured	Submitted	In progress
Chile 5	155.7	Obtained	In progress	Obtained	N/A
South Africa 1	86.2	Obtained	N/A	Obtained	N/A
Chile 7	11.7	Secured	Submitted	Submitted	N/A
Spain 2	10.0	Obtained	Secured	Pending Submission	N/A
Colombia 1	118.0	In progress	Secured	Pending Submission	N/A
Colombia 2	118.0	In progress	Secured	Pending Submission	N/A
South Africa 2	86.3	Obtained	N/A	Obtained	N/A
South Africa 3	86.3	Obtained	N/A	Obtained	N/A
South Africa 4	86.3	Obtained	N/A	Obtained	N/A
South Africa 5	86.3	Obtained	N/A	Obtained	N/A
South Africa 6	86.3	Obtained	N/A	Pending Submission	N/A
Chile 8	11.7	Obtained	Secured	Not Initiated	N/A
Chile 9	11.7	Secured	Secured	Not Initiated	N/A
Chile 10	11.7	Secured	Secured	Submitted	N/A
Chile 11	34.3	N/A	N/A	N/A	Submitted
Colombia 3	141.6	In progress	Secured	Pending Submission	N/A
Spain 3	49.7	N/A	N/A	N/A	Submitted
Spain 4	49.1	N/A	N/A	N/A	Submitted
TOTAL	1,251.4				

Note: Consistent with our classification of "Pipeline", the status of advancement of the financing and negotiation of the SPA and PPA is not significant at this stage. Similarly, for Pipeline projects, we have not yet determined the development model. In the table above, "*obtained*" refers to the signing of the relevant contract or the granting or perfection of the permit and approval, as applicable; "*secured*" refers to the stage where we have received clearance for the granting of the relevant permit and approval, as applicable, or have reached a commercial agreement on the relevant contracts, but the signature or final notification is pending; "*submitted*" refers to submission of the required documents to the relevant authority as required by the applicable local law or counterparty; *"in progress"* refers to the preparation of the underlying documentation and ongoing negotiations; "*not initiated*" refers to a stage where the documentation has not been drafted yet.

We consider this operational data to be useful indicators of our future revenue streams from the Power Generation and Services divisions, while offering visibility over the short-term performance of our Development and Construction division. We closely monitor these measures to plan for our current needs and to adjust our expectations, financial budgets and forecasts. Backlog and Pipeline are not financial measures and each is based on a number of assumptions and estimates. Future events and the operational performance of the business may not occur or may evolve differently than assumed, as such information depends on a number of variables that the management may not control or may control only to a limited extent. Contingencies that could affect the conversion of our near-term Backlog into future revenue or cash flows include permitting roadblocks, failure to execute construction contracts, cancellation, termination, delay, scope reduction or adjustments, increased time requirements to complete the work, delays in commencing work, disruption of work, disputes with off-takers or other unforeseen events. Consequently, Backlog and Pipeline data as of any particular date are not necessarily indicative of our future revenues or operating results and may not result in actual revenue during the expected time periods or at all and such data should not be regarded as or relied upon as an indication that it will be an accurate prediction of future events. See "*Cautionary Statements Regarding Forward-Looking Statements*" and "*Risk factors—Risks relating to our business—We may not be able to successfully realize our Identified Opportunities and complete the development of our Pipeline and Backlog portfolio, which is subject to unexpected adjustments and cancellations and is therefore not a fully accurate indicator of our future revenue or earnings*."

Suppliers

Our most important purchasing items are solar photovoltaic panels (mainly, crystalline), which we source directly from multiple highly-selected Tier 1 suppliers. In addition, another significant portion of the cost of our solar PV power plants consists of inverters, steel structures and other plant equipment. There are several suppliers in the market and we select our suppliers based on expected cost, reliability, warranty coverage, ease of installation and other ancillary costs. To date, we have installed equipment sourced from manufacturers including module providers (Sunpower, Solon, Suntech, Evergreen, Sharp, Trina and Yingli), inverter providers (Ingeteam, Power Electronics and SMA) and metallic structures providers (STI, Soltec, NClave and Hiasa). We typically enter into master framework contractual arrangements with our major suppliers that define the general terms and conditions of our purchases, including warranties, product specifications, indemnities, delivery and other customary terms. We generally do not have any supplier arrangements that contain long-term pricing or volume commitments, although at times in the past we have made limited purchase commitments to ensure sufficient supply of components. For example, in 2015 we entered into a framework agreement with Trina Solar, a leading supplier of solar photovoltaic panels, to meet our supply needs for a set of projects for which we were finalizing development. We believe this flexible procurement system enables us to reduce costs and source the best-suited technology on the most favorable conditions. As of September 30, 2018, our top ten suppliers represented 25.62% of our total operating expenses and none of them individually accounted for more than 10% of our total operating expenses.

Property, Plant and Equipment

Our material tangible fixed assets are comprised of our solar PV plants in operation. As of September 30, 2018, we had equity stakes in 11 solar PV power plants located in Spain, Peru, Chile and India, with a total capacity of approximately 252 MW, out of which we recognized the PV plants in operation in Spain, the TS1 and the PMGD solar PV plants in Chile under our consolidated "Property, Plant and Equipment". As of such date, these "Property, Plant and Equipment" assets represented €109.9 million in our consolidated balance sheet, which corresponded to 96.6% of our total consolidated Property, Plant and Equipment of €113.7 million. The geographical distribution of our consolidated Property, Plant and Equipment as of September 30, 2018, was as follows:

Country	*Plant, Property and Equipment (€ millions)*	*% of total Plant, Property and Equipment*
Spain	5.4	*4.8%*
Chile	34.6	*30.4%*
India	73.7	*64.8%*
Total	113.7	*100%*

The distribution of our consolidated Property, Plant and Equipment by project as of September 30, 2018, was as follows:

Project	*Plant, Property and Equipment (€ millions)*	*% of total Plant, Property and Equipment*
Isla Mayor	1.4	*1.3%*
Lebrija	0.9	*0.8%*
Llerena 1	0.9	*0.8%*
Llerena 2	1.3	*1.1%*
PMGD	32.4	*28.5%*
TS1	72.2	*63.5%*
KA2 acquired land	0.7	*0.6%*
Projects under development	3.3	*2.9%*
Other	0.6	*0.5%*
Total	113.7	*100%*

The TS1 and PMGD solar PV plants were transferred from "inventories" to "Property, Plant and Equipment" after we decided to retain these projects into the operating phase and classify them as Build and Own operating projects in May 1, 2018. On this basis, as of December 31, 2017, we had only €4.8 million of operating solar PV power plants under “Property, Plant and Equipment”, which corresponded to the PV plants in operation in Spain, and €118.0 million under consolidated “inventories”, which corresponded mainly to TS1 and PMGD.

In addition, the Group holds the rights to use land for the installation of PV plants in Chile, which amounts to € 4.4 million recognised under “Intangible Assets - Concessions” in the statement of financial position as at September 30, 2018. This amount is calculated based on the present value of the lease payments over the expected life of the contract at a discount rate that takes into account the risks associated with the asset. These leases are tied to Chilean *unidades de fomento* and expire between 2042 and 2046. In 2017, both the land owned by the Group and its rights to use land it does not own were recognised as an increase in the carrying amount of the inventories because, at that time, it was the Group's intention to sell these plants.

Also, we estimate the costs we will incur to dismantle the plants in those cases in which there is an obligation to do so, for which we recognised a long-term provision at September 30, 2018 amounting to €0.3 million (December 31, 2017: €0.3 million).

The following chart reflects of the “Property, Plant and Equipment” movements between December 31, 2017 and September 30, 2018:

In € millions	**Balance at December 31, 2017**	**Additions/ (Disposals)**	**Transfers(*)**	**Other changes (**)**	**Balance at September 30, 2018**
Cost					
Land	-	0.7	5.1	(0.5)	5.4
Property, plant and equipment - solar PV plants	8.0	(0.1)	107.0	(5.3)	109.6
Property, plant and equipment in the course of construction - solar PV plants	-	0.8	2.5	-	3.3
Plant and other items of property, plant and equipment	0.8	0.2	0.1	(0.1)	1.1
Total cost	**8.8**	**1.7**	**114.6**	**(5.9)**	**119.3**
Depreciation					
Solar PV plants	(3.2)	(1.9)	-	(0.1)	(5.1)
Plant and other items of property, plant and equipment	(0.4)	(0.1)	-	-	(0.5)
Total accumulation depreciation	**(3.6)**	**(2.0)**	**-**	**(0.1)**	**(5.6)**
Total	**5.2**	**(0.3)**	**114.6**	**(5.8)**	**113.7**

(*) See Note 2.5 of the Interim Consolidated Financial Statements.
(**)Including mainly the effect of the change in the currency exchange rate of foreign subsidiaries’ assets.

In addition to the foregoing, our only other material tangible fixed assets are our offices. Our headquarters are located in Getxo (near Bilbao), Spain. We have other main offices in various major cities, including: Seville (Spain), Johannesburg (South Africa), Delhi (India), Kuala Lumpur (Malaysia), Hanoi (Vietnam), Bogota (Colombia), Lima (Peru), Santiago de Chile (Chile) and Atlanta (USA). We also have dedicated O&M personnel in offices that are within the perimeter of the solar PV power plants that we service under O&M contracts. We typically lease spaces in various geographic locations to house our construction management support staff, machinery and equipment if adequate space is not available on our project sites or when not in use.

Our EPC business requires extensive production equipment and specialized machinery, but we typically outsource or lease the use of this machinery. Production equipment we own or lease includes drilling machines and topographic equipment, since these two activities are critical items in the execution of construction activities. Any cost involved in obtaining new machinery or equipment is factored into any bid submitted for a new project.

Employees

As of September 30, 2018, we were present with offices in 10 countries (of which 4 had solar PV power plants in operation) and 127 employees, 54% of whom are employed in Spain. In addition, as of September 30, 2018, the Company had a full time contractor for business development opportunities in Vietnam.

The table below provides a breakdown of the total number of employees of the consolidated Group by category, as of December 31, 2015, 2016 and 2017 as well as the average figures for the consolidated Group in the nine months ended September 30, 2018:

	As of December 31,			As of September 30,
	2015	2016	2017	2018
Management	3	3	3	11*
Technicians and similar	68	81	97	93
Administrative/custodial	15	19	19	23
Total	**86**	**103**	**119**	**127****

(*) In June 2018, we modified the category of employees under "Management" including other members of our senior management team in addition to our CEO and CFO, and excluding our Chairman.
(**) Made up of 69 employees in Spain plus the Chairman (split between three Business Development, 28 EPC, three Structured Finance, 18 Services and 17 Others employees), two in the US (all Business Development employees), 21 in Chile (split between 10 Business Development and 11 Services employees), three in Uruguay (all Services employees), eight in Peru (all Services employees), two in South Africa (all Business Development employees), 11 in India (split between six Business Development and five EPC employees), 5 in Malaysia (all Business Development employees) and six in Colombia (split between two Business Development and four EPC employees). The Company also has 1 full time contractor dedicated to Business Development in Vietnam. Our overall headcount by activity is 29% EPC, 24% Business Development, 2% Structured Finance, 27% Services and 18% Others.

As of September 30, 2018, to our knowledge, none of our employees belong to a labor union. We are a party to collective bargaining agreements with employee organizations in Spain, and management believes that the terms of these agreements are consistent with industry practice. We believe that we have satisfactory working relationships with our employees and have not experienced any significant labor disputes or work stoppages.

Our success is highly dependent on our ability to attract and retain qualified employees. In order to attract and retain skilled professionals, we have adopted competitive and attractive remuneration policies with bonuses generally based on professional development, personal business targets and overall performance of the Group.

Research & Development ("R&D")

We are engaged in significant R&D activities. We are particularly committed to dedicating the necessary resources to be up–to-date with the latest technological developments in our sector and developing new ideas that can enable the development of new products and services.

R&D is a strategic area, particularly for our engineering activities, and important to the strengthening and consolidation of our position in the market. We have made important investments in R&D related to engineering and design, in particular in projects focused on the use of new technologies of modules, trackers and inverters. For example, in 2008 we built a small fixed tilt system in Spain, and we used thin-film modules in at least 20% of our installed capacity, which helped us to gather valuable data from the performance of this module technology in real operating conditions. Also, in 2012 we installed in our first project in Chile a selection of innovative solar module technologies in 10% of the installed capacity of the plant. And finally, we have installed in 2018 an R&D facility in one of the solar PV power plants we own in Pozo Almonte (Chile) to understand the performance of bifacial solar modules, as well as storage technologies. Total investment into this R&D facility has amounted to €165,000, of which €125,000 have been capitalized.

While we have internal committees dedicated to exploring new technologies and business models, all of our R&D activities are coordinated by the R&D Committee, which meets monthly and is responsible for overseeing new R&D initiatives, particularly in the field of battery accumulation and renewable power distribution, the organization and functionality of engineering and design services as well as the development of new technologies

Seasonality

Our Development and Construction business is affected by unfavorable winter weather and rainy conditions in Europe, Latin America and Asia, which translates into reduced construction volumes. However, seasonality affects our operations to different degrees depending on the nature of the works being completed. Similarly, the energy output performance of our plants is dependent in part on the amount of sunlight. As a result, our revenue in the past has been impacted by shorter daylight hours in winters. Typically, our revenue is the lowest in the first and last quarter and higher in the second and third quarter of each year, for solar PV power plants located in the northern hemisphere. Solar PV power plants located in the southern hemisphere have the opposite behavior with respect to seasonality. Solar PV power plants located in India are affected by monsoon season and their seasonality factors differ from the rest of the plants.

Information Technology

We believe that our IT platform is a key asset supporting our business needs and operations, enabling us to achieve our short- and medium-term strategic objectives. Information technology is important to our ability to operate efficiently, and our information technology systems infrastructure supports our various business operations with advanced operational and security levels. We have a centralized information technology model with full coverage for our business operations. In particular, from our headquarters in Bilbao, we run the Remote Control Center (or ROC), which is a core feature for our O&M activities, as we are able to remotely measure production, control equipment and plant performance, generate automatic reports as well as detect failures of the plants. Our IT platform is based on our core strategy of providing high-quality and cost-effective solutions throughout the entire development value chain.

Our main software solutions are based on recognized standard software packages distributed internationally. Our information technology systems infrastructure is based on private cloud housing, which we can readily access as it is based in two datacenters with tested disaster recovery plans. We also invest in communications that allow us to efficiently operate a vastly spread organization. All our employees use a communication tool based on cloud services with IM, audio and video conferencing to be more accessible to other employees around the world, customers and suppliers. In early 2018, we started the implementation of a full enterprise resource planning system (ERP) using the Unit4 Business World suite that will allow us to streamline our operations and integrate accounting, project management, purchasing, labor and other features.

Intellectual Property

We believe that various elements of our PV products and manufacturing processes involve proprietary know-how, technology and data that are not covered by patents or patent applications, or that are not patentable, such as equipment design, technical processes, algorithms and procedures. To protect this information, we rely on a combination of trade secrets and employee contractual protections to establish and protect our intellectual property.

Substantially all of our personnel have entered into confidentiality and proprietary information agreements with us. These agreements address intellectual property protection matters and generally require, among other matters, employees to assign to us all of the design, tools, procedures and know-how they develop while they are in our employ. We regard our trademarks and other intellectual property as valuable assets in the marketing of our services and take appropriate action when necessary to protect them and, when necessary, to enforce them.

Competition

We believe our primary competitors are other solar developers such as Fotowatio Renewable Ventures (FRV), T-Solar, X-Elio, Scatec Solar, Solaria, Azure Power and Enel Green Power. Competition to acquire new projects occurs at the development stage as we bid for long-term off-take arrangements in solar PV power auctions. We compete with other solar developers based on a number of factors, including the sourcing of solar PV projects, reputation and track record, relationship with government authorities, access to capital and control over quality, access to project land, efficiency and reliability in project development. By being a fully-integrated platform operating across the entire development value chain, we believe that we compare favorably with our competitors and possess a competitive advantage in all the countries where we operate.

We also compete with utilities generating power from conventional fossil fuels. Utilities generating conventional energy face rising costs as the constraints on domestic fuel supply continue. As we try to reduce our costs and achieve parity with conventional energy suppliers in those geographies where it has still not occurred, we expect to compete favorably with these energy suppliers on the basis of cost and reliability.

However, some of our competitors may have advantages over us in terms of larger size, internal access to solar panels and greater operational, financial, technical and management capabilities, as well as lower cost of capital or other resources. See "*Risk factors—Risks relating to our business— We operate in a highly competitive industry and competitive pressures could have a material adverse effect on our business*."

Corporate Social Responsibility

We are conscious of, and take seriously, the impact of our activities on the communities in which we operate including, in some cases, in developing countries. On this basis, we are focused on developing and implementing adequate corporate social responsibility ("**CSR**") policies to ensure effective action. Our CSR policies set forth a corporate culture grounded on legality, human rights, integrity and collaboration to achieve an ethical and socially committed work environments. The fundamental values of our CSR policies are as follows:

- *Compliance*: Comply with the law in the countries where we operate, adopting complementary international rules and directives in places where there is insufficient legal guidance. Employees are prohibited from consciously collaborating with third parties in violation of the law, or partaking in illegal activities.
- *Human Rights*: Respect the Declaration of Human Rights and particularly those rights that affect workers, rejecting child or forced labor.
- *Favorable labor framework*: Develop a favorable labor relations framework based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and fostering communications across staff.
- *Integrity*: Hold integrity as a crucial pillar of our business culture.
- *Ethical behavior*: Act in an ethical way in all our internal and external relations, avoiding conflicts of interest and treating them appropriately when they occur.
- *Development*: Contribute to the development of the social environments where we operate, respecting the identity of local communities and maintaining a permanent dialogue with interest groups, incorporating their views into our projects.
- *Charity*: Focus our charity efforts on mitigating neediness in the places where we have offices, installations and work centers, while promoting our values.
- *Involvement*: Involve collaborators in all the practices derived from these values and commitments, communicating, instructing and seeking their compliance in all of our activities.

This policy is regularly reviewed and revised as needed, and we communicate it within the organization and make it readily available to all interested parties.

A majority of our projects in developing countries have a commitment to charity and support of community activities for the majority of the project's duration. In addition, we tend to set these commitments in writing when we divest the projects in order to ensure that the future owners have guidance on charitable support and community engagement relating to the projects.

In addition, the international economic development NGO, Fundación EKI, an undertaking by a majority of our current shareholders, reinforces the active approach we take toward CSR activities in the communities we operate in. Fundación EKI focuses its activity in providing solar PV installations to school and health centers in communities not connected to the electricity grid, mainly in sub-Saharan Africa and South America. Fundación EKI (www.fundacioneki.org) is well aligned with the Sustainable Development Goals and the 2030 Agenda of United Nations, in particular with Goal No. 7 "Affordable and Clean Energy for All". Since 2017, Fundación EKI has supplied solar PV installations during its first year of operations to selected schools and health centers located in the Democratic Republic of the Congo, Sierra Leone, South Sudan, Malawi and Bolivia. Although independent from Solarpack and run by fully dedicated professionals, Fundación EKI uses Solarpack's office space and gets support from Solarpack's staff.

Health, Safety and Environment

We maintain a firm commitment to contribute directly to the social development of the communities and markets in which we operate, not only through the creation of economic value, but also through the generation of quality employment and through the social projects we promote.

One of our top priorities is to achieve and maintain high health, safety and environmental performance. We believe we have robust management systems, a culture of positive engagement and a commitment to continuous improvement. We are committed to operate our business to achieve safe results, with minimal or no harm to people or the environment and we believe contributing to the conservation and protection of the environment, safeguarding the safety and health of the people who are part of the organization and commitment to their customers are the pillars for the success of our Group. To achieve this, we have adopted a "Quality, Environment, Safety and Health Policy" to manage our business in compliance with legislation and industry standards, maintain high-quality systems and processes and seek to maintain safe and healthy workplaces. We periodically audit and review our health and safety management system, to help ensure compliance with all applicable regulations, as well as our policies, principles, processes and procedures, and to identify areas for improvement.

Health and Safety

To help ensure that we maintain safe and healthy workplaces for all our employees and contractors, we have developed a health and safety policy that is aligned with international requirements, including specific H&S reports and protocols approved by independent parties for most of the projects we build and operate. We define and communicate the health and safety standards to our employees and contractors and we also ensure that all our subcontractors operate in line with our principles. We put a strong emphasis on creating safe and good work sites for our employees. As part of our operations control activities we carry out risk assessments at each plant as well as security and operational controls and mandatory training of all employees. The key objectives of our health and safety policy are to continuously work for zero harm to personnel, materials and the environment, evaluate risk and secure our working environment and ensure that all our business activities are conducted in accordance with applicable labor standards. In 2017 and in the first nine months of 2018, there were no fatal accidents, and none of the recordable injuries were classified as serious injuries. Developments in occupational safety measures are monitored at our facilities and reported to the Risks Committee, which meets on a quarterly basis, generally before a meeting of the Board of Directors, and aims to identify best practices in occupational safety and implement them throughout our plants and facilities and maintain a positive and involved safety culture among our employees.

Environment

One of our key principles is to deliver competitive and sustainable solar energy globally through innovative integration of reliable technology. Accordingly, we place great importance on our social responsibility and on sustainability. As part of our preparation for any tender bid, we analyze the environmental risks that may be associated with a given project, and we identify what legal requirements will be imposed to address such risks. We then prepare an action plan and include any environmental safeguards or response actions we may have to make in the budget for the final bid. We are subject to environmental audits and, in addition, we comply with international environment standards typically used by senior lenders in project financing such as the IFC Equator Principles.

Insurance

We maintain insurance policies that are consistent with the industry practices in the countries where we operate in terms of limits of indemnity and in scope of coverage. We believe that our coverage is sufficient in amount and scope. We maintain the following types of insurance: (i) construction (all risks); (ii) third-party insurance; (iii) employer's liability insurance (including with respect to health and safety); (iv) plant and equipment insurance; (v) D&O liability. In addition, in connection with the Offering, the Company may enter into a customary Public Offering of Securities Insurance ("POSI") policy costing €27,000, which will provide insurance coverage for the Company and its directors against liabilities arising from the Offering up to a coverage limit of €15 million. Our insurance coverage is reviewed by us on a periodic basis in order to adapt to changing conditions and to ensure appropriate coverage. See "*Risk factors—Risks relating to our business— We may not have adequate insurance to cover all potential losses and the cost of our current insurance coverage could increase*."

Compliance

Because of the nature of our operations, we are subject to a wide range of environmental laws and regulations and other requirements relating to the protection of the environment. For further information on regulation affecting our business, see "*Regulation*." Although we believe that we are in compliance in all material respects with all environmental requirements affecting our facilities and products, violations of these laws could result in civil fines or sanctions, claims for environmental damages, the revocation of environmental permits or the temporary or permanent closure of facilities. See "*Risk factors—Risks relating to our business—Our operations require us to obtain licenses, authorizations and permits for our projects, which may entail a long and complex process. Any failure to obtain or renew such approvals, licenses and permits or comply with the terms of such approvals, licenses and permits may have a material adverse effect on our business, results of operations and financial condition*." We have not incurred fines in the past three fiscal years, nor do we anticipate incurring material expenditures in order to comply with environmental laws or regulations. We are not aware of any environmental liabilities that we would expect would have a material adverse effect on our business.

Legal Proceedings

We have been, and may from time to time be, a party to legal disputes and administrative proceedings within the scope of our business activities. While we have disclosed certain ongoing legal proceedings in our Audited Interim Consolidated Financial Statements and Interim Consolidated Financial Statements, we consider them to be immaterial, ordinary course legal proceedings. See "*Risk factors—Risks relating to our business— We depend on a limited number of suppliers for materials and components and various third-party contractors to construct, operate and maintain our projects*." We consider that these proceedings are not material nor non-ordinary course legal proceedings that, either individually or in aggregate, are expected to have a material adverse effect on our financial position or profitability, nor, as far as we are aware, are any such proceedings pending or threatened. As a result, as of September 30, 2018, we had not made any provisions for legal proceedings. See Note 13 in the Interim Consolidated Financial Statements and Note 13 in the Audited Interim Consolidated Financial Statements.

REGULATION

The following paragraphs provide a brief description of the main regulations that govern the activities carried out by the Group in our primary markets. References and discussions to treaties, laws, regulations and other administrative and regulatory documents are entirely qualified by the full text of such treaties, laws, regulations and other administrative and regulatory documents themselves.

Spain

Regulation Promoting Renewable Energy

Our business is highly regulated. Our activities are subject to both national and international regulatory regimes. The regulatory environment of our business activities in Spain is shaped by EU directives and regulations, which are either implemented in the individual Member States through national legislation or have direct application to the Member States or individuals.

The following paragraphs describe the main industry-related regulations that are currently in force in Spain and the European Union, applying more specifically to facilities producing energy from renewable sources.

European Framework

On November 26, 1997, the EU published a report (the "White Paper"'), which outlined a strategy and a community-wide action plan for the European Community that aimed at doubling energy production from renewable sources in the European Union from 6% in 1996 to 12% by 2010. The White Paper proposed a number of measures to promote the use of renewable energy sources, including measures designed to provide better access for renewable energy sources to the electricity market. This became even more important after the European Union and its Member States ratified the Kyoto Protocol on May 31, 2002, which imposed on the European Union a target of reducing its emissions of greenhouse gasses by 8%.

Directive 2001/77/EC of the European Parliament and Council of September 27, 2001 (the "**2001 Renewable Energy Directive**") encouraged the development of electricity produced from renewable energy sources (non-fossil fuel sources, such as wind, solar, hydropower, biomass and relief gas) by requiring Member States to set indicative national targets for the consumption of electricity produced from renewable energy sources consistent with the European Commission's target of generating 12% of the European Union's energy and 22% of the European Union's electricity from renewable energy sources by 2010.

In March 2007, the European Council approved a Climate and Energy Package that included a series of legislative instruments that aimed to support the European Union's efforts to meet ambitious climate and energy targets by 2020. These targets, known as the "20–20–20" targets, set the following three objectives for 2020: (i) a 20% reduction in EU greenhouse gas emissions from 1990 levels; (ii) raising the share of EU energy consumption produced from renewable sources to 20%; and (iii) a 20% improvement in the European Union's energy efficiency. The European Parliament adopted this legislative package in December 2008.

The European Parliament and Council's Directive 2009/28/EC on the promotion of the use of energy from renewable sources (the "**2009 Renewable Energy Directive**") set national targets for each Member State consistent with the European Union's objective to derive 20% of its total energy use from renewable energy sources by 2020. In order to comply with these mandatory targets, all EU Member States, including Spain, were required to develop a national action plan in the form of a National Renewable Energy Action Plan 2011–2020 ("NREAP"). Issued on June 30, 2010, Spain's NREAP set out a target of 22.7% of total energy use as coming from renewable energy sources by 2020.

In 2011, the European Parliament and the Council of the EU developed a Renewable Energies Plan, known as REP 2011–2020 (the "**REP**"). The REP added a new target to the 2009 Renewable Energy Directive: a minimum of 10% of transportation energy consumption to be supplied from renewable energy sources in each Member State by 2020. Hence, in addition to Spain's NREAP target of 22.7%, the REP requires Spain to derive 10% of its transportation consumption from renewable sources by 2020.

On October 25, 2012, the European Parliament and the Council passed the Directive 2012/27/EU on energy efficiency, which established a common framework of measures for the promotion of energy efficiency within the European Union in order to achieve the 20% target on energy efficiency by 2020 and to pave the way for further energy efficiency improvements beyond that date. Each Member State will be obliged to set an indicative national energy efficiency target, based on primary or final energy consumption, primary or final energy savings, or energy intensity.

On October 24, 2014, the European Council published its conclusions regarding the "2030 Climate and Energy Policy Framework" which set out the European Union's climate and energy goals to be achieved by 2030. Amongst other things, the framework proposes that by 2030, emissions of greenhouse gases should be reduced by 40% from 1990 levels, energy efficiency should be increased to 27% and 27% of total energy consumption should come from renewable energy sources.

On November 30, 2016, the European Commission presented a package of measures namely known as "the Winter Package", to strengthen the EU competitiveness within the clean energy transition. Accordingly, the EU has committed to reduce CO_2 emissions by at least 40% by 2030 while modernizing the EU's economy and delivering on jobs and growth for all European citizens. The proposals have three main goals: putting energy efficiency first, achieving global leadership in renewable energies and providing a fair deal for consumers.

On June 19, 2018, a political agreement on new rules for improving energy efficiency in Europe has been reached between negotiators from the Commission, the European Parliament, and the Council. This agreement forms part of the implementation of the abovementioned "Winter Package" and the new regulatory framework includes an energy efficiency target for the EU for 2030 of 32.5% with an upwards revision clause by 2023.

Spanish Framework

Overview of the electricity sector

The main activities involved in the electricity sector are the following: generation, transportation, distribution, supply (or commercialization), system operation and market operation. As natural monopolies, transportation and distribution are considered regulated activities; whereas generation and supply operate in a free-market system.

Although the generation of electricity is one of the deregulated activities, the following particularities should be considered (further explained below in this section):

(i) The construction and operation of generation facilities requires different authorizations, permits or licenses to be granted by different authorities.

(ii) The generation facilities are connected to the distribution and/or the transmission grid. For that purposes, a third-party access ("**TPA**") agreement is entered with the relevant distribution or transmission company.

(iii) The generation companies (using renewable energy sources) obtain their income from the sale of electricity in an organized market (the "pool") and, where applicable, also from regulated compensation (the so-called "specific retribution"). PPAs, however, are not a market practice in Spain at present.

(iv) Generation companies that receive the regulated compensation are "agents" of the national electricity system and, as such, shall finance the "tariff deficit" (if and when it appears) within certain limits. The agents being entitled, in that case, to be reimbursed for the amounts paid plus an interest at a market rate.

Legal framework of the electricity sector

Generally, the applicable legal framework in Spain for Renewable Energy Facilities is set out in the following legal sources:

(i) Royal Decree Law 9/2013, of July 12, 2013, containing urgent measures to guarantee the financial stability of the electricity system ("**Royal Decree Law 9/2013**"). This regulation establishes the remuneration principles to be applied to existing Renewable Energy Facilities in operation on the date on which it came into force.

(ii) Act 24/2013, of December 26, 2013, on the Electricity Sector (the "**2013 Electricity Act**"). This law sets out the general rules applicable to the entire electricity sector, and incorporates the main principles set out by Royal Decree Law 9/2013 in respect of the renewable energy sector. Articles 14 and 21 to 27 specifically govern the generation of electricity, including some provisions applicable to facilities using renewable energy sources, cogeneration and waste (the "**Renewable Energy Facilities**").

(iii) Royal Decree 1955/2000, of December 1, which regulates the transportation, distribution, sale and supply of electricity and sets out the procedure for authorizing electricity facilities (the "**Royal Decree 1955/2000**")

(iv) Royal Decree 413/2014, of June 6, governing electricity production from renewable energy sources, combining heat, power and waste ("**Royal Decree 413/2014**"). This royal decree implements the rules contained in both Royal Decree Law 9/2013 and the 2013 Electricity Law regarding the specific remuneration regime applicable to Renewable Energy Facilities.

(v) Ministerial Order IET/1045/2014, of June 16, 2014, establishing the remuneration parameters applicable to existing electricity generation facilities using renewable energy sources, combining heat, power and waste ("**Ministerial Order IET/1045/2014**").

(vi) Ministerial Order ETU/130/2017, of February 17 updating the retributive parameters of the standard installations applicable to certain electricity production facilities from renewable energy sources, cogeneration and waste for the period between January 1, 2017 and December 31, 2019 ("**Ministerial Order ETU/130/2017**").

Permitting: Administrative authorizations, permits and registrations for building and operating Renewable Energy Facilities in Spain

As mentioned, the construction and operation of electricity generation facilities is subject to different authorizations, permits and licenses to be granted by different authorities.

From a sectorial perspective, the general procedure for the authorization Renewable Energy Facilities is set forth in the 2013 Electricity Act Sector and Royal Decree 1955/2000.

According to Article 115 of Royal Decree 1955/2000, the construction, enlargement, modification and operation of electricity production facilities are subject to the granting of following authorizations (to be granted by the relevant public authority on energy affairs):

- Administrative authorization (*autorización administrativa*), which is referred to the draft project as technical document which will be processed, where applicable, along with the environmental impact assessment (*declaración de impacto ambiental*);

- Approval of the execution project (*aprobación del proyecto de ejecución*), which is referred to the specific project of the installation and enables the titleholder the construction of the referred installation;

- Operating authorization (*autorizacion de explotación*) which allows, once the project has been completed, the connection to the grid and its commercial commissioning.

Provided that the expropriation of lands is required (where an agreement with the owners of the land concerned could not be reached), the electricity operator shall request a declaration of public utility (*declaración en concreto de utilidad pública*) to the relevant authorities in order to expropriate the required lands or plots.

Finally, Renewable Energy Facilities should be registered with the relevant Administrative Registry for Electrical Power Generating Facilities (*Registro Administrativo de instalaciones de producción de energía eléctrica*) in the applicable section of the registry. Additionally, the Renewable Energy Facilities, in order to benefit from a specific remuneration regime (explained below), must be registered with the Registry of the Specific Remuneration Regime (*Registro de regimen retributivo específico*).

From an environmental perspective, generation facilities are subject to a strict environmental control and are required, in most of the cases, to obtain an environmental impact assessment (*declaración de impacto ambiental*) from the relevant regional authorities on environmental affairs, before the construction work starts. Additionally, where applicable, the relevant integrated environmental authorization (*autorización ambiental integrada*) should be obtained.

In addition, the electricity operators shall also request the relevant municipal licenses (*licencias municipales*) including without limitation works licenses, activity licenses, first occupancy licenses and opening licenses. By means of the municipal licenses, the relevant Town Councils check whether the facilities, the construction works and the activities carried out within their municipalities are compatible with local requirements on urban planning and environmental matters.

Finally, depending on the characteristics of the Renewable Energy Facilities, or where they are to be located, additional permits and authorizations may be needed. For instance, when public domain is affected, a specific authorization or concession by the competent public authority shall be obtained.

Access to the grid. Fee to Be Paid by Electricity Producers

Before the construction of a Renewable Energy Facilities, the owner shall obtain from the distribution or transmission company the relevant permit of access and connection point. Third-party access (TPA) to the grid is a right of the electricity producers. The access to the grid for a new project can only be denied for specific technical and objective reasons (particularly, the lack of capacity of the network to absorb the electricity produced). Conflicts of access shall be dealt by the Spanish National Markets and Competition Commission (the "**CNMC**").

A TPA agreement (*contrato técnico de acceso a la red*) shall be entered with the transmission and/or distribution company. This agreement includes the technical conditions of the connection to the relevant connection point.

Owners of electricity production facilities must pay a fee to the transportation and distribution companies for access to the electricity grid from January 1, 2011. The access fee was set out on a temporary basis as follows: (i) calculated at €0.5 per MWh delivered to the network; or (ii) any other amount that the Ministry of Energy establishes.

Royal Decree 1544/2011 implemented the First Transitional Provision of Royal Decree Law 14/2010 and confirmed the interim access fee imposed on electricity producers (€0.5 per MWh), subject to the adoption of a final method for calculating the access fee, which has not yet been approved.

Remuneration regime applicable to Renewable Energy Facilities

<u>Sources of revenues</u>: Mainly, the generation companies obtain their income from the sale of electricity in a pool market (in €/MWh). They may also sell the electricity under bilateral PPAs. However, PPAs are not a market practice in Spain at present.

Additionally, where applicable, generation companies (using renewable energy sources) may be entitled to receive a regulated compensation (the so-called "specific retribution"). This regulated compensation is further explained immediately below.

<u>Background</u>: The purpose of Royal Decree Law 9/2013 was to adopt a set of measures to ensure the financial sustainability of the electricity system and, in particular, to combat the shortfalls between the electricity system revenues and costs (referred to as the "tariff deficit" and further explained below). One of these measures

was to establish an entirely new remuneration scheme (the so-called "specific retribution") applicable to Renewable Energy Facilities, abolishing the previous feed-in-tariff system.

Purpose: The purpose of the current regulated retribution is to allow "well-run and efficient" energy generation facilities that use renewable sources, cogeneration and waste to cover the costs that are necessary to compete in the market on an equal footing with the rest of technologies (nuclear, coal, etc.) and to obtain a reasonable rate of return ("**Reasonable Rate of Return**") on investment throughout the legal lifetime of the project.

In this sense, it is set as a "support scheme": regulated compensation is granted to the extent that the revenues obtained from the sale of the electricity (at a market price) are not sufficient to recoup the investment, the operational costs and a Reasonable Rate of Return.

Eligible facilities: Those facilities that benefited from the previous feed-in tariff system were automatically ascribed to the new support scheme (approved by Royal Decree Law 9/2013). The Reasonable Rate of Return for the referred facilities was set at 7.398%, pre-tax and will apply until December 31, 2019. New projects (following the enactment of Royal Decree Law 9/2013) are entitled to the support scheme if awarded to them following certain auction proceedings that are convened by the Government from time to time.

Retribution based on standard facilities: All the eligible facilities already in operation (including the Company's projects in Spain) are classified under one of the several types of standard facilities that have been approved by the Government on the basis of their individual characteristics (e.g. type of technology, nominal power, commissioning date, location, etc.).

The compensation to which an installation is entitled is calculated based on the standard facility's compensation benchmarks and the features of the individual project itself (e.g. the real number of operating hours). According to these criteria, producers will receive, in addition to the electricity market price:

(i) a return to the operation (*retribución a la operación*) (in €/MWh produced, up to a cap of production hours per year), which has been calculated to cover, when appropriate, the standard operating costs (defined according to a standard installation applicable in each case) not recovered through the sale of electricity at the expected wholesale market price; and

(ii) a return to the investment (*retribución a la inversión*) per unit of installed capacity (in €/MW of installed capacity), which covers, when appropriate, the investment costs for each standard installation (without any relation whatsoever to the amount of power they generate), which cannot be recovered through the sale of the energy on the market.

To determine the compensation applicable to each standard facility, several standard parameters are used. The most relevant parameters are: (i) the standard value of the initial investment; (ii) the estimated daily and intra-day market price received; (iii) the number of hours of operation annually; (iv) the upper and lower annual limits of the market price; (v) the estimated future operating revenues from the market; (vi) the estimated future operating cost; (vii) the update rate based on the Reasonable Rate of Return; and (viii) the adjusting coefficient (*coeficiente de ajuste*) for standard installations; among others.

Auction process: As mentioned, for new Renewable Energy Facilities, the specific remuneration will be granted by means of a competitive tendering process respecting transparency, non-discrimination and objectivity principles. Auctions (or "competitive concurrence mechanisms") will be used to provide support for new facilities. According to Article 14.7 of the 2013 Electricity Act, the specific remuneration for the renewable plants as well as the value of the initial investment will be provided through a competitive concurrence procedure.

The entitlement to receive a specific remuneration for Renewable Energy Facilities, developed after the entry into force of the new regime in June 2014, will be established through competitive tendering procedures. These procedures will be called by the Spanish authorities if needed in order to meet the 20% renewable target set out in the EU policy.

The Spanish government has carried out three competitive procedures (renewable auctions) for the allocation of the referred specific remuneration regime to electricity producers from renewable energy sources, cogeneration and waste.

(i) First renewable auction: Royal Decree 947/2015, of October 16, set the first call for the provision of the specific remuneration regime to new biomass and wind installations and Ministerial Order IET/2212/2015, of October 23, regulated the procedure for the provision of such specific remuneration regime. Finally, by virtue of resolution dated January 18, 2016, the General Directorate of Energy Policy and Mining awarded 500 MW of wind power capacity and 200 MW of biomass capacity.

(ii) Second renewable auction: Royal Decree 359/2017, of March 31, established a call for up to 3,000 MW of installed power for the granting of the specific remuneration regime to new installations for the production of electricity from renewable energies in the peninsular electrical system. Ministerial Order ETU/315/2017 of April 6, approved the procedure for assigning the specific remuneration regime in the call for new installations for the production of electric energy from renewable energy sources. The General Directorate of Energy Policy and Mining awarded through a resolution dated May 19, 2017, the 3,000 MW to mainly renewable energy producers from wind and photovoltaic power.

(iii) Third renewable auction: the third call for the additional provision of 3,000 MW of installed capacity has been regulated through Royal Decree 650/2017 of 16 June, and Ministerial Order ETU/615/2017, of June 27, which aimed to introduce the necessary modifications to Ministerial Order ETU/315/2017 to allow its full application to the new auction. By resolution dated July 27, 2017 the General Directorate of Energy Policy and Mining awarded the relevant capacity.

After the three auctions were held, all of the MW of power with available installed capacity were awarded. The Company has been awarded with 100 MW and the Company has until February 10, 2019 to identify and allocate the 100 MW to specific projects. The Company currently intends to use the 100 MW for the Monclova and the Grullas projects (backlog).

Regulatory periods and revision of parameters: Royal Decree 413/2014 establishes statutory periods of six years, with the first statutory period running from July 14, 2013 (the date of entry into force of Royal Decree Law 9/2013) to December 31, 2019. Each statutory period is divided into two statutory half-periods of three years. The first such half-period runs from July 14, 2013 to December 31, 2016. The second half-period has started as of January 1, 2017 and will last until December 31, 2019.

This "statutory period" mechanism aims to set out how and when the Government is entitled to revise the different parameters used to determine the remuneration to be received by the Renewable Energy Facilities. The parameters may be revised as follows:

(i) The value of the initial investment and the regulatory useful life recognized for the installation remain unmovable for the entire lifetime of the facility.

(ii) At the end of each statutory half-period, the Spanish government may amend, for the remaining statutory period, the estimated future operating revenues from the market, valued at market price by reference to the evolution of market prices, as well as the estimated number of hours of operation (parameters related to the market price).

Thus, to determine the regulated revenues, at the beginning of a regulatory period an estimation of the revenues from the sale of energy for the following three years is used. Once those three years have elapsed, the regulated revenues are adjusted in light of the deviation of the actual prices of the three previous years from the forecasted prices.

(iii) At the end of each statutory period, the Spanish government may amend the remaining remuneration parameters and, in particular, the value of the Reasonable Rate of Return (based on the cyclical situation of the Spanish economy and the profitability of the power generation business in view of the Spanish economy as well as electricity demand).

Currently, for those projects that were entitled to benefit from the former feed-in-tariff scheme (like our assets), the Reasonable Rate of Return is 7.398% pre-tax, and will apply until December 31, 2019. For new facilities that are commissioned during this first regulatory period (i.e. those that were awarded in the recent auctions that shall be commissioned before 2020 at the latest), the Rate of Return was fixed at 7.503% pre-tax.

The Reasonable Rate of Return is calculated as the average yield on Spanish government ten-year bonds on the secondary market in the 24 months preceding from the month of May prior the commencement of the new statutory period (e.g. the second statutory period beginning on January 1, 2020) plus a differential. According to the 2013 Electricity Act, the review of the Reasonable Rate of Return shall take into account "*the cyclical situation of the Spanish economy and that of the electricity demand, and an adequate return for kind of activities*".

Finally, the CNMC has published in July 2018 a public consultation regarding the methodology for the calculation of the Reasonable Rate of Return for the generation activity from renewable energies, cogeneration and waste for the next statutory period from January 1, 2020 until December 31, 2025. The CNMC has proposed a Reasonable Rate of Return of 7.09% for the next statutory period.

Those parameters that are not revised before the beginning of a regulatory period shall be extended for the whole following regulatory period according to the 2013 Electricity Act.

End of regulated compensation: Renewable Energy Facilities only receive the specific remuneration until they reach their regulatory useful life, at which time they cease to receive the return to the investment and the return to the operation. Such installations can continue to sell the energy generated to the market.

Those facilities that, even within their regulatory lifetime, achieve the level of reasonable return set will have a compensation for investment equal to 0 but will keep receiving compensation for operation until the end of their regulatory lifetime (to the extent that the operation costs are not recovered in the market).

Settlement of national electricity system. Financing the Tariff Deficit

Costs and revenues of the electricity system: There is an integrated economic system created to settle the costs of the electricity system with the revenues thereof. This system considers

(i) as revenues, mainly the TPA tolls and charges and Tax on Electricity Generation (explained below); and

(ii) as costs, mainly the remuneration of regulated activities (including the generation facilities that use renewable sources and are entitled to the specific retribution).

Settlement procedure: The settlement procedure of the national electricity system is managed by the CNMC:

(i) All sector agents provide the CNMC with information on their electricity system revenues and costs on a monthly basis. Each natural year, there are 14 provisional settlements and one final settlement approved in December of the following year (the 15th final settlement). There are 14 provisional settlements (one per month of the corresponding year and two further on the months of January and February of the following year) due to the fact that transportation and distribution companies charge access fees corresponding to each calendar year on invoices submitted from January of the relevant year to February of the following year.

(ii) In each settlement, transportation and distribution companies include the amounts received from their suppliers/consumers corresponding to the third-party access tariffs.

(iii) The CNMC settles its accounts by either depositing, or receiving the difference between, the amounts collected and the payments recognized in favor of each of them, respectively.

Tariff deficit: For many years (from 2000 to 2013, with a couple of exceptions), the costs of the electricity system exceeded the revenues collected, so that a financial deficit was caused (the so-called, "tariff deficit"). As stated above, the main purpose of the electricity reform contained in the 2013 Electricity Act was to resolve the tariff deficit problem from previous years.

There are two types of tariff deficit, provisional and final, and the mechanism to recover each one is different:

(i) If revenues are not sufficient to cover all system costs, there is a 'provisional tariff deficit.' The provisional deficit which appears in each of the 14 provisional settlements is financed by the "agents subject to the settlement system" in proportion to the payments they receive in each monthly settlement. "Agents subject to the settlement system" are those who receive settlement of their payments with a charge to the various system cost items, directly or through the system operator or distributors (such as renewable energy producers).

(ii) The 'final tariff deficit' results from the final settlement approved in December of the following year and will also be financed proportionally by those subject to the settlement system. These amounts are entitled to recover amounts paid in the corresponding settlements within the five years after the deficit arose. The amounts paid for this reason will be repaid plus interest on terms equivalent to the market.

In this regard, the 2013 Electricity Act states that from January 1, 2014, the tariff deficit will be financed by the companies that receive regulated payments on a pro-rata basis, including distributors, transporters, producers of electricity from renewable energy sources, companies receiving payments for availability of production capacity and others. Each of these entities will temporarily fund the tariff deficit in proportion to the costs that they represent for the electricity system in a given year.

The final tariff deficit cannot exceed 2% of the estimated system revenues for each year. Further, the accumulated debt due to previous years' deficit also cannot exceed 5% of the estimated system revenues for that period. If these thresholds are exceeded, the Government shall review the access fees so that the system revenues increase accordingly.

Those deviations that, without exceeding the abovementioned thresholds, are not covered through the corresponding increase of access fees and tolls, will be assumed by all subjects of the settlement system in proportion to their remuneration for the activity provided by them. Nevertheless, if there are temporary deviations between revenues and costs within the monthly settlements, such deviations will be also assumed by the subjects of the settlement system in proportion to the remuneration that would correspond to them in each monthly settlement.

Those subjects will be entitled to recover such deviation contributions arising from the final settlement within the five next years from the year in which the deviation occurred.

As per the CNMC's fourteenth provisional settlement of 2017, the revenues were greater than the costs during 2017. Therefore, no coverage ratio was calculated in that case. There are 15 liquidations per production year with the deficit settled in the 15th liquidation; historically, in previous years there has not been any mismatch on the 15th liquidation. According to the CNMC's eighth provisional settlement of 2018, the costs of the electricity system were greater than the revenues thereof for August 2018. In particular, the coverage ratio (i.e. the percentage of the costs that are covered by the revenues for a given period) was 84.01% during said month. The deficit will be settled in the 15th liquidation.

Tax on Electricity Generation

On December 27, 2012, the Spanish Parliament passed Law 15/2012, of December 27 on tax measures to achieve environmental sustainability which became effective as at January 1, 2013 (the "**Law 15/2012**"). The aim of the referred Law 15/2012 was also to address the problem of the tariff deficit.

Law 15/2012 establishes a tax triggered by the sale of electricity that affects all electricity producers in Spain. The tax on electricity generation (the "**TEG**"), a flat rate of 7%, is levied on the total revenue achieved by the electricity producers from the power produced at each of their facilities.

The TEG is a direct tax with an *in rem* nature, levied on the generation and delivery to the Spanish grid of output electricity as measured at a power facilities' busbars (*barras de central*). The main features of this tax can be summarized as follows:

- All types of electricity generation facilities are subject to the TEG. No exceptions are made for any renewable energy producer or nuclear facilities, nor is there a minimum installed capacity threshold.

- The taxable base is calculated on the basis of the total proceeds to be received by the taxpayer for the generation and delivery of the output electricity. The taxable base is determined individually for each electricity production facility and referred to the tax period that, in general terms, coincides with the calendar year.

- The applicable rate is 7%.

- The tax has been suspended for the period between September 2018 and March 2019, as per the "Real Decreto-ley 15/2018".

Thus, every calendar year, the owners of Renewable Energy Facilities must pay 7% of the total amount they are entitled to receive in connection with their electricity production activity, measured as the net output generated.

Peru

In Peru, the electric energy sector is ruled by the Electricity Concession Law, pursuant to the Decree Law 25844, the Supreme Decree 009-93-EM and their amendments and expansions. According to this law, the electric energy sector is divided into three main segments: generation, transmission and distribution. Since October 2000, the Peruvian electric system has been known as the National Interconnected Electric System (SEIN). The Group supplies renewable electric energy within the SEIN pursuant to Law 28832, which assures the efficient development of the electric energy generation and which introduced key changes to the previous regulation.

Pursuant to the Electricity Concession Law, the operating of the energy generation plants and the transmission systems are subject to the regulations of the System Economic Operation Committee - COES-SEIN-, in order to coordinate their operations at a minimum cost, guaranteeing safe electric supply as well as the best use of energy. COES-SEIN regulates the prices of the electric energy and of transmission between energy generators and the compensation for transmission systems' owners.

In 2008, under Legislative Decree 1002 the Peruvian government passed the law for investment promotion on electricity generation and renewable energies in order to promote the investment in development of renewable sources. Pursuant to this law and its regulation and amendments renewable energy investors are guaranteed a price for the energy supplied to the SEIN for a 20 year period under power purchase agreements, price determination is through auctions and a firm off-take tariff is applicable throughout the entire term of the concession. The Group supplies renewable electric energy to the SEIN.

Chile

Regarding the subsidiary companies located in Chile, Pozo Almonte Solar 1, SpA, Calama Solar 1, SpA and Calama Solar 2, SpA., sale of electricity is carried out under a special regime called "Stabilized Node Price", which is an alternative given to the so-called Small Means of Distributed Generation (*Pequenos Medios de Generación Distribuidos*) ("PMGD"). The Stabilized Node Price mechanism updates the selling price of electricity twice a year, and is calculated and enacted by the National Energy Commission.

With respect to the subsidiary Arica Solar 1, S.A., the Group's management will seek to market the energy produced by the solar PV plant via a PPA with a free consumer of the electricity system.

The Chilean subsidiaries Calama Solar 3, S.A., Pozo Almonte Solar 2, S.A. and Pozo Almonte Solar 3, S.A. have contracts to supply the energy generated in the solar PV plants for the estimated life service period with the sale price agreed in dollars, subject to an indexation formula based on the variation of the Consumer Price Index of the United Stated of North America. Besides, the contracts consider mechanisms to define the charges to be assumed by the parties in case surcharges arise as a consequence of applying the regulatory requirements in the future by the competent authorities binding the parties. Therefore, the effect of the regulatory framework in Chile has so far a limited impact.

In the case of the company Diego Almagro Solar, SpA, energy sale is made directly to the Central Interconnected System (SIC) under Established "Knot Price" associated with PMGD, which is fixed by the PMGD twice a year by the National Energy Commission.

The General Law of Electrical Services

The General Law of Electrical Services (*Ley General de Servicios Eléctricos*) governs the production of electricity in Chile. On 2 February 2005, the Ministry of Economy, Works and Reconstruction passed the Decree No. 244 approving the Regulation for Non-conventional Generation Means and Small Generation Means regulated by the General Law of Electrical Services (the "**Decree No. 244**").

In order to consolidate all the legislation that governs the production of electricity, on 12 May 2006, the Ministry of Economy, Works and Construction, passed the Law Decree Nº 1 2006, of Mining, of 1982, General Law of Electrical Services, in electricity matters (*texto refundido, coordinado y sistematizado del Decreto con fuerza de Ley Nº 1, de Minería, de 1982, Ley General de Servicios Electricos, en materia de energia eléctrica*). On 22 August 2014, the Ministry of Economy, Works and Reconstruction approved the Decree No. 101 which amended this decree (the "**Decree No. 101**").

Pursuant to Article 1º of the Regulation for Non-conventional Generation Means and Small Generation Means regulated in the General Law of Electrical Services as amended by Decree No. 101, the Regulation will apply to companies that operate generation means connected to the grid with an installed generation capacity exceeding 200 MW and provided that any of the following categories applies to such facilities:

1. Generation means whose power surplus is less than or equal to 9 MW, connected to the facilities of a concessionaire distribution company or to the facilities of a company that owns distribution network using public domain assets. These facilities shall be referred as to "Small Means of Distributed Generation" or "PMGD" (*Pequenos Medios de Generación Distribuidos*).

2. Generation means whose power surplus is less than or equal to 9 MW, connected to facilities pertaining to a trunk system for sub transmission or additional. These facilities shall be referred as to "Small Means of Generation" or "PMG" (*Pequenos Medios de Generación*).

3. Generation means of non-conventional renewable energy and efficient cogeneration facilities whose power surplus is less than 20 MW. These facilities shall be referred as to "Non-conventional Generation Means" or "MGNC" (*Medios de Generación No Convencionales*).

Small Means of Distributed Generation or "PMGD"

Distribution companies shall guarantee the access of PMGD to the distribution network. Moreover, distribution companies shall allow the connection of PMGD to their facilities and shall also execute the necessary works to allow the dispatch of electricity to the grid by the PMGD. The costs of such works will be paid by PMGD.

All PMGD will operate with self-dispatch (*autodespacho*) which means the owner or operator of the PMGD will be responsible for determining the power and energy to be dispatched to the distribution network to which the PMGD is connected. Nevertheless, the owner or operator of the PMGD may agree with the distribution company to hourly restrictions for the energy dispatch.

The PMGD's owners or operators shall participate in the power and energy transfers between electricity companies that are subject to the coordination by the Economic Load Dispatch Center (Centro de Despacho Económico de Carga). To that end, PMGD's owners or operators must request to the Economic Load Dispatch Center their inclusion into the respective dispatches and withdrawal balances.

The PMGD's owners or operators included in the balance of dispatches and withdrawals of energy may choose to sell their energy to the system at a marginal instantaneous cost or at a stabilized price regime. Such communication shall be made six months in advance prior to the commissioning of the facilities.

India

As regards the subsidiaries located in India: Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private have established energy supply contracts for the energy produced by solar PV plants for the period of their estimated useful life with sales prices agreed in Rupees (India), fixed for the entire life of the contract.

BOARD OF DIRECTORS AND MANAGEMENT

Board of Directors

The composition, responsibilities and functioning of our board of directors is regulated by the Spanish Companies Act, our bylaws and the regulations that govern our board of directors (the "Board Regulations"). On September 19, 2018, the extraordinary general shareholders' meeting of the Company amended the Company's bylaws, approved a new restated text thereof and transformed its legal nature from a "*Sociedad de responsabilidad limitada*" to a "*Sociedad anónima*". On September 7, 2018, our board of directors approved the Board Regulations (*Reglamento del Consejo de Administración*), which will enter into effect on Admission. The Board Regulations have been registered with the Commercial Registry.

The Spanish Companies Act provides that the board of directors is responsible for the management, administration and representation of a company in respect of its business matters, subject to the provisions of the bylaws and except for those matters expressly reserved to the general shareholders' meetings.

Pursuant to Articles 249 *bis* and 529 *ter* of the Spanish Companies Act, our bylaws and our Board Regulations, the following matters must be approved by the board of directors and, subject to certain exceptions, may not be delegated to any board committee or to any of our attorneys or representatives:

- The supervision of the operation of committees and the actions of delegated bodies and any appointed executives.
- The definition of the Company's general policies and strategies.
- The authorization or waiver of the obligations resulting from the duty of loyalty in accordance with Article 230 of the Spanish Companies Act.
- The organization and operation of the board itself.
- The drafting of the annual accounts and their submission to the general shareholders' meeting.
- The drafting of any type of report required by law from the managing body provided that the transaction to which the report relates cannot be delegated.
- The appointment and removal of managing directors of the Company, as well as the stipulation of the contractual terms of their appointment.
- The appointment and removal of executives directly reporting to the board or to any of its members, as well as the stipulation of the basic terms of their contracts, including the compensation.
- The decisions concerning the directors' compensation, within the statutory framework, and as the case may be, the remuneration policy approved by the general shareholders' meeting.
- The calling of general shareholders' meetings and preparation of the agenda and proposed resolutions.
- The policy concerning treasury shares.
- Any powers delegated by the general shareholders' meeting to the board of directors, save where expressly authorized by shareholders to delegate those powers further.
- The approval of the strategic and business plan, the management goals and annual budgets, the investment and financing policies and the corporate social responsibility and dividend policies.
- The determination of the risk control and management policies, including tax risks, and oversight of the internal information and control systems.

- The definition of the corporate governance policy of the Company and of the Group; its organization and functioning and, in particular, the approval and amendment of its own rules.
- The approval of financial information which, due to being listed, the Company must periodically publish.
- The definition of the structure of the Group.
- The approval of investments or transactions of all kinds which due to their high value or specific characteristics are of particular tax risk or strategic nature, save where these are approved by shareholders.
- The approval of the creation or acquisition of interests in special purpose vehicles or entities domiciled in tax havens and any other similar transactions or operations which due to their complexity could make the Company and its Group less transparent.
- The approval, subject to a report from the Audit Committee, of transactions between the Company or companies in its Group with directors, in accordance with Articles 229 and 230 of the Spanish Companies Act, or with shareholders that, individually or jointly, hold a significant interest, including shareholders represented on our board of directors or the boards of other companies forming part of the same group or with persons related to them. The directors concerned or which represent or are related to the shareholders concerned must abstain from discussions and voting on the relevant resolution.
- The definition of the Company's tax strategy.

In cases of emergency, duly justified, decisions on the above matters may be adopted by delegated bodies or persons. Such decisions must be ratified at the first board meeting held after the adoption of the relevant decision.

Composition and governance of the board of directors

Board of directors of the Company

Our bylaws and Board Regulations provide for a board of directors consisting of between five and 15 members. As of the date of this prospectus, the board of directors is composed of seven members, of which three are proprietary directors, one is executive director and three are independent directors.

Pursuant to the Spanish Companies Act, a director is categorized as "independent" if he or she has been appointed based on his or her personal and professional conditions and is able to perform his or her duties without being impaired by his or her relationships with us, our significant shareholders or our executive committee. The Spanish Companies Act sets out a series of objective criteria which may prevent a director from being categorized as "independent".

According to our bylaws and our Board Regulations, our directors are elected by the general shareholders' meeting to serve for a maximum term of four years and may be re-elected to serve for an unlimited number of terms of the same duration (save that no independent director can serve for more than 12 years and still be considered independent). If a director does not serve a full term, the board of directors may fill the vacancy by appointing a replacement director to serve until the next general shareholders' meeting subject to subsequent approval at a general shareholders' meeting (*nombramiento por cooptación*). Any natural or legal person may serve on the board of directors, except for persons specifically prohibited by applicable law. A director may be removed from office by the shareholders at a general shareholders' meeting, even if such removal is not included on the agenda for that general shareholders' meeting.

According to our Board Regulations, our directors must tender their resignation to the board of directors, which may accept such resignation, in its discretion, under the following circumstances: (i) where the circumstances that lead to the director's appointment cease to exist, in the case of proprietary directors where the director had been appointed to represent a shareholder that transfers all of its shares or part of its shares and such transfer requires the removal of the director by such transferring shareholder pursuant to Spanish corporate regulations, and in the case of independent directors, where it cannot be deemed as such according to Spanish law; (ii) when such director's participation on the board of directors is contrary to applicable law or our bylaws for reasons of ineligibility or incompatibility; (iii) where the director breaches his or her duties resulting in a serious infringement of Spanish law or our bylaws or causes a serious damage to the Company; (iv) when such director's participation on the board of directors jeopardizes or prejudices the interest, credit or reputation of the Company; (v) when the director ceases to hold the executive office position to which such member's appointment as director was related; (vi) when the Directors are seriously cautioned by the Board of Directors, following a report from the Audit Committee, for having infringed their obligations as Director or (vii) when the executive director reaches the age of 65 although he or she may continue holding the office of director.

The chairman of the board of directors is elected from among the members of the board of directors. One or more vice-chairman, who acts as chairman in the event of the chairman's absence or incapacity, may be elected among the members of the board of directors. Pursuant to Article 529 *septies* of the Spanish Companies Act and to the Board Regulations, if the chairman of the board of directors is an executive director, the board shall appoint a coordinating director (*consejero coordinador*) among the independent directors. The coordinating director has the power to request the chairman to call a board meeting and include new items on the meeting's agenda, to coordinate non-executive directors and to lead, if necessary, the regular evaluation of the chairman of the board of directors. The secretary and, where applicable, the vice-secretary of the board of directors, do not need to be directors. According to Spanish law and the Board Regulations, the board of directors appoints our executive officers and supervises our operations. Moreover, the board of directors is entrusted with calling shareholders' meetings and implementing shareholders' resolutions.

The chairman of the board of directors may call a meeting of the board of directors whenever he or she considers it necessary or convenient. The chairman of the board of directors is also required to call a meeting of the board of directors at the request of one-third of the members of the board of directors or, where applicable, at the request of the coordinating director. If the chairman does not call such meeting within one month from such request, those directors would be entitled to call the meeting directly. According to the Spanish Companies Act and our Board Regulations, our board of directors shall meet at least quarterly.

Our bylaws and Board Regulations provide that the majority (half plus one) of the members of the board of directors (attending in person or represented by proxy by another director) constitutes a quorum. Except as otherwise provided by law and in the Board Regulations, resolutions of the board of directors are approved by an absolute majority of the directors attending or represented at a board meeting.

Directors

The following table sets out the names of the members of our board of directors, their positions within the board of directors, their category as directors and the person acting as our secretary non-director (*secretario no consejero*), on the Admission date.

Name	Date of first appointment	Expiry date of appointment	Age	Title	Category
Mr. José María Galíndez Zubiría	May 5, 2005	June 30, 2020	62	Chairman	Proprietary
Mr. Pablo Burgos Galíndez	May 12, 2006	June 30, 2020	48	CEO	Executive
Mr. Antonio Galíndez Zubiría	December 26, 2012	June 30, 2020	63	Director	Proprietary
Ms. Inés Arellano Galíndez	August 9, 2018	August 9, 2022	37	Director	Proprietary
Ms. Begoña Beltrán de Heredia Villa	August 9, 2018	August 9, 2022	58	Director	Independent
Ms. Gina Domanig	November 9, 2018	August 9, 2022	55	Director	Independent
Mr. Ignacio Artázcoz Barrena	August 9, 2018	August 9, 2022	52	Director	Independent
Mr. Joseba Olamendi López	October 28, 2012	N/A	39	Secretary (Non-Director)	

* Categories have been determined in accordance with the requirements established in the Corporate Governance Code.

All members of the board of directors designate our registered address as their professional address for the purposes of this prospectus.

There are currently seven directors on the board of directors. Mr. José María Galíndez Zubiría was previously also an executive director until year end 2017.

The biographies for each of the members of our board of directors, including a brief description of each director's business experience and education, are set out below:

Mr. José María Galíndez Zubiría

Mr. José María Galíndez Zubiría co-founded the Company with Mr. Pablo Burgos Galíndez in April 2005. He currently holds the position of chairman of the board of directors of the Company. Prior to co-founding the Company, from 2002 to 2004, Mr. José María Galíndez Zubiría served as Managing Director of Grupo Guascor, a Spanish engineering and energy company that was acquired by Dresser-Rand Group and then subsequently acquired by Siemens. Before Grupo Guascor, Mr. Galindez Zubiría served as President of Sulzer Chemtech and as member of the executive board of the Sulzer Group where he held several management positions between 1986 and 2001. His career has been mainly focused in the industrial capital goods sector, specializing in compression, electricity generation and mass transfer in the Oil & Gas business. Mr. Galíndez Zubiría holds a degree in Naval Architecture from Universidad Politécnica de Madrid and attended the Postgraduate General Management Program at IESE. Mr. Galindez Zubiria was founding member and first President of the Spanish wind association (Asociacion Eólica Española - AEE), member of the Board of Asociacion de la Industria Fotovoltaica (ASIF) and founding member and member of the board at Union Española Fotovoltaica (UNEF). He has been a member of the Board of the Alliance for Rural Electrification (ARE), and currently holds the position of Vice President of Círculo de Empresarios Vascos (CEV), a Basque business association. Mr. Galíndez Zubiría is founder and Chairman of the board of EKI Foundation. EKI Foundation is a non-profit organization focused on funding and supplying small solar PV installations to schools and healthcare centers in off-grid sub-Saharan Africa and South America.

Mr. Pablo Burgos Galíndez

Mr. Pablo Burgos Galíndez co-founded the Company with Mr. José María Galíndez Zubiría in April 2005. He is currently the CEO of the Company, a position he has held since May 12, 2006. Prior to co-founding the Company, Mr. Burgos Galíndez held executive responsibilities at Accenture between 1994 and 1996, Pepsico Group from 1996 to 2000, Loop Telecom from 2000 to 2001 and Grupo Guascor from 2002 up to the incorporation of the Company. In these companies Mr. Burgos Galíndez was mainly responsible of business development, sales & marketing, logistics and general management. Mr. Burgos Galindez has been member of the Board at Union Española Fotovoltaica (UNEF) and currently is a member of the Circulo de Empresarios Vascos (CEV), a Basque business association. In 2017, Mr. Burgos Galindez and Mr. Jose María Galindez Zubiria, were awarded the EY Emerging Entrepreneurs of the year in Spain, as part of the Entrepreneur Program sponsored by EY worldwide. Mr. Burgos Galíndez holds a degree in Economics and Business Administration from Deusto Business School.

Mr. Antonio Galíndez Zubiría

Mr. Antonio Galíndez Zubiría has been a director with the Company since 2012. Mr. Galindez joined The Dow Chemical Company (Dow) in 1983 as field sales representative for agricultural products in Spain. Over the course of his career he has held numerous leadership roles in both Dow and Dow AgroSciences. From 1986 to 1992, he served in various marketing and business positions throughout Europe, including the roles of country manager for Spain and Portugal and human resources director for Europe. In 1997, he moved to Indianapolis, Indiana, to accept the position of global business leader in the agrochemical business. He was named to the Dow AgroSciences executive management team as vice president, Latin America Trade Area in 2002 and led Dow AgroSciences corporate strategy development. Later that year, he became vice president for Europe, Latin America and the Pacific, a position he held until being named vice president, Crops Business, in 2006. Mr. Galíndez served as CEO of Dow AgroSciences from 2009 to 2015. Mr. Galindez was, from 2012 to 2014, board chairman of CropLife International, a global network which represents the plant science industry. He was also from 2009 to 2014 a board member of BioCrossroads, a public and private collaboration that supports central Indiana's life sciences research and corporate strengths. He was awarded the 2011 Executive Excellence Award by HENAAC, the Hispanic Engineers National Achievement Award Corporation. Mr. Galindez is co-founder and board member of the EKI Foundation. Mr. Galindez received an agriculture engineering degree from Universidad Politecnica de Madrid in Madrid, Spain, and a Master of Science degree from North Carolina State University in Raleigh, North Carolina. He has worked and lived in Spain, UK, France and the USA.

Ms. Inés Arellano Galíndez

Ms. Inés Arellano Galíndez was appointed director of the Company in August 2018. She is a member of the management team of MERLIN Properties (MRL.MC), a Spanish real estate company listed in the IBEX-35. She has more than 14 years of experience in the real estate business with previous positions including as Executive Director at Morgan Stanley Real Estate Private Equity and Investment Banking, taking part in IPOs, M&A processes and other transactions in the real estate area across various countries. She holds a degree in Economics and Business Administration, with a specialization in Finance and Management, from Deusto Business School.

Ms. Begoña Beltrán de Heredia Villa

Ms. Begoña Beltrán de Heredia was appointed director of the Company in August 2018. Prior to this, Ms. Begoña Beltrán de Heredia worked from 1997 to 2016 in their tax practice of Garrigues in San Sebastian and before this, from 1985 to 1997, she worked in the tax practice of Arthur Andersen. Through this previous work experience, Ms. Begoña Beltrán de Heredia has developed a wide experience in the provision of ongoing advisory tax services, M&A transactions, due diligence processes, regional tax rules and tax procedures and inspections. Ms. Begoña Beltrán de Heredia has advised local and international companies across several industries and financial institutions, both for family businesses and listed companies. Ms. Beltrán de Heredia holds a degree in Economics and Business Administration from Deusto Business School.

Ms. Gina Domanig

Ms. Domanig was appointed director of the Company in October 2018. Ms. Domanig is the founder and Managing Partner of Emerald Technology Ventures, a venture capital firm focused on energy, water, advanced materials and industrial IT investing in North America and Europe. As part of her duty at Emerald Technology Ventures, she serves in the boards of the following companies: GeoDigital International Inc., a geo-spatial intelligence provider for electric utilities, Metgen Oy, a developer of enzymatic solutions for biomass in industrial applications, TaKaDu Inc, a leading central event management solution provider for water utilities and Ushr Inc, a high definitions map company for the autonomous driving sector. In addition to Emerald activities, Ms. Domanig sits in the boards of the following companies: Die Mobiliar Genossenschaft, board member and chair of the Nomination and Compensation Committee of U-blox AG, board member at Basel Agency for Sustainable Energy and board member of the Energy Venture Forum. Ms. Domaning has over 30 years of international business experience including M&A, strategy development and venture capital. Prior to starting Emerald, she was senior vice president at Sulzer, a Swiss multinational, responsible for strategic planning and M&A. Ms. Domanig holds MBA degrees from Thunderbird in Arizona and ESADE in Barcelona. She is fluent in English, German and Spanish. She is a citizen of both Switzerland and France and lives in Zurich, Switzerland.

Mr. Ignacio Artázcoz Barrena

Mr. Ignacio Artázcoz Barrena was appointed director of the Company in 2018. During his career, Mr. Artázcoz Barrena has been serving mainly for public companies with a global footprint in the energy, renewable and industrial sectors. He has developed international experience by leading corporate financing, including equity and debt capital markets deals and the execution of strategic M&A transactions. Since 2017, Mr. Artázcoz Barrena has been CFO of Nortegas, a gas distribution company in Spain. Before this role, Mr. Artázcoz Barrena served as CFO at Gamesa Corporación Tecnológica (from 2014 to 2017) and at CIE Automotive (from 2001 to 2014). Mr. Artázcoz Barrena previously worked in investment banking and consulting for Goldman Sachs and Accenture. He was ranked number 1 in the "Institutional Investor 2017 All-Europe Executive Team" survey in the Industrials: Capital Goods Sector (Small-Mid Caps), as Best CFO. Mr. Artázcoz Barrena received an Economics and Business Administration degree from Deusto Business School.

Mr. Joseba Olamendi López (Secretary Non-Director)

Mr. Joseba Olamendi López has been serving as secretary non-director of the board of directors of the Company since his appointment on October 28, 2012. Prior to joining the Company, Mr. Olamendi López worked in Ernst & Young Abogados, S.L. from December 2003 to March 2006 when he moved to J&A Garrigues. Mr. Olamendi López worked as a senior associate at J&A Garrigues from March 2006 until his joined the Company in December 2011 as in-house legal counsel. Mr. Joseba Olamendi López holds a degree in Law from Universidad de

Deusto, a masters of law from Instituto de Empresa (IE Business School) and a postgraduate certificate in Tax Advisory from Centro de Estudios Financieros (CEF-Madrid).

The following table sets out all entities (other than affiliates of the Company or directorships held within the scope of service contracts between the Company and third parties) in which the members of the board of directors have been appointed as members of administrative, management or supervisory bodies, or in which they have held partnership positions at any time during the five-year period preceding the date of this prospectus, indicating whether or not each person is still a member of any such bodies or holds any shares in any such entities.

Director	Entity	Sector	Position/Title	In office
Mr. José María Galíndez Zubiría	Grupo Sener	Engineering	Board member	2014 – ongoing
	Velatia	Switchgears	Board member	2013 – 2018
	Industria de Turbo Propulsores, S. A.	Aero Engines	Board member	2006 – 2017
Mr. Pablo Burgos Galíndez	None	n/a	n/a	n/a
Mr. Antonio Galíndez Zubiría	Dow Agrosciences	Seeds, biotech, pesticides	President	2009 – 2015
Ms. Inés Arellano Galíndez	Merlin Properties	Real estate	Executive	2015 – ongoing
Ms. Begoña Beltrán de Heredia	None	n/a	n/a	n/a
Ms. Gina Domanig	Die Mobiliar Genossenschaft	Insurance	Board member	2013 – ongoing
	Geo Digital International Inc	Engineering	Board member	2014 – ongoing
	Metgen Oy	Biotechnology	Board member	2017 – ongoing
	Takadu Inc	Water	Board member	2010 – ongoing
	U-blox	Semiconductor	Board member and chair	2016 – ongoing
	Ushr Inc.	Autonomous driving	Board member	2017 -ongoing
	Elcomax AG	Fuel Cells	Board member	2016-2017
	Synapsense Inc.	Energy Efficiency	Board member	2012-2016
	SDC materials Inc.	Automotive Catalysis	Board member	2011-2017
	Powerhouse Dynamics	Energy Efficiency/Food Safety	Board member	2017-2018
Mr. Ignacio Artazcoz Barrena	None	n/a	n/a	n/a
Mr. Joseba Olamendi López	None	n/a	n/a	n/a

Board Committees

In compliance with our bylaws and our Board Regulations, our board of directors has an audit committee (the "**Audit Committee**") and an appointments and compensation committee (the "**Appointments and Compensation Committee**"). Our bylaws also allow us to establish additional internal committees.

Audit Committee

The composition, responsibilities and rules of the Audit Committee are regulated by the Spanish Companies Act and our Board Regulations.

The members of the Audit Committee are appointed by the board of directors among its members. The Audit Committee is comprised of between three and five members of the board of directors, taking into account the appointees' knowledge and experience in accountancy, auditing and risk management standards, all of them to be non-executive directors and the majority of them to be independent directors. The chairman shall also be chosen among the independent directors for a maximum term of four years, and may only be re-elected as chairman at least one year after their removal, although they may continue being, or may be re-elected, as a member of the Audit Committee.

On Admission, the initial members of the Audit Committee will be:

Name	Position/Title	Category
Mr. Ignacio Artázcoz Barrena	Committee Chairman	Independent director
Ms. Begoña Beltrán de Heredia Villa	Member	Independent director
Mr. Antonio Galíndez Zubiría	Member	Proprietary director

The creation of the Audit Committee and the appointment of its initial members was approved by our board of directors on November 1, 2018. On November 1, 2018 our board of directors approved the above composition of the Audit Committee, effective upon Admission.

The Audit Committee is responsible for:

- reporting to the general shareholders' meeting on any matters within the Audit Committee's authority;

- supervising the efficiency of our internal controls, internal audit and risk control and management functions, and discussing with our external auditors any significant weaknesses in the internal control systems identified during the audit process;

- overseeing the process of drafting and filing of our regulated financial information;

- making proposals to the board of directors for submission to the general shareholders' meeting, regarding the appointment, re-election and substitution of the external auditors, the relevant terms and scope of work and preserving the independence of the auditors in the exercise of the audit works;

- liaising with our external auditors in order to receive information about any matters that might jeopardize such auditors' independence and any other matters related to the audit process and to any other legal communications regarding the auditing and technical standards applied to auditing;

- prior to the completion of the auditors' report on the annual accounts, issuing an annual report containing the Audit Committee's opinion on the independence of the appointed external auditors and describing any other services rendered by the external auditors or their related entities to us or our related entities; and

- reporting in advance to the board of directors on any matters envisaged in the legislation, bylaws and the Board Regulations, and in particular, on the interim financial information to be disclosed periodically, on the incorporation or acquisition of equity interests in special purpose vehicles or companies incorporated in tax havens and on related party transactions.

The Audit Committee will meet at least quarterly for reviewing the financial information required by the applicable law and every time its chairman considers it convenient. In any case, the committee chairman will call a meeting of the Audit Committee whenever the board of directors or its chairman requests the preparation of a report or the adoption of a proposal, or whenever it is requested by any of the members of the Audit Committee.

The Audit Committee does not currently have a standalone Audit Committee Regulation, and until the board of directors approves one, the Audit Committee will be governed by the Board Regulations which were approved at the board of directors' meeting on September 7, 2018.

Appointments and Compensation Committee

The organization of the Appointments and Compensation Committee is regulated by the Spanish Companies Act, the Company's by-laws and the Board Regulations.

The members of the Appointments and Compensation Committee are appointed by the board of directors among its members. The Appointments and Compensation Committee will be comprised of between three and five members, all of which must be non-executive directors and, at least, two of them must be independent directors.

The chairman of the Appointments and Compensation Committee is appointed by the committee among its independent members. The secretary of the board of directors will act as secretary of the Appointments and Compensation Committee.

The members of the Appointments and Compensation Committee will be, as of the Admission date:

Name	Position/Title	Category
Ms. Begoña Beltrán de Heredia Villa	Committee Chairman	Independent director
Mr. Antonio Galíndez Zubiría	Member	Proprietary director
Mr. Ignacio Artázcoz Barrena	Member	Independent director

The creation of the Appointments and Compensation Committee and the appointment of its initial members was approved by our board of directors on November 1, 2018. On November 1, 2018 our board of directors approved the above composition of the Appointments and Compensation Committee, effective upon Admission.

The Appointments and Compensation Committee is responsible for, among others:

- evaluating the competence, knowledge and experience required within the board of directors and evaluating the time and resources required for directors to carry out their tasks;
- setting representation objectives for the underrepresented gender in the board of directors, and setting the procedures to accomplish such objectives;
- issuing the proposals for the appointment, re-election or removal of independent directors;
- reporting on proposals for the appointment, re-election or removal of other types of directors;
- reporting on the appointment or removal of the senior management and on the basic terms of senior management agreements;
- examining and organizing, in the most appropriate way, the replacement of the Chairman of the board of directors and of executive directors and, if applicable, making proposals to the board of directors in order for such replacements to take place in an orderly and well-planned manner;
- making proposals to the board of directors on the compensation policies for directors and senior management;
- overseeing compliance with the compensation policies; and
- reviewing periodically the compensation policies of the directors and the senior management, including the shares compensation schemes and their application, ensuring that they are proportionate among the directors and senior management.

The committee chairman will call a meeting of the Appointments and Compensation Committee whenever the board of directors or the chairman of the board of directors requests the preparation of a report or the adoption of a proposal within the Committee's authority, or whenever the chairman of the board, the committee chairman, or any committee member requests such a meeting. In any event the Appointments and Compensation Committee shall meet as often as necessary for the proper discharge of its functions.

The Appointments and Compensation Committee does not currently have a standalone Appointments and Compensation Committee Regulation, and until the board of directors approves one, the Appointments and Compensation Committee will be governed by the Board Regulations which were approved at the board of directors' meeting on September 7, 2018.

Conflicts of Interest

Pursuant to Article 229 of the Spanish Companies Act, directors are required to report to the board of directors any circumstances that may give rise to a direct or indirect conflict of interest as soon as they become aware of such circumstances. In particular, our directors (and related parties to directors) should abstain from:

- carrying out transactions with us, excluding ordinary transactions, of limited amount and undertaken in standard conditions applicable to all customers;

- using our name or its condition as director to unduly influence private transactions;
- making use of corporate assets, including confidential information, for private use;
- taking advantage of our business opportunities;
- obtaining advantages or compensations from third parties other than us in relation to the fulfillment of their obligations as directors, unless they are mere expressions of courtesy; and
- carrying out activities on their own or on behalf of third parties, which may compete with us or which could put the director in a permanent conflict with our interests.

In any event, each member of the board of directors must refrain from attending and participating in deliberations and votes affecting matters including by way of proxy vote in which they (or a related party, as defined in applicable law) have a direct or indirect conflict of interest.

Additionally, directors should abstain from engaging in commercial or professional transactions which may give rise to a conflict of interest, without having first informed and received approval from the board of directors, which shall request a report from the Audit Committee. Such authorization shall not be necessary for transactions entered into with us if all of the following conditions are met in respect of the relevant transactions: (a) the transaction is entered into pursuant to an agreement with standard conditions applied to a wide range of clients; (b) the transaction is entered into for a price generally applied by the party acting as supplier; and (c) the transaction does not exceed 1% of the Company's annual turnover. Such authorization shall be granted by the general shareholders' meeting when the relevant transaction consists in obtaining an advantage or compensation from a third party or exceeds from 10% of the Company's assets.

To the best of our knowledge, as of the date of this prospectus, there are no actual or potential conflicts of interest amongst our directors and executive committee and none are engaged in self-dealing or personally engaged in any business that could be deemed as part of our operations. See "*Related Party Transactions*".

Non-Compete Obligation

Directors are not entitled to hold office or render services for entities which are competitors of the Group. The general shareholders' meeting may waive this restriction. According to Section 33 of the Regulations of the Board of Directors, following the request by any shareholder, the General Shareholders Meeting may decide upon the dismissal of any director who performs competing activities provided that the risk of damage to the Company has become relevant.

Before accepting any office in the management body of any company or entity outside the Group, the directors shall consult with the Appointments and Compensation Committee.

To the best of the Company's knowledge, as of the date of this prospectus, none of the directors and officers render services for entities which are competitors of the Group.

Internal Code of Conduct

We have implemented a defined and transparent set of rules and regulations for corporate governance that is compliant with all applicable Spanish governance standards.

On November 1, 2018, our board of directors approved the internal securities markets code of conduct (*Reglamento Interno de Conducta en los Mercados de Valores*) (the "**Internal Code of Conduct**"), to take effect upon Admission. The Internal Code of Conduct regulates, among other things, our directors' and managers' conduct with regard to the treatment, use and disclosure of non-public material information relating to the Group in a manner consistent with Commission Regulation (EC) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) ("**MAR**"). The Internal Code of Conduct applies to, among other persons, all members of the board of directors, executive committee and employees who have access to material non-public information and to our external advisors when they handle such material non-public information.

The Internal Code of Conduct, among other things:

- establishes the restrictions on, and conditions for, the purchase or sale of our securities or other financial instruments by persons subject to the Internal Code of Conduct, and by those who possess material non-public information;

- provides that persons subject to the Internal Code of Conduct shall not engage in market manipulation with respect to our securities or other financial instruments;

- provides that we shall not engage in open market acquisitions with a view to manipulating the market price of our securities or our other financial instruments, or to favoring any particular shareholder; and

- provides that persons who have a conflict of interest shall act in good faith and with loyalty toward us and our shareholders and without regard to such person's individual interests. Accordingly, such persons shall: (i) not act in their own interest at our expense or in the interest of particular shareholders at the expense of other shareholders; (ii) not participate in decisions that may affect other persons or entities with which such person has a conflict of interest; and (iii) report potential conflicts of interest to our board of directors.

Corporate Governance

The Spanish Companies Act sets out certain legal provisions related to corporate governance mandatorily applicable to Spanish listed companies on the Spanish Stock Exchanges. We believe that we comply with the requirements of the Spanish Companies Act.

Additionally, the Spanish Corporate Governance Code for Listed Companies (*Código de Buen Gobierno de las Sociedades Cotizadas*) approved by the CNMV in February 2015 (the "**Corporate Governance Code**") sets out certain recommendations on corporate governance to be considered ("*comply or explain*") by the companies listed on the Spanish Stock Exchanges. We are committed to follow strict corporate governance policies and we intend to adapt our practices as appropriate to the principles of good governance contained in the Corporate Governance Code, as soon as possible after Admission, in a consistent manner.

Although we believe that we substantially comply with the recommendations of the Corporate Governance Code, our internal corporate governance policy established in our bylaws, Internal Code of Conduct, Board Regulations and the regulations of the shareholders' meeting ("**General Shareholders' Meeting Regulations**") as well as our corporate practices vary from these recommendations in the following ways:

- The Corporate Governance Code recommends the implementation of the following policies that the Company has not yet approved but intends to approve after Admission:

  - Recommendation 4: As of the date of this prospectus, we have a limited number of shareholders, and thus we have not discussed if a policy of communication and contacts with shareholders, proxy advisors and institutional investors is necessary. However, once the Shares have been admitted to trading, we will consider as a priority the implementation of a policy of communication and contacts with shareholders, proxy advisors and institutional investors, under the principles of transparency and respect to these parties. The board of directors will, as the case may be, approve this policy within a reasonable timeframe, and the policy will be subsequently made available in our website together with information related to how the policy is put in practice.

  - Recommendation 7: The Company currently does not broadcast the General Shareholders' Meetings in our website.

- Recommendation 11: As of the date of this prospectus, we do not pay attendance bonus (*primas de asistencia*) to our shareholders. Consequently, we have not approved an attendance bonus policy. Nevertheless, if we decide to start paying attendance bonus (*primas de asistencia*) to our shareholders, the board of directors will approve a general and stable attendance bonus policy beforehand.

- Recommendation 14: We have not approved a policy for selecting the members of the board of directors. The board of directors will approve such policy within a period of 3 months after Admission.

- Recommendations 40 and 41: As of the date of this prospectus, the Company does not have a specific unit in charge of the internal audit unit to monitor the effectiveness of reporting and control systems under the supervision of the Audit Committee. Although at the date of this prospectus the financial department is in charge of the internal financial control, the Company intends to set up an internal audit unit according to the relevant corporate governance recommendations following Admission.

- Recommendation 46: As of the date of this prospectus, the Company does not have a specific internal risk control and management unit. However, as part of the control of financial information and risk control measures that the Company intends to put in place, it is expected to create an internal risk control and management unit under the supervision of the Audit Committee.

- Recommendation 48: To date, the board of directors has not deemed appropriate to establish the Appointments and Compensation Committee as two separate committees, given that this recommendation is expressly addressed to large capitalization companies, and this is not expected to apply to us upon Admission.

Despite the foregoing current deviations, we are committed to implementing all the applicable recommendations on corporate governance.

The board of directors will prepare an annual corporate governance report and such report will be submitted to our shareholders for information purposes. The report will be announced through the publication of a relevant fact (*hecho relevante*) and published in our webpage.

Pursuant to article 529 decies of the Spanish Companies Act, the proposal of appointment or re-election of members of the board of listed companies corresponds to the Appointments and Compensation Committee, in the case of independent directors, and to the board itself in other cases and such proposal of appointment or re-election must be preceded by a report by the Appointments and Compensation Committee.

Furthermore, pursuant to article 529 novodecies of the Spanish Companies Act, the shareholders meeting on November 2, 2018 approved a proposal for the directors' remuneration policy for the period 2018-2020.

As of the date of this prospectus, neither the appointment of the current directors was preceded by proposals and reports of the Appointments and Compensation Committee nor the category assigned to each director confirmed by the Appointments and Compensation Committee, as this committee was not in place yet on the date of each of the appointments. However, once this committee is formed and as soon as practicable following Admission, it will issue the corresponding proposals and reports and confirm the classification of the Company's directors in accordance with applicable law and the Board Regulations.

As set forth in the Board Regulations, the Appointments and Compensation Committee is required to periodically review our level of compliance and, where appropriate, of our subsidiaries, submitting its proposals and recommendations to the board of directors in order to improve such rules. Furthermore, pursuant to our Board Regulations, the Appointments and Compensation Committee is required to prepare a report on the annual corporate governance report prior to its approval by the board of directors. The first report will be prepared in respect of the year ended December 31, 2018.

Prior to or upon Admission, our website will be adapted to the requirements imposed by the Spanish securities market regulations.

Financial Information Control System and Risk Control and Management Policy

We intend to adopt policies and develop procedures and systems to implement the best practices in the market to control the Group's financial information, taking into account the recommendations and procedures regarding control of financial information set by the CNMV (*Sistema de Control Interno de Información Financiera or SCIIF*). These policies have not been approved yet and therefore we are not in compliance with the related corporate governance recommendations. We expect to approve these policies in 2019.

These policies and procedures shall be approved by our board of directors and shall aim to ensure the reliability and integrity of the Group's financial information and compliance with relevant accounting regulations. Following the recommendations of the CNMV, we will design a risk assessment process capable of identifying, analyzing and managing the significant risks that we face in the preparation of our financial statements and will establish monitoring procedures to ensure respect for the principles of ethics and professional integrity, as well as measures to identify and correct deviations from these values within our organization.

We also intend to approve a risk control and management policy that will identify the Group's operational, technological, financial, legal compliance, social, environmental, political and reputational risks and categorize them based on their potential impact on our business and activity, and we develop measures to mitigate the impact of those risks that could come to materialize.

Our board of directors intends to delegate the maintenance and monitoring of the risk control and management policy, including compliance with the SCIIF, to the Audit Committee. The Audit Committee will supervise our internal risk control and management unit which will be charged with the following responsibilities:

- ensuring that our risk control and management systems function correctly and that the major risks we are exposed to are correctly identified, managed and quantified;
- participating actively in the preparation of our risk strategies and in any key decisions taken in this respect; and
- ensuring that our risk control and management systems effectively mitigate risks pursuant to the policy approved by our board of directors.

Executive committee comprising Senior Management

Aside from our board of directors, the Group is managed on a day to day basis by the executive committee which comprises the Company's senior management. The executive committee manages the daily businesses and is responsible for overseeing key operational matters, including reviewing financial and operational matters, major action plans and other related matters. It meets quarterly and consists of 11 members as of September 30, 2018.

The following table sets out the names of the members of the executive committee and their respective ages and positions. The executive committee has extensive knowledge and experience in the Company's industry.

Name	Age	Position/Title
Mr. Pablo Burgos	48	CEO
Ms. María Burgos	43	CFO
Mr. Jaime Solaun	35	Head of Andean Region
Mr. Tomás Parladé	44	Head of Asian Region
Ms. Ana Ferrero	41	Head of Asset Management
Mr. Iñigo Malo de Molina	40	Head of Business Development
Mr. Miguel de la Rosa	38	Head of Construction and EPC Sales
Mr. Javier Arellano	34	Head of Corporate Development and Investor Relations
Ms. Fátima Fernández	44	Head of Engineering
Mr. Joseba Olamendi	39	Head of Legal
Mr. Jaime Aldamiz-Echevarría	42	Head of Structured Finance

All members of the executive committee designate our registered address as their professional address for the purposes of this prospectus.

In June 2018, we modified the category of employees under "Management" to include other members of our senior management team in addition to our CEO and CFO, and excluding our Chairman.

Biographical information for each of the members of the executive committee who have not been described in section "—*Directors*" above, including a brief description of each person's business experience and education, is presented below:

Ms. María Burgos

Ms. Burgos started working in the Company in 2006 in the position of CFO. Prior to joining the Company, Ms. Burgos worked as Deputy CFO at Guardian Industries.

Ms. Burgos holds a degree in Business Administration from Universidad de Navarra and has completed executive programs at INSEAD (*Leadership Excellence through Awareness and Practice (LEAP)*) and the University of Singapore (NUS) (on general management).

Mr. Jaime Solaun

Mr. Solaun has been with the Company since 2014 and currently holds the position of Head of Andean Region. Prior to joining the Company, Mr. Solaun held several positions at Iberdrola Renovables (Business Analyst from 2006 to 2009), Isolux Corsan (Investment Analyst from 2009 to 2011) and EDP Renovaveis (Project Finance Associate from 2011 to 2014). Mr. Solaun holds a Bachelor's degree in Business from Universidad del Pais Vasco.

Mr. Tomás Parladé

Mr. Parladé has been with the Company since 2006 and currently holds the position of Head of Asia. Prior to joining the Company, Mr. Parladé held several positions at Inabensa (Project Manager from 1999 to 2001) and Elecnor (Construction Department Manager from 2001 to 2006). Mr. Parladé holds a Bachelor's degree in Architecture from Universidad de Sevilla.

Ms. Ana Ferrero

Ms. Ferrero was hired by the Company in 2008 and currently holds the position of Head of Asset Management & Consulting primarily focusing on the management of the Company's or third parties' operating assets. Prior to joining the Company, Ms. Ferrero worked as a head of the after-sales department at Rotartica between 2005 and 2008.

Ms. Ferrero holds a bachelor's degree in Industrial Electronics and Automation Engineering from Universidad del País Vasco and a master's degree in Project Management from Mondragón University.

Mr. Iñigo Malo de Molina

Mr. Malo de Molina has been with the Company since 2015 and currently holds the position of Head of Business Development. Prior to joining the Company, Mr. Malo de Molina held management positions at Iberdrola (2003 to 2009) where he occupied positions in the O&M area. At FCC, Mr. Malo de Molina headed the renewable energy development activities, from 2009 to 2013, and at SunEdison, between 2013 and 2015, he headed the O&M business in the Latam region. Mr. Malo de Molina holds a master's degree in Industrial Engineering from ICAI Universidad Pontificia de Comillas and an Executive MBA from IESE.

Mr. Miguel de la Rosa

Mr. de la Rosa joined the Company in 2015 and currently holds the position of Head of Construction and EPC Sales, primarily focusing on the management and supervision of the construction activities of the company and the commercial activities of EPC proposals for external clients. Before he started working in the Company, Mr. de la Rosa worked as a project engineer and proposal manager at Abengoa from 2004 to 2015.

Mr. de la Rosa holds a masters degree in Industrial Engineering from Escuela Técnica Superior de Ingeniería (Universidad de Sevilla).

Mr. Javier Arellano

Mr. Arellano joined the Company in 2008 and has since then held various positions within the Company. Currently, he holds the position of Head of Corporate Development and Investor Relations. Prior to joining the Company, he worked as an investment banking analyst at Bank of America Merrill Lynch between 2007 and 2008.

Mr. Arellano holds a master's degree in Telecommunications Engineering from Universidad Pública de Navarra and an MBA from INSEAD supported by a Rafael del Pino Foundation merit scholarship.

Ms. Fátima Fernández

Ms. Fernández started working in the Company in 2007 and currently holds the position of Technical Director primarily focusing on engineering, purchasing, logistics and control of operations (quality, health, safety and environment (QHSE)) management for the Company's projects. Prior to joining the Company, Ms. Fernández worked as a purchasing technician at Fundiciones Caetano in 2001 and, thereafter, as a project manager at Befesa from 2002 to 2007. Ms. Fernández holds a master's degree in Industrial Engineering from Escuela Técnica Superior de Ingeniería (Universidad de Sevilla) and a master's degree in Occupational Health and Safety from INSHT (Instituto Nacional de Seguridad e Higiene en el Trabajo).

Mr. Jaime Aldamiz-Echevarría

Mr. Aldamiz-Echevarría joined the Company in 2010 and currently holds the position of Head of Project Finance, mainly charged with raising third party financing for Solarpack's projects globally. Mr. Aldamiz-Echevarría previously worked at AXA Investment Managers from 2000 to 2009 where he held various positions in London, Paris and Madrid, including sales support, RFP management and institutional sales. Mr. Aldamiz-Echevarría holds a degree in Humanities from Universidad de Navarra.

The following table sets out all entities (other than affiliates of the Company or directorships held within the scope of service contracts between the Company and third parties) in which the senior management have been appointed as members of administrative, management or supervisory bodies, or in which they have held partnership positions at any time during the five-year period preceding the date of this prospectus, indicating whether or not each person is still a member of any such bodies or holds any shares in any such entities.

Senior Management	Entity	Sector	Position/Title	In office
Mr. Jaime Solaun	None	n/a	n/a	n/a
Mr. Miguel de la Rosa	None	n/a	n/a	n/a
Ms. Ana Isabel Ferrero	None	n/a	n/a	n/a
Mr. Íñigo Malo de Molina	None	n/a	n/a	n/a
Ms. María Burgos Galíndez	None	n/a	n/a	n/a
Mr.Tomás Parladé	Solarpack Promo 2007 Ciento dieciocho S.L.	Real estate	Sole Administrator	2014 – ongoing
Ms. Fátima Fernández	None	n/a	n/a	n/a
Mr. Jaime Aldamiz-Echevarría	None	n/a	n/a	n/a
Mr. Javier Arellano Galíndez	Aquila Boards, S.L.	Electric jetboards	Board member	2016 – ongoing
	Kunak Techonologies, S.L.	Remote sensing solutions	Board member	2017 – ongoing

Compensation

Compensation of directors

On September 19, 2018, our general shareholders' meeting amended our bylaws and established the new compensation scheme of the members of our board of directors. The compensation of our directors shall consist of any or all of the following elements:

In accordance with the Company's bylaws and the compensation policies set forth below, non-executive directors will receive a yearly fixed amount that will take into consideration the board meetings attended in the year, plus fixed amounts that will take into consideration factors including: (i) the chair of the board, (ii) the chair of board committees or (iii) the membership of these committees.

In accordance with the Company's bylaws and the compensation policies set forth below, executive directors will receive a yearly amount that fixed taking into consideration several factors including: (i) the number of board meetings attended in the year, (ii) the base salary, (iii) an annual bonus that takes into consideration yearly objectives fixed and approved by the board, and (iv) a three year incentive and retention program that contrasts the Company's targeted aggregated key performance metrics against actual performance, which will be increased or decreased by a coefficient equal to the average share price during the last quarter of year 2020 divided by the Offering Price. See "*—Management Incentive Plans*".

On November 2, 2018, our general shareholders' meeting approved the compensation policy of the members of our board of directors. The compensation policy sets forth the following:

1. The compensation of the members of our board of directors will consist of the following:

    - Every board member will receive a maximum annual amount of €30,000 proportionate to the board member's attendance to board meetings. This annual amount shall be proportionally reduced for the period January 1, 2018 to October 31, 2018 to an annual maximum amount of €22,000;

    - The board chairman will receive an additional fixed annual amount of €87,600;

    - Each board committee chairman will receive an additional fixed annual amount of €7,500;

    - Each board committee member (except the chairman of such committee) will receive an additional fixed annual amount of €2,500; and

    - The executive director will receive, in addition to the fixed compensation as member of the board, a specific compensation as executive officer of the Company that is set out below.

    In the year ended December 31, 2017, the maximum compensation of the board members in Solarpack was an annual amount of €22,000 per board member for assistance to all board meetings, plus an additional amount of €87,600 for the Chairman of the Board. In this regard, in the year ended December 31, 2017, the board members received €99,000 for their assistance at board meetings and the Chairman fully received its €87,600 compensation. The CEO additionally received compensation for fulfilling executive functions referred as set out in the paragraph below.

2. The compensation of the executive director will consist of a yearly amount that is fixed taking into consideration several factors including: (i) the base salary, (ii) an annual bonus that take into consideration yearly objectives as fixed and approved by the board, and (iii) a three year incentive and retention program that contrasts the Company's targeted aggregated key performance metrics against actual performance, which will be increased or decreased by a coefficient equal to the average share price during the last quarter of year 2020 divided by the Offering Price. See "*—Management Incentive Plans*".

    In the year ended December 31, 2017, the CEO received compensation of €184,942 as a fixed salary plus €53,563 as a yearly bonus for the year 2017. The CEO does not have a non-compete agreement or any indemnification clause in his contract.

Further, the general shareholders' meeting on November 2, 2018, approved the compensation policy for the executive director and CEO of the Company through which he will receive the following compensation for the year ending December 31, 2018:

- A fixed salary of €186,700; and

- A variable salary based on personal goals, company goals and CEO specific goals that can add up to 40% of the fixed salary;

In addition, as part of their compensation, the CEO received a compensation of €581,039 from the 2015-2017 incentive and retention program which was fully paid on May 30, 2018, once and at the end of the period. Further, for the period 2018-2020, as a member of the Company's incentive and retention program, the CEO will receive his share of the corporate program. If corporate goals are on target, the CEO incentive and retention program could represent, at the end of the compensation period, 3.5 times the average fixed salary of the period 2018 to 2020. This compensation would be paid on year 2021. See *"–Management Incentive Plans"*.

Compensation of the executive committee (senior management)

The following table sets out the aggregate compensation, classified by item, received by our senior management (namely, all the members of the executive committee of the Group, excluding the CEO), during the year ended on December 31, 2017. See "*—Compensation of directors*" for details on compensation of the CEO.

Compensation to our senior management (namely, all the members of the executive committee of the Group, excluding the CEO), was paid by the Company or by any affiliate of the Company that employs a member of the executive committee. No other entity of the Group paid any compensation to our senior management during the year ended on December 31, 2017.

	2017						
	Fixed remuneration	**Variable remuneration**	**Savings Plan**	**Expat allowances**	**Insurance premiums**	**Other in-kind compensation**	**Total**
Executive committee	€770,462	€257,289	—	€123,284	—	—	€1,169,035

Compensation for a successful conclusion of the Offering

On November 9, 2018, the board of directors approved a special compensation bonus for a number of senior managers and employees relating to the work completed by these individuals in support of the Offering, which was supplemental to their daily tasks. The bonus will be a cash payment of €250,000 on aggregate, and its distribution among a total number 13 senior managers and employees was approved by the board of directors at the proposal of the Chairman.

Agreements with directors and members of the executive committee including post-termination benefits

The company does not hold agreements with directors or members of the executive committee related to post-termination benefits.

D&O insurance policy

We maintain an insurance policy that protects the members of the board of directors, the executive committee and senior managers from liabilities incurred as a result of actions taken in their capacity as directors, members of the executive committee or as senior managers, respectively, up to an aggregate limit of approximately €10,000,000 million.

Management Incentive Plans

We have put in place incentive plans for certain of our senior managers and other managers in order to encourage the fulfillment of our business goals, to retain key personnel in the Company and to align the long-term interests of the executive committee with those of our shareholders. The primary objective of these plans is to incentivize the workforce as a whole (including our executive committee) by linking a part of remuneration to the generation of value for shareholders.

Management Incentive and Retention program 2015-2017

We have implemented an incentive plan linked to the creation of value of the Group (General Incentive Plan or "**GIP**"), offered to the members of our executive committee as detailed in this prospectus and other key employees identified by the board of directors on a discretionary basis (each of them, a "Beneficiary"), linked to the 2015-2017 performance (the "Management Incentive Plan 2015-2017"). The Management Incentive and Retention program 2015-2017 was approved by the board on July 8, 2015.

The GIP consisted of a cash bonus based on the creation of value of the Group during a reference period of three years (*i.e.*, from January 1, 2015 to December 31, 2017) and was paid in 2018.

The incentive and retention program for the 2015-2017 period closed at the end of the period with an on-target subscription level of 101.46%. The Company has distributed a total of €946,302 among the senior management of the Company (excluding the CEO, whose compensation for incentive and retention plan is reported separately). This compensation covers the three-year period.

Management Incentive and Retention program 2018-2020

We have implemented a GIP, offered to the members of our executive committee as detailed in this prospectus and other key employees as identified by the board of directors on a discretionary basis (each of them, a "Beneficiary"), linked to the 2018-2020 performance. The Management Incentive and Retention program 2018-2020 was approved by the shareholders' meeting and the board on November 9, 2018.

The GIP will consist of a cash bonus based on the creation of value of the Group during the reference period of 2018 and 2020 and will be paid in 2021.

The Management incentive and retention program for the 2018-2020 period will take into consideration (i) the EBITDA generated in our Development and Construction division, (ii) the cash yield in our Power Generation and Services divisions and (iii) the outstanding backlog at the end of the applicable period. 'EBITDA' is an APM; see "*Operating and Financial Review—Alternative Performance Measures*" for more details on the treatment and reconciliation of 'EBITDA' as an APM. The on-target total amount for this program is estimated at €1.8 million allocated to all Beneficiaries collectively (but excluding the CEO). The maximum bonus to be paid will amount to two times the on-target amount when performance exceeds targets by 30%. With the goal to align key employees with shareholders' value creation, the incentive paid under this Management Incentive Plan 2018-2020 will be increased or decreased by a coefficient equal to (i) the average share price during the last quarter of year 2020, divided by (ii) the Offering Price.

Family Relationships

As the Company was founded as a family-owned business, there continue to be multiple family relationships between members of our board of directors and our senior management as described below:

Our Chairman, Mr. José María Galíndez Zubiría, and proprietary director, Mr. Antonio Galíndez Zubiría, are brothers. Both Mr. José María Galíndez Zubiría and Mr. Antonio Galíndez Zubiría are uncles to: Mr. Pablo Burgos Galíndez (CEO), Mr. Tomás Parladé Galíndez (Head of Asian Region), Ms. María Burgos Galíndez (CFO), Ms. Ines Arellano Galíndez (Director) and Mr. Javier Arellano Galindez (Head of Corporate Development and Investor Relations). In addition, Mr. Pablo Burgos Galíndez (CEO) and Ms. María Burgos Galíndez (CFO) are siblings and are also cousins to Ms. Inés Arellano Galíndez (Director), Mr. Javier Arellano Galindez (Head of Corporate Development and Investor Relations) and Mr. Tomás Parladé Galíndez (Head of Asian Region). Ms. Inés Arellano Galíndez (Director) and Mr. Javier Arellano Galindez (Head of Corporate Development and Investor Relations) are siblings.

No Convictions and Other Negative Statements

To the best of our knowledge, none of our directors or members of the Group's executive committee team have, in the five years preceding the date of this prospectus: (i) been convicted in relation to fraudulent offences; (ii) acted as directors or senior managers of entities affected by bankruptcy or receivership; (iii) been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer of securities, or from acting in the management or conduct of the affairs of any issuer.

RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we may from time to time enter into agreements with or render services to related parties. In turn, related parties may render services or deliver goods to us as part of their business. We believe that all transactions are conducted on an arm's-length basis and that the terms of these agreements are comparable to those currently contracted with unrelated third parties.

For IFRS purposes, a "related party" is a person or entity that is related to the entity that is preparing its financial statements. We are required to report all related party transactions, as defined in IAS24 "Related Party Transactions" in accordance with IFRS. For additional information on related party transactions, see Audited Annual Consolidated Financial Statements, Audited Interim Consolidated Financial Statements and Interim Consolidated Financial Statements, each of which are included in this prospectus.

The following are considered related parties: the direct shareholders of the Group (including minority shareholders), the directors of the Company, the key managing personnel of the Group and close relatives of all of the above, together with any entities related to them, as well as the entities in which the Company has interests that are consolidated using the equity method or subsidiary companies or joint business which have not been incorporated into our consolidated annual accounts as set forth in the annual consolidated financial statements of the Group.

During the years ended December 31, 2015, 2016 and 2017, and the nine months ended September 30, 2018, we have made the following transactions with related parties.

Balances and transactions during the period with sister companies and related parties

	Year ended December 31,			**As of September 30,**
	2015	**2016**	**2017**	**2018**
		(*in € thousands*)		
Transactions done:				
Services received	—	—	—	—
Services rendered	994	940	312	920
Purchases(*)	4,068	1,285	1,514	—
Sales	—	—	—	—
Financial expenses	(172)	(315)	(320)	121
Financial income	391	397	440	279

(*) Purchases correspond mainly to the transactions carried out with the joint ventures (*Unión Temporal de Empresas*) created to undertake the construction of certain solar PV plants abroad and in which the Group holds an interest, insofar as they do not refer to the interest held by external participants.

The pending balances with sister companies and related parties (excluding derivations from financing agreements) are as follow:

	Year ended December 31,			**As of September 30,**
	2015	**2016**	**2017**	**2018**
		(*in € thousands*)		
Balances:				
Receivables from related parties	455	474	498	321
Current account with shareholders	0.2	0.2	—	—
Payables from related parties (**)	128	754	—	—

(**) Payables from related parties corresponds mainly to the transactions carried out with the joint ventures (*Unión Temporal de Empresas*) created to undertake the construction of certain solar PV plants abroad and in which the Group holds an interest, insofar as they do not refer to the interest held by external participants.

Receivables / payables from related parties include the balances for commercial operations derived from operations made during the period.

Additionally, the Group holds a debt with the parent company of the tax group, Beraunberri, S.L., generated by the consolidated corporation tax, which as of September 30, 2018 stands at €34,173.

There have not been material changes to the figures included in the tables above between September 30, 2018 and the date hereof.

Other Financing agreements

The financing agreements, as of September 30, 2018, subscribed with related parties are detailed in the below chart:

Company [1]	Currency	Interest Rate	Debtors' Balance	Creditors' Balance
			(in € thousands)	
Solarpack Promo 2007 ciento veintiuno, S.L.	Euro	EURIBOR + 3.5%	698	—
Kabi Solar (PTY) Limited [2]	South African rand	8.5%	536	—
Solarges Perú, S.L.	Euro	—	19	—
Ataca Solar Holdco, SpA[3]	US dollar	10.0%	2,150	—
Itok Solar Incorporated. S.L[4].	Euro	—	—	—
Shareholders' current account	Euro	—	—	34
Arica Solar 2, S.A.	CLP	—	2	—
Tamarugal Solar 1, S.A.	CLP	—	4	—
Diego de Almagro Solar 3, S.A.	CLP	—	2	—
Moquegua FV. SAC	US dollar	—	—	—
			3,411	**34**

Note:

(1) We have determined that the listed entities are related parties on the basis that Solarpack has a controlling stake each of them, subject to any specified exceptions.

(2) The balance as of September 30, 2018 is presented net of impairment of recorded value of €442 thousand.

(3) Solarpack owns 19% of Ataca Solar Holdco SpA's equity, has one board member, and can reserve matters requiring unanimous consent.

(4) Solarpack indirectly controls 49% of Itok Solar Incorporated. S.L. and Pablo Burgos Galíndez is the sole director of the company.

Acquisition of the Spanish Operating Assets

Certain of the SPAs signed for the Acquisition of the Spanish Operating Assets were executed with related parties. Specifically, (i) one of the SPVs that own 0.1 MW in the Llerena 2 project and (ii) a total of 33.5% of the equity in the SPV that owns the Guijo Coria project were signed with related parties. For further details regarding these transactions, see "Material Contracts— Acquisition of the Spanish Operating Assets". All the SPAs relating to this transaction were executed on an arm's-length basis and the terms of these SPAs are comparable to those executed with unrelated third parties.

Remuneration to directors of the Company

For the year ended December 31, 2017, a compensation of €99,000 was granted to the directors of the Company compared to €93,500 and €84,000 granted for the years ended December 31, 2016 and 2015, respectively. See "*Board of Directors and Management –Compensation*" for more details on the company's remuneration and remuneration policy.

With respect to the directors with executive roles as of December 31, 2017, namely Pablo Burgos Galindez and José María Galíndez Zubiría, they were granted for the discharge of their executive functions a total aggregate compensation of €326,000 for the year ended December 31, 2017, compared to €269,000 and €489,000 granted for the years ended December 31, 2016 and 2015, respectively. No stock options or other compensation packages were granted. Additionally, the directors with executive roles as of December 31, 2017, were granted €581,000 in compensation for the GIP corresponding to the 2015-2017 period.

Articles 228 and 229 of Spanish Companies Act

Our corporate governance structure is compliant with Articles 228 and 229 of the Spanish Companies Act.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to the ownership of the Shares prior to and after the settlement of the Offering assuming that the Offering Price is €9.15, being the mid-point of the Offering Price Range.

	Shares owned prior to the Offering		Shares owned after the Offering: Upon completion of the Offering (assuming no exercise of the Over-Allotment Option)		Shares owned after the Offering: Upon completion of the Offering (assuming full exercise of the Over-Allotment Option)	
	Number	**%**	**Number**	**%**	**Number**	**%**
Beraunberri, S.L.(1)	15,999,960	80%	16,191,217	52.35%	16,191,217	50.56%
Burgest 2007, S.L.(2).......	2,999,995	15%	3,191,252	10.32%	3,191,252	9.97%
Landa LLC(3)	999,995	5%	1,163,929	3.76%	1,163,929	3.63%
ACE Renewable Holding USD, S.A.	50	0%	50	0%	50	0%
Public	0	0%	10,382,514	33.57%	11,475,410	35.84%
Total	**20,000,000**	**100%**	**30,928,962**	**100%**	**32,021,858**	**100%**

(1) Beraunberri, S.L. is wholly owned by the family of Mr. José María Galíndez Zubiría. Mr. José María Galíndez Zubiría owns 50% of Beraunberri, S.L. and his wife, Pia Aguirreche owns the remaining 50%.

(2) Burgest 2007, S.L. is wholly owned by the family of Mr. Pablo Burgos Galíndez. Mr. Pablo Burgos Galíndez owns 53.5% of Burgest 2007, S.L. and his wife, Irene Estefania owns the remaining 46.5%.

(3) Landa LLC is wholly owned by the family of Mr. Antonio Galíndez Zubiría. Mr. Antonio Galíndez Zubiría owns 12.9% of Landa LLC and the remaining 87.1% is split equally among Mr. Antonio Galíndez Zubiría's three sons named Alvaro, Jorge and Juan.

Principal Shareholders

The Company is not aware of any commitment of a particular person to acquire more than 5% of the Shares in the Offering. The Company is aware of (i) the commitments by the principal shareholders to acquire Shares in the Offering and (ii) the intention of some of its management to acquire Shares in the Offering, but it is not expected that such purchases under (i) and (ii), in the aggregate, will amount to more than 5% of the Shares in the Offering.

The known commitments of its principal shareholders represent subscribing purchase orders of €5 million in aggregate, with (i) €1.75 million coming from Beraunberri, S.L., (ii) €1.75 million coming from Burgest 2007, S.L., and (iii) €1.5 million coming from Antonio Galindez and his family, directly or indirectly.

Dilution

The Offering will result in the beneficial interest of our current principal shareholders in the Company being diluted to an aggregate of 63.46% of the Company's share capital following the Offering on the basis of (i) full subscription of the Initial Offer Shares, (ii) low end of the Offering Price Range, (iii) €5.0 million investment of the Principal Shareholders in the Offering, and (iv) no exercise of the Over-Allotment Option. Alternatively, if calculated based on the mid end of the Offering Price Range but keeping all other factors constant, the Offering will result in the beneficial interest of our current principal shareholders in the Company being diluted to an aggregate of 66.43% of the Company's share capital following the Offering.

Lock-up Arrangements

See "*Plan of Distribution—Lock-up*".

Change in Control of the Company

We are not aware of any arrangements which may at a subsequent date result in a change of control of the Company.

MATERIAL CONTRACTS

The contracts set out below (not being contracts entered into in the ordinary course of business) have (i) been entered into by us within the two years immediately preceding the date of this prospectus and are or may be material to us; or (ii) been entered into at any time and contain provisions under which we have any obligation or entitlement which is or may be material to the Group as of the date of this prospectus.

Power Purchase Agreements

In all countries where we currently operate, we have a solid track record in negotiating and structuring power purchase agreements ("**PPAs**") and other types of off-take arrangements with different compensation mechanisms and different risk profiles. For example, in 2016, we were awarded PPAs for 124.1 MW in Chile (the "Granja" project), and in 2018, we signed five PPAs in India for our 131 MW KA2 project in Karnataka. Under our PPAs, an "off-taker" (often a government agency or a state-owned electricity utility) purchases from us the power generated by our solar PV plants. PPAs typically range between 20 to 25 years and the sales price for each KWh of electricity produced may be, in accordance with the agreements entered into with third-party buyers, fixed or variable in relation to inflation-based indices. Over the term of the PPA, we operate the solar PV project and remain responsible for the operation and maintenance of the solar PV project for the entire duration of the agreement. Depending on the jurisdiction, at the end of the PPA contract term, the "off-taker" may be able to extend the PPA, require that we dismantle the plant or choose to buy the plant from us. We enter into PPAs where we commit to produce a certain amount of energy during an agreed time period, generally on an annual, monthly or hourly basis, bearing the risk of not being able to supply the contracted amount of energy, with the risk of incurring penalties or, in more limited cases, the termination of the PPA. Alternatively, under certain circumstances, we also enter into "take-or-pay" PPAs, where the off-taker must take and pay for all electrical output produced by the plant whenever it is generated at a fixed price per megawatt hour, adjusted annually for inflation. We have signed "take-or-pay" off-take arrangements in Chile and India. In Spain, we have been awarded with power capacity for the installation of new PV projects entitled to regulated compensation. As of September 30, 2018, our top customers included Southern Power Distribution Company of Telangana Ltd. (accounting for 35.7% of segmented operating revenues), the PMGD regime in Chile (accounting for 17.5% of segmented operating revenues), Northern Power Distribution Company of Telangana Ltd. (accounting for 16.9% of segmented operating revenues), the Peruvian Concession Contracts (accounting for 12.2% of segmented operating revenues), the CNMC (accounting for 8.5% of segmented operating revenues), Collahuasi & Codelco (accounting for 6.4% of segmented operating revenues) and the Spanish electrical system (accounting for 2.5% of segmented operating revenues). See "*Operating and Financial Review – Operating Segment Reporting and other Non Financial Key Operational Data*" for details on treatment as Operating Segments figures.

Acquisition of the Spanish Operating Assets

Between July and August 2018, the Company entered into several share sale and purchase agreements ("**SPAs**") with third parties (the "**Sellers**") to acquire 100% equity interests in the share capital of several entities holding 88 solar farms of nominal alternating current (AC) capacity 100 kW located in Isla Mayor, Lebrija and Llerena (the "**SIS Acquisition**"). In the same period, the Company also entered SPAs with Sellers to acquire up to 96.50% of the share capital of Solarpack Promo2007 Cientoveintuno, S.L., the SPV holding the Guijo de Coria solar PV plant (the "**Guijo Acquisition**" and together with the SIS Acquisition, the "**Acquisition**"). All the solar PV plants forming part of the Acquisition are operational. Therefore, upon completion of the Acquisition, the Company will own shares equivalent to 100% of 88 companies owning 88 solar farms of a nominal AC capacity 100 kW (which are spread across four solar PV plants located in Isla Mayor, Lebrija and Llerena) and the Company will also increase its total shareholding in "Solarpack Promo2007 Cientoveintuno, S.L." (owner of a solar plant in Guijo de Coria with a total capacity of 6,135 MW) from 49.76% to 96.50%. The shares of the referred entities are pledged to secure certain credit facilities granted for the construction and development of the solar plants (the "**Credit Facilities**"). As of the date of this prospectus, the Acquisition is subject to the satisfaction of the condition precedent that the Offering is settled prior to March 31, 2019.

The total aggregate consideration for the Acquisition under the SPAs payable as of November 30, 2018 is €20,639,408.

In addition to the consideration for the shares, the Sellers will have the right to receive a bonus from the Company if, pursuant to the 2013 Electricity Act, the new reasonable rate of return is over 5.184% for the regulatory period between January 1, 2020 and December 31, 2025. The bonus payable to the Sellers is variable within a range of return between 5.184% and 7.398% or above. The mentioned bonus, once accrued, shall be payable on the latest of (i) January 15, 2020 or (ii) within 15 business days following the date on which the new reasonable rate of return is published in the Spanish official gazette (*Boletín Oficial del Estado*). Where the new reasonable rate of return is not published in the Spanish official gazette prior to January 1, 2020 and, if pursuant to Law 24/2014 the retribution parameters are maintained, the new reasonable rate of return will be fixed at 7.398%. In such an instance, the bonus will be payable in six installments until the value of the new reasonable rate of return is officially published in the Spanish official gazette. The first installment will be paid on December 31, 2020 and the remaining five installments will be paid annually each anniversary of such date. If the new reasonable rate of return published in the Spanish official gazette is different from 7.398%, the bonus shall be recalculated. The maximum aggregate amount payable by the Company as bonus under the SPAs to the Sellers is €4,335,407.

Pursuant to the SPAs, the Sellers have made standard representations and warranties to the purchaser including in connection with the Sellers' capacity, due authorization, and title to the shares. The Sellers' representations and warranties shall survive for a period of two years from the date of each SPA.

On the closing date of the Acquisition, the loan agreements for the construction and development of the solar plants operated by the relevant acquired entity will be assigned to the Company, which will become the debtor under such loans.

The table below summarizes (i) the stake in the companies held by the Company prior to the Acquisition, (ii) the proposed Acquisition and (iii) the maximum and minimum investment that the Acquisition will represent for the Company depending on the new reasonable rate of return:

Project name[1]	**No. of Project Companies**[2]	**Total Capacity (MW)**	**Prior to the Acquisition**			**Acquisition**			**After the Acquisition**			**Consideration**		
			Equity stake	***No. of Solarpack Project Companies***[2]	***MW***	***Equity stake***	***No. of Solarpack Project Companies***[3]	***MW***	***%***	***No. of Solarpack Project Companies***[3]	***MW****	***Base***	***Max. Additional Bonus Amount***	***Max. Total***
Isla Mayor	70	8.4	4.29%	3	0.36	30.00%	21	2.52	34.29%	24	2.88	€4,627,600	€862,702	€5,490,303
Lebrija	32	3.8	6.25%	2	0.24	37.50%	12	1.44	43.75%	14	1.68	€2,268,690	€480,125	€2,748,815
Llerena 1	40	4.8	5.00%	2	0.24	75.00%	30	3.60	80.00%	32	3.84	€4,798,730	€1,214,859	€6,013,589
Llerena 2	40	4.1	7.50%	3	0.30	62.50%	25	2.50	70.00%	28	2.80	€6,074,242	€1,189,055	€7,263,296
SIS Acquisition Total	***182***	***21.2***		***10***	***1.14***		***88***	***10.06***		***98***	***11.20***	***€17,769,262***	***€3,746,741***	***€21,516,003***
Guijo Coria[4]	-	6.1	49.76%	-	3.05	46.74%	-	2.87	96.50%	-	5.92	€2,870,146	€588,666	€3,458,811
Total	***182***	***27.2***		***10***	***4.19***		***88***	***12.93***		***98***	***17.12***	***€20,639,408***	***€4,335,407***	***€24,974,814***

* The MW acquired are calculated on the basis of the % shareholding in the solar plant acquired by the total MW of the solar plant.

(1) See "*Business – Business Divisions – Power Generation*" for details on main project finance debt terms of the projects.
(2) Denotes the number of companies participating in a project.
(3) Denotes the number of Solarpack companies participating in a project.
(4) Solarpack acted as full EPC contractor for Guijo Coria.

Investment Agreement with and Financing from Ardian

In June 2016, our principal shareholders and the Company entered into a joint investment and partners' agreement (the "**Investment Agreement**") with AXA Clean Energy Fund I ("**ACE**"), which is an infrastructure fund managed by Ardian, to regulate certain provisions in relation to the ACE's investment, and certain corporate governance rights, in the Company. Pursuant to the Investment Agreement, ACE became a minority investor in the Company's share capital.

Pursuant to the provisions of the Investment Agreement, the Company, ACE and our principal shareholders of the Company have agreed that ACE ceases to be a shareholder of the Company (except for one share that ACE shall retain to comply with certain internal compliance requirements) by means of capital reduction pursuant to article 329 of the Spanish Companies Act, with the obligation of the Company to pay ACE a pre-agreed amount in the Investment Agreement based on the returns obtained by ACE from its investment until the date on which the Company's capital reduction is approved by its shareholders.

Based on the above, on August 9, 2018, ACE, our principal shareholders and the Company agreed and executed the Company's capital reduction, as a result of which ACE retained only one share in the Company. Simultaneously with the capital reduction, and in accordance with the provisions of the Investment Agreement, the Company and ACE entered into a US dollar denominated loan agreement for an amount equal to the amount of the capital reduction to be paid by the Company to ACE, which is $5,880,406. The loan bears interest at a rate of 11% per annum and matures on March 15, 2023. The loan agreement includes certain loan agreement provisions that require partial prepayments or mandatory repayment of the loan, and no other covenants. This loan agreement is governed by Spanish law and any dispute arising thereunder shall be settled by Spanish courts in the city of Madrid.

Framework Agreement relating to PMGD projects

On August 1, 2018, Solarpack Chile Limitada ("**Solarpack Chile**" or the "**Seller**") entered into a framework agreement (the "**Framework Agreement**") to sell a pipeline of four solar PV projects, with an option to add two more projects, operating under the PMGD (*Pequeños Medios de Generación Distribuidos*) power regulatory regime in Chile (each of them a "**PMGD Project**" and jointly, the "**PMGD Pipeline**"), sequentially on a project per project basis. Pursuant to the terms of the Framework Agreement, each SPVs holding a PMGD Project will be sold, on each closing date, indirectly through the sale and purchase of (i) 100% of the issued shares in each of the relevant SPVs holding a PMGD Project, and (ii) 100% of the outstanding shareholder's loans held by the Seller and/or any of its affiliates against each of the SPVs holding a PMGD Project (collectively the "**Transaction**" or individually a "**Single Transaction**"). The total aggregate transaction value for each Single Transaction will be the aggregate of the shares acquisition price including the relevant development stage down-payment (the "**Share Acquisition Price**"), plus the principal amount outstanding at the relevant closing date and accrued interest under the related shareholder loan between the seller and any SPV (the "**Shareholder's Loan Acquisition Price**"), and plus the lump-sum-turn-key EPC value as set forth in the relevant EPC contract including the relevant construction stage down-payment (the "**EPC Price**") (as may be adjusted and/or amended pursuant to the terms in the Framework Agreement, the relevant SPA, the EPC Contract and/or any applicable VAT). The total aggregate value for each Transaction will be paid to Solarpack Chile Limitada (the "**EPC Contractor**") on the relevant closing date subject to the satisfaction or waiver of certain standard conditions precedent stipulated in the Framework Agreement and in each relevant SPA, exception made for the development stage down-payment and the construction stage down-payment which will be disbursed by the purchaser prior to closing as described below.

The completion of each Single Transaction will be composed of the following sequential stages: (a) development stage ("**Development Stage**"), (b) construction stage ("**Construction Stage**"), and (c) transfer stage ("**Transfer Stage**"), the duration for each of which is subject to the terms to be negotiated for each Single Transaction. The execution of the Framework Agreement will trigger the development stage down-payment and the commencement of Development Stage for all Projects thus requiring the Seller to bring each Project to a 'Ready to Build' status prior to the expiry of the development longstop date stipulated in the Framework Agreement. If the Seller fails to achieve 'Ready to Build' status for a specific Project before the development longstop date, the purchaser has the option, among others, to: reject the affected Project from moving into the Construction Stage, claim for the payment of expenses incurred during the Development Stage up to a specified cap and requesting a refund of the relevant portion of its development stage down-payment. Within ten calendar days of the successful completion of the Development Stage, the Construction Stage commences with Solarpack Chile (through its relevant SPV) entering into contracts with the EPC Contractor and the O&M Contractor, respectively, and the purchaser paying the construction stage down-payment (the "**Construction Down-Payment**") to the relevant SPV. At this Construction Stage, the Seller and the purchaser will enter into an SPA agreement for the transfer and acquisition of the shares of the relevant SPV. Upon successful completion of the Construction Stage (pursuant to the terms of the relevant EPC Contract), the Transfer Stage shall commence during which the corresponding PMGD Project SPA shall close upon the satisfaction or waiver of certain standard conditions precedent stipulated therein, and the payment of any amounts outstanding at the closing date including, the remaining amounts of the Share

Acquisition Price for the relevant Single Transaction. As of September 30, 2018, this project has not yet started construction and its impact in our financial statements is not yet material. It is expected that the construction of this project is take place substantially in 2019. We will receive a downpayment at notice to proceed (NTP) and we will generate the remainder operating revenue upon Transfer Stage of each individual project.

Agreements relating to the Alvarado Project

On May 4, 2018, the Company, as seller (the "**Seller**") entered into a Share Purchase Agreement ("**SPA**") with a special purpose entity controlled by well-known investors active in the infrastructure and renewable assets (the "**Purchaser"**). Pursuant the SPA, the Seller will transfer to the Purchaser the shares of the Spanish SPVs, Sol de Alvarado S.L. and SPK Alvarado S.L. (collectively, the "**SPVs**"). Each of the SPVs is currently developing a 50 MW project located in Alvarado, Badajoz, Spain (each, a "**Project**" and collectively, the "**Projects**"). The transfer of the shares is conditioned on the Projects reaching "ready-to-build" status in accordance with the terms of the SPA and with the Development Agreement entered between the Seller and the SPVs on May 4, 2018. In addition to the foregoing, once the Projects achieve "ready to build" status, as a condition precedent for the closing of the SPA, the SPVs will execute an EPC contract and an O&M contract with our affiliate Solarpack Ingeniería, S.L.U. (the "**Contractor**"). The terms and conditions of both the EPC and O&M contracts have been agreed by all parties and were included as appendixes to the SPA through an amendment thereto dated July 24, 2018. Pursuant to the EPC contract, the Contractor shall provide engineering, construction and procurement services required for the full construction and commissioning of the Projects on a turnkey basis. Nonetheless, the part of the price related to the procurement of the PV modules on site (including the logistics, customs duties and minimum import price) will be variable, borne by the SPVs and will be determined before NTP. The O&M contract will be executed for an initial term of five years from the provisional acceptance of the Projects by the SPVs. As of September 30, 2018, the SPA has not had an accounting impact. As of September 30, 2018, this project is not yet under construction and its impact in our financial statements is not yet material. It is expected that the construction of this project is take place substantially in 2019. We will receive a downpayment at NTP and we will generate operating revenue upon the completion of customary milestones for this type of EPC contracts.

EPC Agreement in Colombia

On March 8, 2018, our affiliate Solarpack Colombia SAS ("**SPK Colombia**") entered into an EPC contract (the "**EPC Agreement**") with an affiliate of a Colombian utility company (the "**Client**") for the construction of a solar PV project of 10.53 MWp and 8.06 MW AC located in the municipality of Santa Rosa de Lima, Bolivar Department, Colombia (the "**Project**"). Pursuant to the EPC Agreement, SPK Colombia will act as EPC contractor and provide all the EPC services required for the full construction and commissioning of the Project, on a turnkey basis and a lump sum amount, excluding the solar PV modules that will be supplied by the Client. The Company has provided a parent guarantee for SPK Colombia's obligations under the EPC Agreement. The Project completion is expected by November 2018 with provisional acceptance to follow by December 2018. During the two year guarantee period, SPK Colombia shall also provide O&M services.

For a description of the typical terms of our EPC contracts, see "*Business—Business Divisions—Development and Construction— Engineering, Procurement and Construction ("EPC").*"

In addition, for a description of our project financing contracts, see "*Business—Business Divisions—Development and Construction— Financing.*"

MARKET INFORMATION

Prior to the Offering, there has been no public market for the Shares. We will apply to list the Shares on the Spanish Stock Exchanges and to have them quoted on the AQS or "Mercado Continuo" of the Spanish Stock Exchanges. The Spanish securities market for equity securities comprises four stock exchanges located in Madrid, Barcelona, Bilbao and Valencia. We expect that our ordinary shares (including the Shares offered hereby) will be listed on the Spanish Stock Exchanges and quoted on the AQS on or about December 5, 2018 under the symbol "SPK".

Automated Quotation System

The AQS links the Spanish Stock Exchanges, providing any equity securities listed on it with a uniform continuous market in order to eliminate certain differences arising among the various local exchanges. The principal feature of the system is the computerized matching of bid and offer orders at the time of placement. Each order is completed as soon as a matching order occurs, but can be modified or cancelled until completion. The activity of the market can be continuously monitored by investors and brokers. The AQS is operated and regulated by Sociedad de Bolsas, S.A. ("**Sociedad de Bolsas**"), a company owned by the companies that manage the Spanish Stock Exchanges. All trades on the AQS must be placed through a brokerage firm, a dealer firm or a credit entity that is a member of one of the Spanish Stock Exchanges.

In a pre-opening session held each trading day from 8:30 a.m. to 9:00 a.m. (CET), an opening price is established for each equity security traded on the AQS based on a real-time auction in which orders can be placed, modified or cancelled, but not completed. During this pre-opening session, the system continuously displays the price at which orders would be completed if trading were to begin. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offering prices. If an auction price cannot be determined, the best bid and offering prices and their respective associated trading volumes are disclosed instead. The auction terminates with a random 30-second period in which the shares are allocated. Until the allocation process has finished, orders cannot be placed, modified or cancelled. In exceptional circumstances (including the admission of new securities to trade in the AQS) and subject to prior notice to the CNMV, Sociedad de Bolsas may fix an opening price disregarding the reference price (which is the previous trading day's closing price), alter the price range for permitted orders with respect to the reference price and modify the reference price.

The computerized trading hours, known as the open session, range from 9:00 a.m. to 5:30 p.m. (CET). The AQS sets out two ranges of prices for each security named "static" and "dynamic" in order to monitor the volatility of the trading price of each security. During the open session, the trading price of a security may fluctuate within a certain predetermined percentage above and below the "static" price (which is the price resulting from the closing auction of the previous trading day or the immediately preceding volatility auction in the current open session) (the "static range"). In addition, the trading price may range within a certain predetermined percentage above and below the "dynamic" price (the trading price of the immediately preceding trade of the same security) (the "dynamic range"). If, during the open session, there are matching bid and offer orders for a security within the computerized system which exceed any of the above "static" and/or "dynamic" ranges, trading on the security is automatically suspended and a new auction, known as volatility auction, is held where a new reference price is set, and the "static" and "dynamic" ranges will apply over such new reference price. The "static" and "dynamic" ranges applicable to each specific security are set up and reviewed periodically by Sociedad de Bolsas. From 5:30 p.m. to 5:35 p.m. (CET), known as the closing auction, orders can be placed, modified and cancelled, but no trades can be completed.

Between 5:30 p.m. and 8:00 p.m. (CET), trades may occur outside the computerized matching system without prior authorization of Sociedad de Bolsas (provided such trades are however disclosed to Sociedad de Bolsas) at a price within the range of 5% over the higher of the average price and the closing price for the trading day and 5% below the lower of the average price and closing price for the trading day provided that: (i) there are no outstanding bids or offers in the computerized system matching or improving the terms of the proposed off-system transaction; and (ii) among other requirements, the trade involves more than €300,000 and more than 20% of the average daily trading volume of the relevant security during the preceding three months. These off-system trades must also relate to individual orders from the same person or entity and shall be reported to Sociedad de Bolsas before 8:00 p.m. (CET).

Trades may take place at any time (with the prior authorization of Sociedad de Bolsas) and at any price if:

- they involve more than €1,500,000 and more than 40% of the average daily trading volume of the relevant securities during the preceding three months;
- the transaction results from a merger, spin-off or the restructuring of a group of companies;
- the transaction is carried out for the purposes of settling a litigation process or completing a complex set of sale and purchase agreements; or
- for any other reason which justifies the authorization of such transaction at the discretion of Sociedad de Bolsas.

Information with respect to computerized trades, which take place between 9:00 a.m. and 5:30 p.m., is made public immediately. On the other hand, information with respect to off-system trades is reported to Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette (*Boletín de Cotización*) and on the computer system by the beginning of the next trading day.

Clearing, Settlement and Book-entry System

The Spanish clearing, settlement and book-entry system has been recently adapted by Act 11/2015, of June 18, on the recovery and resolution of credit institutions and investment firms (*Ley 11/2015, de 18 de junio, sobre recuperación y resolución de entidades de crédito y empresas de servicios de inversión*) and Royal Decree 878/2015, of October 2, (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) to the provisions set forth in Regulation (EU) No 909/2014 of the European Parliament and of the Council of July 23, 2014, on improving securities settlement in the European Union and on central securities depositories, amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012. Following this reform, transactions carried out on the AQS are settled by Iberclear, as central securities depository, and are cleared by BME Clearing, S.A., as central counterparty ("**CCP**"). Investors are urged to contact their agent or custodian in Spain as soon as possible to make the arrangements necessary for registering the shares in their name on the Transaction Date.

Iberclear and BME Clearing, S.A. are owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a listed holding company which also holds a 100% interest in each of the Spanish official secondary markets.

Shares of listed Spanish companies are represented in book-entry form. The book-entry system is a two-tier level registry: the keeping of the central book-entry register corresponds to Iberclear and the keeping of the detail records correspond to the participating entities in Iberclear.

Access to become a participating entity is restricted to (i) credit institutions, (ii) investment services companies which are authorized to render custody and administration of financial instruments, (iii) the Bank of Spain, (iv) the General Administration and the General Social Security Treasury, (v) other duly authorized central securities depositories and central clearing counterparties and (vi) other public institutions and private entities when expressly authorized to become a participating entity in central securities depositories.

The central registry managed by Iberclear reflects: (i) one or several proprietary accounts which will show the balances of the participating entities' proprietary accounts; (ii) one or several general third-party accounts that will show the overall balances that the participating entities hold for third parties; (iii) individual accounts opened in the name of the owner, either individual or legal person; and (iv) individual special accounts of financial intermediaries which use the optional procedure of settlement of orders. Each participating entity, in turn, maintains the detail records of the owners of such shares.

According to the above, Spanish law considers the owner of the shares to be:

- The participating entity appearing in the records of Iberclear as holding the relevant shares in its own name.

- The investor appearing in the records of the participating entity as holding the shares; or

- The investor appearing in the records of Iberclear as holding shares in a segregated individual account.

BME Clearing is the CCP in charge of the clearing of transactions closed on the Spanish Stock Exchanges. BME Clearing interposes itself on its own account as seller in every purchase and as buyer in every sale. It calculates the buy and sell positions vis-à-vis the participants designated in such buy or sell instructions. The CCP then generates and sends to Iberclear the relevant settlement instructions.

The settlement and book-entry platform managed by Iberclear, which operates with the trade name of ARCO, receives the settlement instructions from BME Clearing and forwards them to the relevant participating entities involved in each transaction. ARCO operates under a T+2 settlement standard, by which any transactions must be settled within two business days following the date on which the transaction was completed.

Obtaining legal title to shares of a company listed on the Spanish Stock Exchanges requires the participation of a Spanish official stockbroker, Iberclear participant, broker-dealer or other entity authorized under Spanish law to record the transfer of shares. To evidence title to shares, at the owner's request the relevant participating entity in Iberclear must issue a legitimation certificate (*certificado de legitimación*). If the owner is a participating entity or a person holding shares in a segregated individual account, Iberclear is in charge of the issuance of the certificate regarding the shares held in their name.

Euroclear and Clearstream, Luxembourg

Shares deposited with depositaries for Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, S.A. ("**Clearstream**"), and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream, will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System (as amended from time to time), the Management Regulations of Clearstream and the instructions to Participants of Clearstream (as amended from time to time), as applicable. Subject to compliance with such regulations and procedures, those persons on whose behalf accounts are kept at Euroclear or Clearstream and to whom shares have been credited ("investors"), will be entitled to receive a number of shares equal to that amount credited in their accounts.

With respect to shares deposited with depositaries for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees (as described below), if any, and once the relevant recording in the book-entry records kept by the members of Iberclear has occurred.

Under Spanish law, only the shareholder of record in Iberclear's registry and its participating entities is entitled to dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear (or its nominees) or Clearstream (or its nominees) will, respectively, be the sole record holders of the shares that are deposited with any depositaries for Euroclear and Clearstream until investors exercise their rights to withdraw such shares and record their ownership rights over them in the book-entry records kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction of any applicable withholding taxes, in accordance with the applicable regulations and procedures for Euroclear and Clearstream. See "*Taxation*" below.

Euroclear and Clearstream will endeavor to inform investors of any significant events of which they become aware affecting the shares recorded in the name of Euroclear (or its nominees) and Clearstream (or its nominees) and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at their discretion, take such action, as they deem appropriate in order to assist investors in exercising their voting rights in respect of the shares. Such actions may include: (i) acceptance of instructions from investors to grant or to arrange for the granting of proxies, powers of attorney or other similar certificates; or (ii) exercise by Euroclear or its nominees and Clearstream or its nominees of voting rights in accordance with the instructions provided by investors.

In case we offer or cause to be offered to Euroclear or its nominees and Clearstream or its nominees, acting in their capacity as record holders of the Shares deposited with the depositaries for Euroclear and Clearstream, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will, respectively, endeavor to inform investors of the terms of any such rights of which they become aware in accordance with the applicable provisions in the aforementioned regulations and procedures. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or, alternatively, such rights may be sold and, in such event, the net proceeds will be credited to the cash account kept on behalf of the investor with Euroclear or Clearstream.

Tender Offers

Tender offers are governed in Spain by Articles 128 et seq. of the Securities Market Act and Royal Decree 1066/2007, of July 27 (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*) which implement Directive 2004/25/EC of the European Parliament and of the Council of April 21. Other than the referred tender offer regulation, there is no other special regulation in Spain which may govern mandatory tender offers over the Shares.

Tender offers in Spain may qualify as either mandatory or voluntary.

Mandatory tender offers must be launched for all the shares of the target company and all other securities that might directly or indirectly entitle to acquire or subscribe such shares (including, without limitation, convertible and exchangeable notes) at an equitable price, and not subject to any conditions, when any person or entity acquires control of a Spanish listed company, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly entitle to subscribe or acquire voting shares in such company;
- through shareholder agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the applicable Spanish regulation on tender offers (which constitute indirect control acquired through mergers, share capital decreases, changes in the target's treasury stock).

A person or entity is deemed to have control over a target company, either individually or jointly with other parties acting in concert, whenever:

- it acquires, directly or indirectly, a percentage of the company's voting rights equal to or greater than 30%; or
- it has acquired a percentage that is less than 30% of the voting rights and appoints, during the 24-month period following the date of acquisition of said percentage, a number of directors that, together with those already appointed by it (if any), represents more than half of the members of the target company's board of directors. The Spanish regulation on tender offers also sets forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

For the purposes of calculating the percentages of voting rights acquired, the Spanish regulation establishes the following rules:

- percentages of voting rights corresponding to: (i) companies belonging to the same group as the bidder; (ii) members of the board of directors of the bidder or of companies of its group (unless evidence to the contrary is provided); (iii) persons acting in concert with or on behalf of the bidder; (iv) voting rights which may be exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of their specific instructions with respect thereto; and (v) shares held by a nominee (such nominee being a third-party whom the bidder totally or partially covers against the risks related to acquisitions or transfers of the shares or the possession thereof), will be deemed to be held by the bidder;

- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or under any other contractual title, will also be deemed to be held by the bidder;

- the percentage of voting rights shall be calculated based on the entire number of the company's shares with voting rights, even if the exercise of such rights has been suspended. Treasury stock held directly or indirectly by the target company (according to the information available on the date of calculation of the percentage of voting rights held by the bidder) shall be excluded from the calculation. Non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and

- acquisitions of securities or other financial instruments which entitle the holder to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the applicable Spanish regulation on tender offers, the CNMV will conditionally exempt a person or entity from the obligation to launch a mandatory bid when another person or entity not acting in concert with the potential bidder, directly or indirectly holds an equal or greater voting percentage in the target company.

Spanish regulations establish certain exceptions where control is obtained but no mandatory tender offer is required, including, among others:

- Subject to the CNMV's approval, acquisitions or other transactions resulting from the conversion or capitalization of claims into shares of listed companies if their financial feasibility is subject to serious and imminent danger provided that such transactions are intended to ensure the company's financial recovery in the long term. The approval of the CNMV will not be required if the acquisition takes place in the context of a refinancing agreement under Additional Disposition Fourth of Act 22/2003, of July 9, on insolvency (*Ley 22/2003, de 9 de julio, concursal*).

- In the event of a merger, provided that those acquiring control did not vote in favor of the merger at the relevant general shareholders' meeting of the offeree company and provided also that it can be shown that the primary purpose of the transaction is not the takeover but an industrial or corporate purpose.

- When control has been obtained after a voluntary bid for all of the securities, if either the bid has been made at an equitable price or has been accepted by holders of securities representing at least 50% of the voting rights to which the bid was directed (excluding voting rights already held by the bidder and those belonging to shareholders who entered into an agreement with the bidder regarding the tender offer).

The price of the mandatory tender offer is deemed to be equitable when it is at least equal to the highest price paid by the bidder or any person acting in concert therewith for the same securities during the 12 months preceding the announcement of the tender offer. Other rules used to calculate such equitable price are set forth in the applicable Spanish regulation. However, the CNMV may change the price determined pursuant to said rules in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched as soon as possible and at any event within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched in those cases in which a mandatory offer is not legally required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the bylaws or adoption of certain resolutions by the general shareholders' meeting of the target company, acceptance of the offer by a minimum number of shares of the target company, approval of the offer by the general shareholders' meeting of the bidder; and any other condition deemed by the CNMV to be in accordance with law), provided that the fulfilment of such conditions may be verified by the end of the offer acceptance period; and

- they may be launched at a price other than an equitable price.

The price in a voluntary tender offer must be the higher of (i) the equitable price and (ii) the price resulting from an independent valuation report, and must at least consist of cash as an alternative if certain circumstances have occurred during the two years prior to the announcement of the offer (basically, the trading price for the shares being affected by price manipulation practices, market or share prices being affected by natural disasters, force majeure, or other exceptional events, or the target company being subject to expropriation or confiscation resulting in significant impair of the company's real value).

The Spanish regulation on tender offers sets forth further relevant provisions, including, amongst others:

- the board of directors of the target company will be exempt from the prohibition to carry out frustrating or defensive actions against a foreign bidder provided the latter's board of directors is not subject to equivalent passivity rules and subject to prior approval by the company's general shareholders' meeting within the 18-month period before the date of the public announcement of the tender offer;

- defensive measures included in a listed company's bylaws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders decide otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected shall be entitled to compensation at the target company's expense); and

- squeeze-out and sell-out rights will apply provided that following a mandatory tender offer (or as a result of a voluntary offer for all the of the target's share capital) the bidder holds shares representing at least 90% of the target company's voting share capital and the tender offer has been accepted by the holders of securities representing at least 90% of the voting rights over which the offer was launched.

The Company has never been the target of a tender offer by a third-party bidder over the Shares. Furthermore, there are no mandatory tender offer, squeeze-out or sell-out requirements applicable in connection with the Offering.

DESCRIPTION OF SHARE CAPITAL

The following summary provides information regarding our share capital and certain applicable provisions in connection therewith set out in our bylaws, the General Shareholders' Meeting Regulations and Spanish law, including, in particular, the Spanish Companies Act and the Securities Market Act. Our General Shareholders' Meeting Regulations, which were approved by our general shareholders' meeting on August 9, 2018, have been to be registered with the Commercial Registry as of the date of this prospectus and will enter into effect on Admission.

This summary does not purport to be complete nor to describe all of the applicable provisions and regulations in connection with the matters described herein and is qualified in its entirety by reference to our bylaws and to the Spanish Companies Act (or any other applicable regulations from time to time). It is recommended that you refer to our bylaws and the Spanish Companies Act (or any other regulation referred herein) for further details. A copy of our deed of incorporation and bylaws are available at our registered office (Avenida Algorta nº 16, 3º, 48992 Getxo, Spain). Furthermore, a copy of our bylaws is also available on our website (www.solarpack.es), and as of the date of this prospectus, in the CNMV's offices.

General

As of the date of this prospectus, our share capital consists of €8,000,000 divided into a single series of 20,000,000 ordinary shares denominated in euro, with a nominal value of €0.4 per Share and each with an ISIN code ES0105385001, allocated by the Spanish National Agency for the Codification of Securities (*Agencia Nacional de Codificación de Valores Mobiliarios*), an entity dependent upon the CNMV. Our entire share capital is fully subscribed and paid-up. As of the date hereof, the Company does not own any treasury shares ("*autocartera*") and has not issued securities convertible or exchangeable into Shares, nor securities with warrants over the Shares.

Our Shares are represented by book-entries, being Iberclear together with its participating entities, the entity responsible for maintaining the corresponding accounting records, with registered office at Plaza de la Lealtad, 1, 28014 Madrid.

The Company was originally incorporated on April 1, 2005, as a limited liability company (*sociedad de responsabilidad limitada*) with an initial share capital of €3,600, divided in 360 quotas (*participaciones sociales*), numbered from 1 to 360, both inclusive, with a face value of €10 each, all of the same class and series, fully subscribed and paid-up by Beraunberri, S.L. as sole founding partner:

The share capital of the Company was increased by agreement at the general shareholders' meeting held on May 5, 2005 by creating 40 new quotas (*participaciones sociales*), with a face value of €10 each, numbered from 361 to 400, both inclusive, fully subscribed and paid up by Guascor Solar, S.A., through a monetary contribution.

The face value of the quotas was decreased to €1 each by agreement of the general shareholders' meeting held on June 1, 2016.

The share capital of the Company was increased by agreement of the general shareholders' meeting on June 1, 2016, by creating 396,000 new quotas (*participaciones sociales*), with a face value of €1 each, numbered from 4,001 to 400,000, both inclusive which was fully subscribed and paid up by our principal shareholders, with a charge to unrestricted reserves, in the following proportions:

- "Voluntary reserves": €296,000
- "Share premium" ("*Prima de emisión*"): €100,000

The share capital of the Company was increased by agreement of the general shareholders' meeting on September 15, 2016 by creating 9,391 new quotas (*participaciones sociales*), with a face value of €1 each, numbered from 400,001 to 409,391, both inclusive, which was fully subscribed and paid up by ACE Renewable Holding, USD, S.A. through a monetary contribution, in the following proportions:

- "Capital increase": €9,391

- "Share premium" ("*Prima de emisión*"): €1,838,718.75

The share capital of the Company was increased by agreement of the general shareholders' meeting on September 19, 2016 by creating 17,259 new quotas (*participaciones sociales*), with a face value of €1 each, numbered from 409,392 to 426,650, both inclusive, which was fully subscribed and paid up by ACE Renewable Holding, USD, S.A., through a monetary contribution, in the following proportions:

- "Capital increase": €17,259

- "Share premium" ("*Prima de emisión*"): €3,374,347.38

The share capital of the Company was reduced by resolution at the general shareholders' meeting held on August 9, 2018. The shareholding (except for one quota) originally held by Ace Renewable Holding USD, S.A. (26,649 quotas (*participaciones sociales*) in the Company, numbered from 400,002 to 426,650, both inclusive), were cancelled as a consequence of such share capital decrease.

On September 19, 2018, our shareholders' meeting approved the conversion of the Company into a limited liability company in the form of a Spanish public limited liability company (*sociedad anónima*). Such resolutions were notarized by the notary public of Bilbao, Mr. Ramón Mújica Alcorta, on October 25, 2018, and were registered with the Commercial Registry of Bizkaia on October 30, 2018. The conversion was made following the provisions of Law 3/2009, of April 3, regulating the restructuring of mercantile companies (*Ley 3/2009, de 3 de abril, sobre modificaciones estructurales de las sociedades mercantiles*) and did not affect the stake held by our principal shareholders in the Company prior to the conversion.

The share capital of the Company was increased by agreement of the general shareholders' meeting on November 2, 2018, by creating 7,599,999 new shares (*acciones*), with a face value of €1 each, numbered from 400,002 to 8,000,000, both inclusive, which was fully subscribed and paid up by our principal shareholders, with a charge to unrestricted reserves, and as a result, the Company's share capital increased by €7,599,999. On the same date, the Company, by agreement of the general shareholders' meeting, simultaneously modified the face value of the 8,000,000 shares (*acciones*) of the Company to €0.4 each, thus converting them to 20,000,000 shares of the Company, of the same class and series, fully subscribed and paid up by our principal shareholders.

After the referred transfer of quotas (*participaciones sociales*) and shares (*acciones*), the share capital of the Company is as stated in section "*Principal Shareholders*" of this prospectus.

The summary charts below outline the main changes in the Company's share capital from the date of incorporation of the Company until the date hereof:

Allocation	**Incorporation on April 1, 2005**	**Capital stock increase dated May 5, 2005**	**Capital stock increase dated June 1, 2016**	**Capital stock increases dated September 15, 2016**	**Capital stock increase dated September 19, 2016**	**Capital stock reduction dated August 9, 2018**	**Capital stock increase dated November 2, 2018**	**Capital stock split dated November 2, 2018**
Par value	€10	€10	€1	€1	€1	€1	€1	€0.4
Issue premium	—	€100,000	—	€1,838,718.75	€3,374,347.38	0	—	—
Total modification	€3,600	€100,400	€396,000	€1,848,109.75	€3,391,606.38	€(26,649)	€7,599,999	—
Total issued capital stock............................	€3,600	€400	€396,000	€9,391	€17,259	€(26,649)	€7,599,999	—
Total accumulated capital stock	€3,600	€4,000	€400,000	€409,391	€426,650	€400,001	€8,000,000	€8,000,000

Shareholder	Incorporation on April 1, 2005	Capital stock increase dated May 5, 2005	Capital stock split dated June 1, 2016	Capital stock increase dated June 1, 2016	Capital stock increases dated September 15, 2016	Capital stock increase dated September 19, 2016	Capital stock reduction dated August 9, 2018	Capital stock increase dated November 2, 2018	Capital stock split dated November 2, 2018	Ownership interest
Beraunberri, S.L. .	360 quotas numbered 1 to 360		3200 quotas numbered 1 to 3200, both inclusive	316,800 new quotas numbered 4,001 to 320,800, both inclusive				6,079,984 new shares numbered from 400,002 to 6,479,985, both inclusive	15,999,960 new shares numbered 1 to 15,999,960 , both inclusive	79.999%
Burgest 2007, S.L.			600 quotas numbered 3201 to 3800, both inclusive	59,400 new quotas numbered 320,801 to 380,200, both inclusive				1,139,998 new shares numbered from 6,479,986 to 7,619,983, both inclusive	2,999,995 new shares numbered 15,999,961 to 18,999,955 , both inclusive	14.999%
Landa LLC..........			200 quotas numbered 3801 to 4000, both inclusive	19,800 new quotas numbered 380,201 to 400,000, both inclusive				379,998 new shares numbered from 7,619,984 to 7,999,981, both inclusive	999,995 new shares numbered 18,999,956 to 19,999,950 , both inclusive	4.999%
ACE Renewable Holding USD, S.A.					9,391 new quotas numbered 400,001 to 409,391, both inclusive	17,25 new quotas numbered 409,392 to 426,650, both inclusive	26,649 quotas reduced numbered 400,002 to 426,650, both inclusive	19 new shares numbered from 7,999,982 to 8,000,000, both inclusive	50 new shares numbered 19,999,951 to 20,000,000 , both inclusive	0,0002%
Total no. of shares issued	36	40	4,000 (by split)	396,000	9,391	17,259	-26,649	7,599,999	20,000,000 (by split)	100%
Total no. of shares accum.	36	400	4,000	400,000	409,391	426,650	400,001	8,000,000	20,000,000	100%

See "*Plan of Distribution—Authorizations of the Offering*" for information on our shareholders' meeting and board of directors' resolutions in connection with the Offering.

Non-residents in the Kingdom of Spain (including companies incorporated in other jurisdictions) are entitled to hold shares in a Spanish company and vote in its general shareholders' meeting, subject to the restrictions described under "*Restrictions on Foreign Investment*" below.

Dividend and Liquidation Rights

Dividend distribution

Holders of our Shares are entitled to receive dividends proportionally to their paid-up share capital. However, there is no right to receive a minimum dividend.

Unless the general shareholders' meeting decides otherwise, dividends become payable by us from the next day on which the distribution agreement is adopted by the general shareholders' meeting. Additionally, the general shareholders' meeting or the board of directors may also approve the distribution of interim dividends (*dividendos a cuenta*) provided that: (i) there is sufficient liquidity to pay the interim dividends according to a financial statement prepared by the board of directors and (ii) the amount to be distributed does not exceed the earnings obtained since the end of the previous financial year, after deducting the sum of the accumulated losses from previous years, the amounts to be allocated to mandatory reserves or any other reserves provided for in the company's bylaws and the estimated tax due on the earnings.

According to the Spanish Companies Act, we may only pay dividends to our shareholders (once the mandatory reserve requirements and any requirements set out in our bylaws have been met, if applicable) from our annual profits or distributable reserves (such as issuance premium), provided in both cases that (i) the value of our net equity (*patrimonio neto*) does not, and as a result of the payment of dividends will not, amount to less than the share capital; and (ii) the distributable reserves are equal or higher than the research and development expenses recorded as an asset in our statement of financial position.

Prior to any dividend distribution from our annual profits, the Spanish Companies Act requires companies to allocate at least 10% of their annual profits to a non-distributable mandatory reserve (*reserva legal*) until such reserve amounts to, at least, 20% of the company's share capital. According to the Spanish Companies Act, mandatory reserves are only available for distribution to shareholders upon liquidation. As of September 30, 2018, our mandatory reserves amounted to €80,000, which is equivalent to 20% of the share capital existing at that date and 1% after the capital increase executed on November 2, 2018.

Our ability to distribute dividends in the near future, if any, and the amounts thereof will depend upon a number of factors, including, but not limited to, our earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), compliance with any covenants in our debt instruments (further details of which are set out in "*Operating and Financial Review—Liquidity and Capital Resources*"), market conditions and such other factors as may be deemed relevant at the time. In addition, we are a holding and conduct our business mainly through our subsidiaries. In this regard, the distribution of dividends will be subject to the prior fulfilment by our subsidiaries of the requirements set forth in its bylaws and applicable laws. We currently intend to reinvest our operating cash flow into new project development to drive long-term growth and enhance shareholder value and do not anticipate paying any cash dividends on the Shares for the three to five years following the Offering. After the third anniversary of the Offering, we will reassess our dividend policy and the payment of future cash dividends, based on our business prospects and financial performance. See "*Operating and Financial Review—Liquidity and Capital Resources*" and "*Dividends and Dividend Policy*".

In accordance with Article 947 of the Spanish Commercial Code (*Real Decreto de 22 de agosto de 1885, Código de Comercio*, the "**Spanish Commercial Code**"), a shareholder's right to any given dividend expires if unclaimed during five years after the date it becomes payable.

Any dividends paid in the future will be subject to taxation under Spanish law. See "*Taxation—Material Spanish Tax Considerations*".

The following chart outlines our dividend distributions to our shareholders in the years ended December 31, 2015, December 31, 2016 and December 31, 2017 as well as for the nine months ended September 30, 2018:

Year ended December 31,			Nine months ended September 30,
2015	**2016**	**2017**	**2018**
	€(thousands)		
4,514	10,056	350	624

Shareholder Liquidation Rights

Upon liquidation of a company, shareholders are entitled to any remaining assets in proportion to their respective shareholdings, once the company's debts, taxes and any expenses related to the liquidation have been paid.

General Shareholders' Meetings and Voting Rights

Calling a general shareholders' meeting

Pursuant to our bylaws and our General Shareholders' Meeting Regulations, which were approved by our general shareholders' meeting on August 8, 2018 subject to Admission, and are registered with the Commercial

Registry, and the Spanish Companies Act, ordinary general shareholders' meetings are to be held annually during the first six months of each fiscal year on a date fixed by the board of directors. Extraordinary general shareholders' meetings may be called by the board of directors whenever it deems appropriate or at the request of shareholders representing at least 3% of our share capital. Once our Shares are trading, notices of all general shareholders' meetings shall be published (i) in the Commercial Registry's Official Gazette (*Boletín Oficial del Registro Mercantil*) or in one of the main newspapers in Spain; (ii) on our website, www.solarpack.es; and (iii) on the CNMV's website (www.cnmv.es), at least one month prior to the date when the meeting is to be held, except as discussed in the following paragraph. Our General Shareholders' Meeting Regulations provide that, upon the call of a general shareholders' meeting, the Company will make available in its corporate website an electronic shareholders' forum (*foro electrónico de accionistas*) in order to facilitate the communication between the Company and its shareholders prior to the general shareholders' meeting, and will grant access to it to individual shareholders and voluntary associations.

In addition, once our Shares are trading, if we offer shareholders the ability to vote on the matters considered at the meeting by electronic means accessible to all such shareholders, extraordinary general shareholders' meetings may be called by the board of directors on 15 days' notice. The decision to shorten the notice period before an extraordinary general shareholders' meeting must be adopted by our ordinary general shareholders' meeting by a majority of at least two-thirds of the voting share capital. Such decision will remain in force, at most until the following ordinary general shareholders' meeting.

Authority of the general shareholders' meeting

Action is taken at the shareholders' meetings on the following matters: (i) approval of the management carried out by the directors during the previous fiscal year; (ii) approval of the annual accounts of the previous year; (iii) allocation of the previous fiscal year results; (iv) the appointment and removal of directors, liquidators and, if applicable, auditors, and exercise of the company's action to enforce liability against any of them; (v) amendment of the bylaws; (vi) capital increase and decrease or granting authority to increase the share capital to the board of directors; (vii) disapplication or limitation of the pre-emptive rights of subscription or granting authority to exclude or limit them to the board of directors; (viii) acquisition, disposal or contribution to another company of essential assets (pursuant the Spanish Companies Act, the essential character of the asset is presumed when the amount of the transaction exceeds twenty-five percent of the value of assets stated in the last approved statement of financial position); (ix) transformation, merger, spin-off or global transfer of assets and liabilities and transfer of the registered office abroad; (x) winding up of the company; (xi) approval of the final liquidation statement of financial position; (xii) the transfer of essential activities previously undertaken by the company itself to subsidiaries, even if the company maintains full ownership of such entities; (xiii) transactions the effect of which is equivalent to the company's liquidation; (xiv) the remuneration policy for directors; and (xv) any other matters specified by law or the bylaws. All the foregoing matters can be dealt with at ordinary or extraordinary general shareholders' meetings, provided that they are included in the agenda, with the exception of the approval of the annual accounts, the allocation of results and the approval of the management, which may only be decided at an ordinary general shareholders' meeting.

The liability action against directors shall be brought by the company pursuant to a general shareholder's meeting decision, which may be adopted at the request of any shareholder even when not included on the agenda. Bylaws cannot require qualified majority for the adoption of such resolution. The general shareholder's meeting may consent or waive such action at any time, unless an objection is raised thereto by shareholders representing five per cent of the share capital. The decision to bring an action or reach a settlement shall entail the removal of the relevant directors. The approval of the financial statements shall not preclude action for liability nor constitute a waiver of the action agreed or brought.

Also, the general shareholder's meeting shall vote separately on substantially independent matters. Even if included in the same item on the agenda, the following shall be voted separately: (i) the appointment, re-election, ratification or separation of directors; (ii) the advisory vote on the annual report on directors' remuneration; and (iii) in resolutions to amend the bylaws, each substantially independent article or group of articles.

Voting and attendance rights

Each of our Shares entitles the holder to one vote at a general shareholders' meeting and there is no limit as to the maximum number of votes that may be issued by any shareholder, companies belonging to the same group or any person acting in coordination with any of the former. Shareholders are not required to hold a minimum number of Shares in order to exercise their right to attend any general shareholders' meeting. None of our shareholders have different voting rights.

Holders of record of any number of Shares with voting rights are entitled to attend our general shareholders' meeting with the right to speak and vote. The general shareholders' meeting notice shall indicate the date on which Shares must be held for a shareholder to be effectively entitled to attend the meeting and exercise any voting rights. Shareholders that are duly registered in the book-entry records (*anotaciones en cuenta*) managed by Iberclear and its participating entities at least five days in advance of the date of the general shareholders' meeting shall be entitled to attend and vote at such meeting.

Proxies

Pursuant to the Spanish Companies Act, shareholders may vote by proxy. Proxies must be given for each general shareholders' meeting in writing or by electronic means acceptable under our bylaws. Proxies may be given to any person, whether or not a shareholder. Proxies may be revoked by the shareholder by giving us notice prior to the meeting or by personally attending the meeting.

Proxy holders are required to disclose any conflict of interest to the shareholder prior to their appointment. In the event that a conflict of interest arises after the proxy holder's appointment, it shall immediately be disclosed to the shareholder. In both cases, the proxy holder shall refrain from exercising the shareholder's voting rights after disclosure of the conflict of interest unless the shareholder has provided new specific voting instructions for each matter in respect of which the proxy holder is to vote on its behalf. A conflict of interest may (amongst other things) be deemed to arise when the proxy holder: (i) is one of our controlling shareholders or an entity controlled by such shareholder; (ii) is a member of our administrative, management or supervisory body, or that of one of the controlling shareholders or of another entity controlled by such shareholders; (iii) is our employee or auditor, or that of a controlling shareholder or another entity controlled by any of such shareholders; or (iv) is a natural person related to those mentioned in (i) to (iii) above (*persona física vinculada*), as this concept is defined under the Spanish Companies Act (such as the spouse or similar, at that time or within the two preceding years, as well as ascendants, descendants, siblings, and their respective spouses) and under the Spanish Ministry of Economy and Competitiveness Order EHA/3050/2004, of September 15 (*Orden EHA/3050/2004 de 15 de septiembre sobre la información de las operaciones vinculadas que deben suministrar las sociedades emisoras de valores admitidos a negociación en mercados secundarios oficiales*).

A proxy holder may act on behalf of more than one shareholder without limitation as to the maximum number of represented shareholders. Where a proxy holder holds proxies from several shareholders with diverging voting instructions, it shall be entitled to cast votes differently as appropriate for each shareholder.

Pursuant to the Spanish Companies Act, entities rendering investment services, acting in their capacity as professional financial intermediaries, can also be appointed as proxy holders. Financial intermediaries shall also be entitled to cast different votes for each shareholder in observance of diverging voting instructions from their clients.

Holding a general shareholders' meeting and adopting resolutions

The General Shareholders' Meeting Regulations of the Company vary according to whether the ordinary or extraordinary general shareholders' meeting is held on the first call or on the second call (meeting notices may include, and usually do, a second call for the meeting to be held at least 24 hours after the first date included in the meeting notice that would be held in accordance with the first call):

- **Quorum**: on the first call the presence in person or by proxy of shareholders representing at least 25% of its voting capital will constitute a quorum. If on the first call a quorum is not present, the meeting can be reconvened by a second call, which according to the Spanish Companies Act requires no quorum.

- **General rule for the adoption of resolutions**: resolutions are passed by a majority of the votes corresponding to the share capital present or represented at such meeting, except for the exceptions covered in the following paragraph.

- **Adoption of resolutions for reserved matters**: according to the Spanish Companies Act, a resolution in a general shareholders' meeting to increase or decrease our share capital, modify our bylaws (including, without limitation, increases and reductions of share capital), issue bonds, suppress or limit pre-emptive right over new shares, transform, merge, spin-off, globally assign assets and liabilities and the transfer of our registered address abroad, requires the presence in person or by proxy of shareholders representing at least 50% of our voting capital on first call, and the presence in person or by proxy of shareholders representing at least 25% of our voting capital on second call. On second call, and in the event that less than 50% of our voting capital is represented in person or by proxy, such resolutions may only be passed upon the vote of shareholders representing two-thirds of our capital present or represented at such meeting. Pursuant to Article 201 of the Spanish Companies Act, the adoption of any agreement referred to in Article 194 of the Spanish Companies Act (which are those summarized above in this paragraph) will require an absolute majority of the votes issued by the attending shareholders (both personally and by proxy) if the attending shareholders represent more than 50% of the total share capital.

The Spanish Companies Act allows shareholders to voluntarily group their shares so that the share capital in aggregate is equal to or greater than the result of dividing the total share capital by the number of directors on the board. Such grouped shareholders have the right to appoint a corresponding proportion of the members of the board of directors (disregarding any fractions) provided that there is a vacancy. Shareholders who exercise this grouping right may not vote on the appointment of the remaining other directors.

Legal effects of resolutions passed by the general shareholders' meeting and opposition to the resolutions of the general shareholders' meeting.

A resolution passed by our general shareholders' meeting is binding on all shareholders.

Resolutions which are either (i) contrary to Spanish law, our bylaws or our General Shareholders' Meeting Regulations or Board Regulations or (ii) detrimental to our corporate interests in benefit of one or more shareholders or third parties, may be contested. For listed companies, the Spanish Companies Act requires a contestant or contestant group to hold a minimum total of 0.1% of the company's share capital in order to contest a resolution. The Spanish Companies Act acknowledges a legal right of action in favor of (i) individual shareholders who held shares prior to the adoption of such resolutions, (ii) our directors and (iii) interested third parties. If the resolution is contrary to public policy, any shareholder (whether or not he or she was a shareholder at the time when the resolution was adopted), director or third party is entitled to contest the resolution. In certain circumstances (such as a significant amendment of our corporate purpose, certain cases of conversion of our corporate form or the change of our registered office overseas), the Spanish Companies Act entitles dissenting or absent shareholders to withdraw from the company. If this right were to be exercised, we would be obliged to repurchase the relevant shareholding(s) from the withdrawing shareholder in accordance with the procedures established under the Spanish Companies Act.

Pre-emptive Rights and Increases of Share Capital

Pursuant to the Spanish Companies Act, shareholders have pre-emptive rights to subscribe for newly issued shares in consideration to cash contributions or newly issued bonds that are convertible into shares. Such pre-emptive rights may be waived under special circumstances by a resolution passed by the general shareholders' meeting or the board of directors (in case the general shareholders' meeting of a listed company delegates the decision to increase the company's share capital or issue convertible bonds waiving pre-emptive rights to the board of directors), in accordance with the provisions of the Spanish Companies Act. In such cases, the resolution authorizing the waiver of pre-emptive rights will only be valid if, amongst other requirements: (i) a report is issued by an auditor appointed by the Commercial Registry stating, amongst other elements, the market value of the Shares, the theoretical value of the pre-emptive rights and the net book value of the Shares; and (ii) the nominal value and issue premium of the newly issued shares is equal or higher than their net book value, as determined by the auditor's report.

Furthermore, pre-emptive rights will not be exercisable by shareholders in case of a share capital increase that is required for the purposes of issuing convertible bonds into shares, completing a merger, acquiring all or part of another company's assets, by means of capitalization of credit rights or against non-cash contributions. Pre-emptive rights are transferable, may be traded on the AQS and may be of value to existing shareholders since new shares may be offered for subscription at prices lower than prevailing market prices.

On November 2, 2018, our general shareholders' meeting approved (i) an increase of our share capital by a maximum nominal amount of €6 million, equal to 15 million of new shares (the "**Initial Offer Shares**") in connection with the Offering and, (ii) an additional increase of our share capital by a nominal amount of up to 15% of the nominal amount of the share capital referred to in (i) above in connection with the issue of the shares for the Over-allotment Option (the "**Over-allotment Shares**"), delegating into our Board of Directors the faculties to execute said share capital increases. The current shareholders have irrevocably waived any pre-emptive rights regarding this capital increase.

Shareholder Claims

Pursuant to the Spanish Companies Act, directors are liable towards us, the shareholders and the creditors for any actions or omissions that are illegal or contravene the bylaws and for failure to perform their legal and fiduciary duties diligently.

Under Spanish law, shareholders must bring any actions against our directors as well as any other actions against us or challenging corporate resolutions before the competent courts in the province where our registered office is located (currently Bizkaia, Spain).

Information to Shareholders

Under Spanish law, shareholders are entitled to receive certain company information, including information regarding any amendment to bylaws, any increase or reduction in share capital, the approval of the annual accounts, any issuance of debt securities, a merger or spin-off, the winding-up or liquidation, or any other major corporate events or actions.

Furthermore, shareholders may request any reports or explanations that they consider necessary in respect of the matters included in the agenda of a general shareholders' meeting, either in writing beforehand until the fifth day prior to the date scheduled for the general shareholders' meeting in which case, the board of directors is obliged to provide these reports and explanations until the day before the general shareholders' meeting, or orally at the meeting, in which case and if the right of the shareholder could not be satisfied at the moment, the board of directors is obliged to provide these reports and explanations within the seven days following the conclusion of the general shareholders' meeting, except in the case where, in the chairman's opinion, public exposure of the information requested may be detrimental to our interests. However, this exception shall not apply should the request be backed by shareholders which together hold 25% or more of the share capital.

Representation and Transfer of Shares

Our Shares are represented by book-entry records and are indivisible.

Iberclear (the managing entity for the Spanish clearance and settlement system of the Spanish Stock Exchanges) manages the central registry, which reflects the number of shares held by each of its participating entities from time to time as well as the amount of shares held by beneficial owners. Each participating entity, in turn, keeps a record of the owners of such shares. Since our Shares are represented by book-entry records, we will keep an electronic shareholder registry for which Iberclear shall report to us all transactions entered into by our shareholders in respect of the Shares. The shareholders or persons holding limited *in rem* rights or encumbrances on the Shares may obtain legitimation certificates as provided for under the laws governing shares represented by book entries.

Our Shares are freely transferable in accordance with the Spanish Companies Act, the Securities Market Act and any implementing regulations.

In the event of co-ownership of one or several Shares, co-holders must appoint a single representative to exercise their rights jointly on their behalf. However, they shall all be jointly and severally (*solidariamente*) liable towards us for any obligations in their capacity as shareholders.

Transfers of shares quoted on the Spanish Stock Exchanges must be made through or with the participation of a member of a Spanish Stock Exchange. For more information, see "*Market Information*". The transfer of Shares may be subject to certain fees and expenses.

Restrictions on Foreign Investment

Exchange controls and foreign investments were, with certain exceptions, completely liberalized by Royal Decree 664/1999, of April 23 (*Real Decreto 664/1999, de 23 de abril, sobre inversiones exteriores*), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the European Union.

According to Royal Decree 664/1999 and developing regulations, and subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer their interests, equity gains and dividends outside the Kingdom of Spain (subject to applicable taxes and exchange controls). Foreign investors not resident in a tax haven are only required to file a standardized notice with the Spanish Registry of Foreign Investments (*Registro de Inversiones Exteriores*) kept by the General Bureau of Commerce and Investments (*Dirección General de Comercio e Inversiones*) within the Ministry of Economy and Business (*Ministerio de Economía y Empresa*) following the investment in or divestment of a Spanish company. Such filing is to be made solely for statistical, economic and administrative purposes. For Shares belong to a Spanish company listed on an official secondary market, the duty to file the notice regarding the foreign investment or divestment falls with the relevant entity with whom the Shares (in book-entry form) have been deposited or which has acted as an intermediary in connection with such investment or divestment.

If the foreign investor is a resident of a tax haven, as defined under Royal Decree 1080/1991 of July 5, 1991 (*Real Decreto 1080/1991, de 5 de julio*), notice must be provided to the Registry of Foreign Investments both before and after execution of the investment. However, prior notice from residents in tax havens is excluded in the following cases:

- investments in securities, whether or not listed in an official secondary market;
- participations in investment funds that are registered with the CNMV; and
- investments in connection with shareholdings that do not exceed 50% of the share capital of a Spanish company.

Additional regulations apply to investments in certain industries, including air transportation, mining, manufacturing and sales of weapons and explosives for non-military use, national defense, radio, television and telecommunications. These additional restrictions do not apply to investments made by EU residents, except for those related to the Spanish defense sector and the manufacturing and sale of weapons and explosives for non-military use. In any case, there are no such additional regulations affecting investments in companies operating in the renewable energy industry.

The Spanish Council of Ministers (*Consejo de Ministros*), acting on the recommendation of the Ministry of Economy and Business, may suspend the application of the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or with respect to investments in particular industries. In such cases, any purported foreign investments falling within the scope of the suspension would be subject to prior authorization from the Council of Ministers of the Spanish government, acting on the recommendation of the Ministry of Economy and Business.

Exchange Control Regulations

Pursuant to Royal Decree 1816/1991, of December 20 (*Real Decreto 1816/1991, de 20 de diciembre, de transacciones económicas con el exterior*), as amended by Royal Decree 1360/2011, of October 7 (*Real Decreto 1360/2011, de 7 de octubre, que modifica el Real Decreto 1816/1991, de 20 de diciembre, sobre transacciones* *económicas con el exterior*) and EC Directive 88/361/EEC, any charges, payments or transfers between non-residents and residents of the Kingdom of Spain must be effected through an official payment services supplier registered with the Bank of Spain and or the CNMV (*entidades registradas*) through bank accounts opened abroad with a foreign bank or a foreign branch of a registered entity in cash or by check payable to the bearer. All charges, payments or transfers which exceed €6,010 (or its equivalent in another currency) must be notified through the payment services supplier to the relevant Spanish exchange control authorities if made in cash or by check payable to the bearer.

Reporting Requirements

Transactions affecting voting rights

Pursuant to Royal Decree 1362/2007 of October 19, 2007 (*Real Decreto 1362/2007, de 19 de octubre, que desarrolla la Ley del Mercado de Valores en relación con los requisitos de transparencia relativos a la información sobre los emisores cuyos valores estén admitidos a negociación en un mercado secundario official o en otro mercado regulado de la Unión Europea*) ("**Royal Decree 1362/2007**"), any individual or legal entity who, by whatever means, purchases or transfers shares granting voting rights in a company listed in a secondary official market or other regulated market in the EU for which Spain is the country of origin (if the registered office of the listed company is located in Spain), must notify the relevant issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 60%, 70%, 75%, 80% and 90% over the company's total voting rights.

The notice shall be served by means of the standard form approved by the CNMV from time to time for such purpose, within four trading days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two trading days from the date on which it is entered into). Where the individual or legal entity effecting the transaction is a non-resident of the Kingdom of Spain, notice must also be served to the Spanish Registry of Foreign Investments within the Ministry of Economy and Business, as explained above in section "Restrictions on Foreign Investment".

The foregoing disclosure requirements also apply to those transactions (other than sales and purchases of shares) by which the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the aforementioned thresholds that trigger the obligation to report as a consequence of a change in the total number of voting rights of a company on the basis of the information disclosed in the CNMV. In such case, the transaction is deemed to be acknowledged within two trading days from the date of publication of the relevant fact notice (*hecho relevante*).

Regardless of the actual ownership of the Shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the Shares or who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, shall also notify us and the CNMV if the aggregate voting rights held by that individual or legal entity reaches, exceeds or falls below the aforementioned thresholds.

The obligation to report will be applicable also if the thresholds mentioned above are crossed as a result of holding financial instruments which:

(a) On maturity, give the holder -under a formal agreement- either the unconditional right to acquire or discretion to decide to acquire voting shares already issued; or

(b) Otherwise, are referenced to voting shares already issued and have a similar economic effect to that of the financial instruments referred to in (a) above, whether or not they confer a right to a physical settlement.

This means that, for instance, any derivative which grants its holder a long position over the voting shares of a Spanish listed company (options, futures, swaps, forwards and other derivative agreements) is also disclosable (irrespective of whether it is cash or physically settled).

It should be noted that voting rights related to financial instruments are calculated differently depending on how instruments are settled:

- Where financial instruments provide for physical settlement, the number of related voting rights is calculated by reference to the full notional amount of underlying shares.

- Where financial instruments provide for cash settlement only, the number of voting rights is calculated by multiplying the notional amount of underlying shares by the delta of the instrument (which indicates how much a financial instrument's theoretical value would vary in the event of variation in price of the underlying shares).

In case the person, legal entity or group effecting the transaction is a resident in a tax haven (as defined by applicable Spanish regulations) or in a country or territory levying no taxes or with which Spain has no effective exchange of tax information, the threshold that triggers the obligation to disclose the acquisition or transfer of shares in a Spanish company is reduced to 1% (and successive multiples thereof).

Moreover, pursuant to Article 30.6 of Royal Decree 1362/2007, in the context of a takeover bid, the following transactions should be notified to the CNMV: (i) any acquisition reaching or exceeding 1% of the voting rights of the Company, and (ii) any increase or decrease in the percentage of voting rights held by holders of 3% or more of the voting rights in the Company. The CNMV will immediately make public this information.

Our bylaws and internal regulations do not provide for any significant shareholdings disclosure requirements more stringent than those established under Royal Decree 1362/2007 (as mentioned in this sub-section) and Royal Decree 1333/2005 of November 11 (as mentioned in the following sub-section).

Disclosure requirements applicable to directors and senior managers

All members of the board of directors must report both to us and the CNMV the percentage of voting rights held by them in our share capital as a result of any transfer or acquisition of shares or voting rights and at the time of their appointment and resignation as directors, regardless of the amount and including information on the percentage of voting rights which they held as a result of the relevant transaction. Furthermore, any member of the board of directors and senior managers must also report any stock-based compensation that they may receive pursuant to any of our compensation plans. The above-mentioned notifications must be made within five trading days from the date of the relevant transaction or from the date of their appointment or resignation as directors or within four trading days from the date of granting of the compensation, as applicable.

In addition, pursuant to Royal Decree 1333/2005 of November 11 (*Real Decreto 1333/2005, de 11 de noviembre, por el que se desarrolla la Ley del Mercado de Valores en materia de abuso de mercado*), any member of our board of directors and senior managers and any persons having a close link (*vínculo estrecho*) with any of them (as these terms are defined therein), must report to the CNMV any acquisition or transfer of our Shares, within five business days from the date of the relevant transaction.

In addition, pursuant to Article 19 of MAR, individuals discharging managerial responsibilities and any persons having a close link (*vínculo estrecho*) with any of them must similarly report to the Company and the CNMV any acquisition or disposal of the Company's shares, derivative or financial instruments linked to the Company's shares as soon as possible and in any case within three business days after the date of the transaction is made, provided that transactions carried out by the relevant individual within a calendar year amount to at least €5,000 in aggregate. The notification of the transaction must include particulars of, among others, the type of transaction, the date of the transaction and the market in which the transactions were carried out, the number of shares traded and the price paid.

Disclosure of shareholder agreements

The Spanish Companies Act and the Securities Market Act require the parties to disclose shareholder agreements that affect the exercise of voting rights at a general shareholders' meeting of a listed company or contain restrictions or conditions in connection with the transfer of shares or exchangeable or convertible bonds. The execution, amendment or extension of such shareholders agreements shall be immediately disclosed by the relevant parties to us and to the CNMV and a copy of the relevant provisions of the agreement which affect the exercise of the voting rights and/or restrict or place conditions upon the transfer of shares shall be filed with the relevant Commercial Registry. The shareholder agreements will be disclosed as relevant fact notices (*hechos relevantes*) on the CNMV's website. If these requirements are not fulfilled, any provisions contained in such shareholder agreements which affect the exercise of voting rights and/or restrict or place conditions upon the transfer of shares, will not be effective.

Upon request by the interested parties, the CNMV may waive the requirement to report and publish the agreement when publishing the shareholders' agreement could cause harm to the affected company.

Disclosure of net short positions

In accordance with EU Regulation No 236/2012 of the European Parliament and of the Council, of March 14, 2012, on short selling and credit default swaps (as further supplemented by several delegated regulations), any person or legal entity holding net short positions on shares admitted to trading in the Spanish Stock Exchanges must report them to the CNMV if they reach or fall below 0.2% of the relevant issuer's share capital and each 0.1% above that. Positions reaching or falling below 0.5% (and each 0.1% above that) shall be publicly disclosed by the CNMV. The notification or disclosure mentioned above shall be made no later than 3:30 p.m. (CET) on the following trading day.

The disclosure is mandatory even if the same position has been already notified to the CNMV in compliance with transparency obligations previously in force in that jurisdiction.

The information to be disclosed is set out in Table 1 of Annex I of Delegated Regulation 826/2012, according to the format approved as Annex II of this Regulation. The information will be published, where appropriate, on a web page operated or supervised by the CNMV.

Moreover, pursuant to Regulation 236/2012, when the CNMV considers that (i) there are adverse events or developments that constitute a serious threat to financial stability or to market confidence (serious financial, monetary or budgetary problems, which may lead to financial instability, unusual volatility causing significant downward spirals in any financial instrument, etc.); and (ii) the measure is necessary and will not be disproportionately detrimental to the efficiency of financial markets in view of the advantages sought, it may, following consultation with the ESMA, take any one or more of the following measures:

- impose additional notification obligations by either (a) reducing the thresholds for the notification of net short positions in relation to one or several specific financial instruments; and/or (b) requesting the parties involved in the lending of a specific financial instrument to notify any change in the applicable premiums; and

- restrict short selling activities by either prohibiting or imposing conditions on short selling.

In addition, according to Regulation 236/2012, where the price of a financial instrument has fallen significantly during a single day in relation to the closing price on the previous trading day (10% or more in the case of a liquid share), the CNMV may prohibit or restrict short selling of financial instruments for a period not exceeding the end of the trading day following the trading day on which the fall in price occurs.

Finally, Regulation 236/2012 also vests powers to ESMA in order to take similar measures to those described above in exceptional circumstances, when the purpose of these measures is to deal with a threat affecting several EU member states and the competent authorities of these member states have not taken adequate measures to address it.

Share Repurchases

Pursuant to the Spanish Companies Act, we may only repurchase our own shares derivatively within certain limits and in compliance with the following requirements:

- the repurchase must be previously authorized by the general shareholders' meeting in a resolution establishing the maximum number of Shares to be acquired, the means by which they will be acquired, the minimum and maximum acquisition price (if any) and the duration of the authorization, which may not exceed five years from the date of the resolution; and

- the repurchase, including the Shares already acquired and currently held by us or any person or company on our behalf, does not reduce our net equity (*patrimonio neto*) below the aggregate amount of our share capital and non-distributable reserves.

For these purposes, net equity (*patrimonio neto*) means the amount resulting from the application of the criteria used to draw up our financial statements, minus the amount of profits directly allocated to such net equity, plus the amount of uncalled subscribed share capital and the total amounts of nominal value and issue premium for the subscribed share capital registered as a liability in our accounting.

In addition:

- the aggregate nominal value of the Shares directly or indirectly repurchased by us, together with the aggregate nominal value of the treasury shares already held by us and our subsidiaries, shall not exceed 10% of our total share capital; and

- the repurchased Shares shall always be fully paid-up. The repurchase shall be deemed null and void if: (i) the Shares are partially paid-up (except in case of free repurchase); or (ii) the Shares entail ancillary obligations.

Treasury shares lack voting and economic rights. Economic rights bound to treasury shares (which are dividend distributions and liquidation rights) shall, except for the right to bonus shares, be distributed amongst our shareholders in proportion to their respective shareholdings.

Furthermore, pursuant to the Spanish Companies Act, the audited financial statements of a company must include a reference to any treasury shares.

MAR, which repeals, among others, the Directive 2003/6/EC of the European Parliament and of the European Council dated January 28, 2003 on insider dealing and market manipulation establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence. MAR provides an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in an EU member state. Regulation 2016/1052 implements MAR with regard to the regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures. According to the provisions included in the Regulation 2016/1052, in order to benefit from the exemption, an issuer implementing a buy-back program must comply with the following requirements:

(a) Prior to the start of trading in a buy-back program, the issuer must ensure the adequate disclosure of the following information:

- The purpose of the program. According to Article 5.2 of MAR, the buy-back program must have as its sole purpose (a) to reduce the capital of the issuer; (b) to meet obligations arising from debt financial instruments convertible into equity instruments; or (c) to meet obligations arising from share option programs, or other allocations of shares, to employees or to members of the administrative, management or supervisory bodies of the issuer or of an associate company;

- The maximum pecuniary amount allocated to the program;

- The maximum number of shares to be acquired; and

- The period for which authorization for the program has been granted.

(b) The issuer must ensure that the transactions relating to the buy-back program meet the conditions included in Article 3 of the Regulation 2016/1052. Specifically, that the purchase price is not higher than the higher purchase price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out. Furthermore, issuers must not purchase on any trading day more than 25% of the average daily volume of shares on the corresponding trading venue.

(c) Issuers shall not, for the duration of the buy-back program, engage on (a) selling of own shares; (b) trading during the closed periods referred to in Article 19. 11 of MAR; and (c) trading where the issuer has decided to delay the public disclosure of inside information in accordance with MAR.

Furthermore, according to Royal Decree 1362/2007, if an acquisition or series of acquisitions of the Company's ordinary shares reaches or exceeds or causes our and our affiliates' holdings to reach or exceed 1% of the voting shares, the Company must notify its final holding of treasury shares to the CNMV. If such threshold is reached as a result of a series of acquisitions, such reporting obligation will only arise after the closing of the acquisition which, taken together with all acquisitions made since the last of any such notifications, causes our and our affiliates' holdings to exceed 1% of the voting shares. Sales and other transfers of the treasury shares will not be deducted in the calculation of such threshold. This requirement would also apply if the shares were acquired by one of our majority-owned subsidiaries.

On April 26, 2017 the CNMV issued Circular 1/2017 (*Circular 1/2017, de 26 de abril, de la Comisión Nacional del Mercado de Valores, sobre los Contratos de Liquidez*), which sets out the requirements to be met for liquidity contracts entered into between issuers and financial institutions for the management of treasury shares to be accepted as a market practice.

On July 18, 2013, the CNMV published certain guidelines for securities issuers and financial intermediaries acting on their behalf regarding the "discretionary transactions with own shares" (outside the scope of the buy-back program regulation). These guidelines are in line with the buy-back program regulation in respect of price limits and volumes and include certain restricted periods and a rule of separate management of the trading activity.

As of the date of this prospectus, neither we nor our subsidiaries hold any shares of the Company. On November 2, 2018, the general shareholders' meeting of the Company authorized the acquisition of treasury stock (*autocartera*) for a period of five years from such date, up to a maximum of 10% of the share capital of the Company as of such date. The minimum and maximum acquisition price will be the nominal value and the weighted average price corresponding to the latest trading session increased by 10%.

TAXATION

Material Spanish Tax Considerations

General

The following is a summary of certain Spanish tax implications of the acquisition, ownership and disposition of the Shares by Spanish and non-Spanish tax resident investors. This summary is not a complete analysis or description of all the possible Spanish tax implications of such transactions and does not purport to address all tax considerations that may be relevant to all categories of potential investors, some of whom may be subject to special rules (for instance, EU pension funds and EU harmonized collective investment institutions). In particular, this tax section does not address the Spanish tax consequences applicable to certain "look through" entities (such as trusts, estates or partnerships) that may be subject to a specific tax regime applicable under the Spanish Non-Residents Income Tax Act, approved by Royal Legislative Decree 5/2004 of March 5, as amended (the "**NRIT Act**") or under the Spanish Personal Income Tax Act, approved by Act 35/2006, of November 28, as amended (the "**PIT Act**"), or similar legislation applicable, as the case may be.

Furthermore, this summary does not take into account the regional tax regimes in force applicable in the Historical Territories of the Basque Country and the Historical Autonomous Region of Navarre or the regulations adopted by the Spanish autonomous regions.

Accordingly, prospective investors in the Shares should consult their own tax advisors as to the applicable tax consequences of their purchase, ownership and disposition of the Shares, including the implications arising under the tax laws of any other jurisdiction, based on their particular circumstances. The description of Spanish tax laws set forth below is based on the laws currently in effect in Spain as of the date of this prospectus, and on administrative interpretations of Spanish law made public to date. As a result, this summary is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retrospective effect.

As used in this section, the term "Holder" means a beneficial owner of the Shares:

- who is an individual or corporation resident for tax purposes in Spain;
- who is an individual or corporation resident for tax purposes in any country other than Spain, and whose ownership of shares is deemed to be effectively connected with a permanent establishment in Spain; or
- who is an individual or corporation resident for tax purposes in any country other than Spain, and whose ownership of shares is not deemed to be effectively connected with a permanent establishment in Spain.

Spanish Resident Individuals – Personal Income Tax ("PIT")

Taxation of dividends

Article 25.1 of the PIT Act provides for a definition of "investment income" that includes dividends and other revenues items derived from the ownership of an equity interest in an entity (such as, for instance, attendance fees at general shareholders meetings, income derived from any arrangement aimed at allowing another person to use or enjoy the shares and, generally, any other revenues obtained as a result of being a shareholder).

Investment income earned by Holders as a result of their ownership of the Shares is calculated as the gross income less certain tax-deductible expenses, such as general securities administration and custody fees. Discretionary fees relating to an individualized management of a portfolio of securities are not treated as tax deductible. The resulting net investment income will be considered as "savings income" (along with any other revenues item obtained by a Holder that is not related to the ownership of the Shares and that is treated as "savings income"), and subject to PIT at the following progressive rates:

Taxable income	Rate
Up to €6,000	19%
Between €6,000.01 and €50,000	21%
€50,000.01 and above	23%

Investment income payments made to Holders will usually be subject to a withholding on account of PIT at a rate of 19% (to be made by the Company), on the whole amount of the income obtained. This PIT withholding will be credited against the taxpayer's annual PIT due, and if the amount of tax withheld is greater than the amount of the annual PIT due, the taxpayer will be entitled to a refund of the excess withheld in accordance with PIT Act.

Taxation of gains and losses

If the Shares are sold or otherwise transferred, such transaction may give rise to the recognition of a capital gain or loss. Such capital gain or loss will be measured by the difference between the Holders' tax basis in the Shares and their transfer price. Such transfer price will be based on either (i) the trading price of the Shares at the transfer date or (ii) the agreed transfer price, whichever is higher. Both the acquisition price and the transfer price will be increased or decreased to reflect the taxes and expenses borne by the transferor directly related to the acquisition and sale of the Shares, respectively.

Where the taxpayer owns other equivalent securities, the acquisition price of the transferred shares is based on the principle that those acquired first are sold first (FIFO).

Capital gains or losses that arise as a result of the transfer of the Shares should be taxed at the progressive "savings income" PIT rates mentioned under "—*Taxation of dividends*" above.

Additionally, capital gains derived from the transfer of the Shares are not subject to withholding on account of PIT.

Finally, losses derived from the transfer of the Shares cannot be considered as capital losses when equivalent shares have been acquired within the two months preceding or following the transfer that has triggered the loss. In these cases, the capital losses arising in connection with such transferred shares may only be claimed when the equivalent shares acquired by the taxpayer are subsequently transferred.

Taxation of pre-emptive rights

Distributions of pre-emptive rights to subscribe for new shares made with respect to the Shares are not treated as income under Spanish law. The exercise of such pre-emptive rights is not considered a taxable event under Spanish tax.

Since January 1, 2017, proceeds derived from the sale of pre-emptive rights in respect of the Shares are treated as capital gains and subject to withholding on account of PIT (withheld by the depositary entity or, otherwise, the financial entity or the public notary).

In both cases, capital gains will be subject to PIT in the manner described under "—*Taxation of gains and losses*" above.

Taxation of share premium distributions

Distributions of share premium will not in itself constitute a taxable income but will instead reduce the acquisition value of the Shares to the extent that they are admitted to trading on certain official stock exchanges (including the Spanish Stock Exchanges). If the amount of the share premium received exceeds the acquisition value of the Shares, such excess would constitute a capital gain taxable at the progressive "savings income" PIT rates mentioned under "—*Taxation of dividends*" above. However, such distributions will not be subject to withholding on account of PIT.

Net Wealth Tax ("NWT")

Under Act 19/1991, June 6, as amended by Royal Decree Law 13/2011, of September 16, and by Act 48/2015, of November 29, ("**NWT Act**"), all Spanish-resident individual shareholders are liable for NWT on all net assets and rights deemed to be owned as of December 31 (such as the Shares), irrespective of where these assets are located or where the rights may be exercised, and amounting to more than €700,000 (such amount may be lower depending on the Spanish autonomous region of domicile of the taxpayer). A Holder who is required to file a NWT return should value the Shares at their average trading price in the last quarter of the year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance and Public Administration.

NWT is levied at rates ranging from 0.2% to 2.5% depending on the Spanish autonomous region of domicile of the taxpayer, certain tax allowances may be available.

Even though there is a full exemption on NWT (*bonificación del 100%*), Article 73 of Spain's Finance Law 6/2018 of July 3rd, (*Ley 6/2018, de 3 de julio, de Presupuestos Generales del Estado para el año 2018)* ("**Law 6/2018**"), has revoked the application of such exemption for year 2018. Therefore, from year 2019 and onwards, individuals resident in Spain will be released from formal and filing obligations in relation to this Spanish NWT, unless the application of this full exemption is revoked or postponed, as in previous years.

Inheritance and Gift Tax ("IGT")

The transfer of the Shares by inheritance, gift or legacy (on death or as a gift) to individuals resident in Spain is subject to IGT as set out in Act 29/1987, of December 18, (the "IGT Act") being payable by the person who acquires the securities, at an effective tax rate ranging from 7.65% to 81.6%, depending on relevant factors (such as the specific regulations imposed by each Spanish autonomous region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor).

Spanish Transfer Tax

The acquisition or subscription of the Shares and any subsequent transfer thereof will be exempt from Transfer Tax and Value Added Tax, subject to the conditions set forth in Article 314 of the Securities Market Act.

Additionally, no Stamp Duty will be levied on such acquisition, subscription and transfers.

Spanish Corporate Resident Shareholders – Corporate Income Tax ("CIT")

Taxation of dividends

Spanish corporate shareholders will include dividends received in connection with shares in their taxable base, subject to a general 25% tax rate, according to the Spanish Corporate Income Tax Act 27/2014, of November 27, (the "**CIT Act**"). However, this general rate will not be applicable to all corporate income taxpayers and, for instance, it will not apply to banking institutions (which will be taxed at the rate of 30%).

Dividends or profit distributions in respect of the Shares obtained by the Holders that (i) hold, directly or indirectly, at least 5% in the Company or an acquisition cost higher than €20 million; and (ii) hold such participation for at least one year prior to the relevant distribution date or it commits to hold the participation for the time needed to complete such one-year holding period, may benefit from a CIT exemption, as provided by article 21 of CIT Act.

In case the Company obtains dividends, profit distributions or income derived from transfer of shares in entities in an amount higher than 70% of the Company's income, this exemption shall only be applicable provided that certain complex requirements are fulfilled. Mainly, Holders must have an indirect stake in those entities that complies with the requirements described in the previous paragraph. Certain exceptions to this rule apply if those entities comply with the requirements of Article 42 of the Spanish Commercial Code for being part of the same group of companies of the Company, and prepare consolidated annual accounts. Prospective investors should consult their own tax advisors in order to determine whether those requirements are complied with by the relevant Holders.

As a general rule, dividends will be subject to withholding tax on account of the Holder's final CIT at a current rate of 19%. However, no withholding tax will apply on dividends payable to a Holder who is entitled to apply the participation exemption regime mentioned above, provided that the minimum holding period of at least one year prior to the relevant distribution date has been fulfilled. This CIT withholding will be credited against the taxpayer's annual CIT due, and if the amount of tax withheld is greater than the amount of the annual CIT due, the taxpayer will be entitled to a refund of the excess withheld.

Taxation of gains and losses

Gains or losses arising from the sale of the Shares by a Holder will be included in its CIT taxable base, and shall generally be subject to CIT at a 25% rate (and 30% in case of banking institutions). Gains arising from the sale of the Shares will not be subject to withholding on account of CIT.

For CIT payers that (i) hold, directly or indirectly, at least 5% in the Company or an acquisition cost higher than €20 million; and (ii) hold such participation for at least one year prior to the relevant transfer date, capital gains will be exempt as a general rule. Otherwise, capital gains will be taxed at the applicable tax rate of the taxpayer (as a general rule, 25%).

In case the company obtains dividends, profit distributions or income derived from transfer of shares in entities in an amount higher than 70% of the company's income, this exemption shall only be applicable provided that certain additional requirements are fulfilled. Mainly, Holders must have an indirect stake in those entities that complies with the requirements described in the precedent paragraph. Certain exceptions to this rule apply if those entities comply with the requirements of Article 42 of the Spanish Commercial Code for being part of the same group of companies of the Company and prepare consolidated annual accounts. Prospective investors should consult their own tax advisors in order to determine whether those requirements are complied with by the relevant Holders.

Taxation of pre-emptive rights

Distributions to CIT taxpayer of pre-emptive rights to subscribe for new shares made with respect to the Shares are not treated as income under Spanish law. The exercise of such pre-emptive rights is not considered a taxable event under Spanish law. However, if these pre-emptive rights are transferred by a CIT taxpayer, any accounting income that may arise from the transfer will be subject to the general tax rate of, as a general rule, 25%, unless the participation exemption applies.

Taxation of share premium distributions

Distributions of share premium will not in itself constitute a taxable income but will instead reduce the acquisition value of the Shares. If the amount of the share premium received exceeds the acquisition value of the Shares held by the CIT taxpayer, such excess would constitute a taxable income, subject to the general tax rate of 25%, unless the participation exemption applies. However, such distributions will not be subject to withholding on account of CIT.

Net Wealth Tax

Spanish resident legal entities are not subject to NWT.

Inheritance and Gift tax

Lastly, in the event of an acquisition of the Shares by a CIT taxpayer for no consideration, an amount equivalent to the fair market value of such shares will be taxed according to the CIT rules, the IGT not being applicable to legal entities.

Spanish Transfer Tax

The acquisition or subscription of the Shares and any subsequent transfer thereof will be exempt from Transfer Tax and Value Added Tax, subject to the conditions set forth in Article 314 of the Securities Market Act.

Additionally, no Stamp Duty will be levied on such acquisition, subscription and transfers.

Non-Resident shareholders which do not operate with respect to the Shares through a permanent establishment in Spain – Non-residents Income Tax ("NRIT")

Taxation of dividends

According to the NRIT Act, dividends paid by a Spanish resident company to a non-Spanish tax resident Holder not holding the Shares through a permanent establishment located in Spain are subject to NRIT, withheld by the Company on the gross amount of dividends, currently at a tax rate of 19%.

Certain corporate Holders resident in a EU Member State will be entitled to an exemption from NRIT on those dividend to the extent that they are entitled to the benefits of the Spanish NRIT provisions that implement the regime of the EU Parent-Subsidiary Directive. Such exemption may be available to the extent that the EU parent company, which is the recipient of the dividends (i) holds, directly or indirectly, at least 5% of the shares of the Spanish subsidiary entity or an acquisition cost higher than €20 million; (ii) necessarily holds such participation for at least one year or it holds the participation for the time needed to complete such one-year holding period (for the calculation of this term the time that the shares have been uninterruptedly possessed by other entities of the same group will be taken into account); (iii) the EU parent company is incorporated under the laws of a EU member state, under one of the corporate forms listed in Annex I, Part A, of the EU Parent-Subsidiary Directive, and is subject to a Member State Corporate Income Tax (as listed in Annex I, Part B, of the EU Parent-Subsidiary Directive), without the possibility of an option or of being exempt; and (iv) the dividends distributed do not derive from the Spanish subsidiary's liquidation.

This exemption contains specific anti-abuse rules (whereby this exemption might not be applicable if the Holder is located in a tax haven or when the majority of the voting rights of the EU parent company are held, directly or indirectly, by an individual or legal entity not resident in the EU or in a member country of the EEA with which there is an effective exchange of information in the terms described in the Spanish Act 36/2006, to prevent tax fraud, except if the incorporation and operating of the Holder is based on valid economic reasons and substantive business reasons) that need to be analyzed on a case-by-case basis and procedural formalities, such as the supply of a tax authorities-issued tax residence certificate.

The aforesaid exemption will also be applicable, subject to the compliance of similar requirements, to dividends distributed to certain corporate Holders resident in a member country of the EEA with which Spain has ratified an effective exchange of information under the terms described in Spanish Act 36/2006.

Holders claiming the applicability of such exemption that have not met a minimum one year holding period as of a given dividend distribution date (but who could meet such requirement prospectively) should be aware that the NRIT Act requires the Company to withhold the applicable NRIT on such dividends, and that such Holders will need to request a direct refund of such NRIT withheld from the Spanish tax authorities pursuant to the Spanish refund procedure described below under "*—Spanish refund procedure*".

In addition, Holders resident in certain countries may be entitled to the benefits of a double taxation convention ("DTC"), in force between Spain and their country of tax residence providing from a reduced tax rate or an exemption on dividends, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the Holder by means of a certificate of tax residence duly issued by the tax authorities of its country of tax residence making express reference to the Holders being resident in that jurisdiction within the meaning of such DTC (or equivalent specific form required under an applicable DTC) (in the case of U.S. persons, IRS Form 6166 will satisfy this certificate requirement). From a Spanish tax perspective, tax residence certificates issued by a foreign tax authority (or equivalent DTC forms) are deemed to be valid only for one year as from their date of issuance. In general, the U.S. – Spain DTC provides for a tax rate of 15% on dividends.

In accordance with the Order of the Ministry of Finance and Taxation of April 13, 2000, upon distribution of a dividend, the Company or the Company's paying agent will withhold an amount equal to the NRIT amount required to be withheld according to the general rules set forth above, transferring the resulting net amount to the financial institution acting as a depositary of the Shares held by such Holder. If the applicable depositary is resident, domiciled or represented in Spain and it provides timely evidence (including a valid certificate of tax residence for purposes of the exemption or reduction of NRIT being claimed, or equivalent form under the applicable DTC), the Company will immediately receive the amount withheld, which will be credited to the relevant Holder. For these purposes, the relevant certificate of residence (or equivalent DTC form) must be provided before the tenth day following the end of the month in which the dividends were paid. If such certificate of tax residence or, as the case may be, the equivalent DTC form referred to above, is not provided to us by the relevant depositary within the mentioned time frame the relevant NRIT withheld will be paid to the Spanish tax authorities, and a Holder entitled to an exemption or reduction of NRIT pursuant to the NRIT Act or pursuant to an applicable DTC may subsequently request a refund of the amounts withheld in excess from the Spanish tax authorities, following the standard refund procedure described below under "*—Spanish refund procedure*".

Spanish refund procedure

According to Royal Decree 1776/2004, dated July 30 (approving the NRIT regulations) and the Order of the Ministry of Finance and Taxation EHA/3316/2010, of December 17, a refund of an amount withheld in excess of any applicable NRIT to each Holder (taking into account an available exemption or reduction under the NRIT Act or applicable DTC) can be requested and obtained directly from the relevant Spanish tax authorities.

To pursue the refund claim, the Holder is required to file:

- the corresponding Spanish tax refund form (currently, Form 210);
- a valid certificate of tax residence issued by the relevant tax authorities of the Holder's country of residence stating that the Holder is a resident of such country (and, in case an exemption or reduction of NRIT is claimed pursuant to a DTC, such certificate must indicate that the relevant Holder is a resident therein within the meaning of the relevant DTC) or, as the case may be, the equivalent DTC form, as referred to above under "*—Taxation of dividends*";
- a certificate from the Company stating that Spanish NRIT was withheld and collected with respect to such Holder; and
- documentary evidence of the bank account to which the excess amount withheld should be paid

For further details, prospective Holders should consult their own tax advisors.

Taxation of capital gains

Capital gains derived from the transfer or sale of the Shares will be deemed to be income arising in Spain, and, therefore, subject to NRIT, currently, at a 19% rate, although no withholding on account of NRIT will be imposed on the capital gain in Spain.

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses derived from a given transfer of shares against capital gains obtained upon another transfer of shares.

However, capital gains derived from the transfer or sale of the Shares will be exempt from taxation in Spain in any of the three following cases:

- Capital gains derived from a transfer of the Shares carried out on an official Spanish secondary stock market (such as the Spanish Stock Exchanges), by any Holder who is tax resident of a country that has entered into a DTC with Spain containing an "exchange of tax information" clause (such as the U.S.-Spain DTC). This exemption is not applicable to capital gains obtained by a Holder through a country or territory that is classified as a tax haven under the Spanish tax regulations, nor by a Holder holding the Shares through a permanent establishment located in Spain.
- Capital gains obtained directly by any Holder resident of another EU Member State or indirectly through a permanent establishment of such Holder in a EU Member State (other than Spain), provided that the gain is not obtained through a country or territory defined as a tax haven under the applicable Spanish tax regulations, shall be exempt from taxation in Spain if:

- the Company's assets do not mainly consist of, directly or indirectly, real estate property located in Spain;

- during the preceding twelve months the Holder, in the case of a non-resident individual, has not held a direct or indirect interest of at least 25% in the Company's capital or net equity; and

- in the case of non-resident entities, the transfer fulfils the requirement of Article 21 of CIT Act for the application of the participation exemption.

- Capital gains realized by Holders who benefit from a DTC entered into between their country of tax residence and Spain that provides for taxation of capital gains derived from the transfer of the Shares only in such Holder's country of tax residence.

According to the Order dated December 17, 2010, Holders will be obliged to submit a Spanish tax form (currently Form 210) within the time periods set out in the applicable Spanish regulations, currently:

- the first 20 calendar days of April, July, October and January, if there is a tax payment to be made; or

- the first 20 calendar days of January of the year following that in which the relevant capital gain is accrued, if no tax is due (i.e., if qualifying for a tax exemption).

In order for the exemptions mentioned above to apply, a Holder must timely file the applicable NRIT tax return before the Spanish tax authorities, and attach to it a certificate of tax residence issued by the tax authority of its country of residence (which, if applicable, must state that the Holder is a resident of such country within the meaning of the relevant DTC) or, as the case may be, equivalent DTC form. As mentioned above, certificates of tax residence (or equivalent DTC forms) will be generally valid only for a period of one year after their date of issuance.

Prospective Holders should consult their own tax advisors to obtain detailed information regarding NRIT filings they may be required to make before the Spanish Tax Authorities.

Taxation of pre-emptive rights

Distributions to Holders of pre-emptive rights to subscribe for new shares made with respect to the Shares are not treated as income under Spanish law and, therefore, are not subject to Spanish NRIT. The exercise of such pre-emptive rights is not considered a taxable event under Spanish law and thus is not subject to Spanish NRIT.

Since January 1, 2017, proceeds derived from the sale of pre-emptive rights in respect of the shares are treated as capital gains.

In both cases, capital gains will be subject to Spanish NRIT in the manner described under "—*Taxation of capital gains*" above.

Taxation of share premium distributions

Distributions of share premium will not in itself constitute a taxable income but will instead reduce the acquisition value of the Shares. If the amount of the share premium received exceeds the acquisition value of the Shares held by the NRIT taxpayer, such excess would constitute a taxable income, subject to the general tax rate of 19%, unless otherwise provided by a DTC. However, such distributions will not be subject to withholding on account of NRIT in Spain.

Net Wealth Tax

In relation to fiscal year 2018, non-Spanish tax resident individual Holders holding the Shares will be subject to NWT to the extent that such Holders own shares (along with other property located in Spain and rights which could be exercised in Spain) as of December 31, valued for a combined net amount in excess of €700,000, NWT rates vary between 0.2% and 2.5%. For NWT valuation purposes, the Shares should be valued at their average trading price during the last quarter of such year (according to information published on an annual basis by the

Spanish Ministry of Finance and Public Administration). Holders who benefit from a DTC that provides for net wealth taxation only in the Holder's country of residence will not be subject to NWT.

Even though there is a full exemption on NWT (*bonificación del 100%*), Article 73 of Spain's Finance Law 6/2018 of July 3rd, (*Ley 6/2018, de 3 de julio, de Presupuestos Generales del Estado para el año 2018)* ("**Law 6/2018**"), has revoked the application of such exemption for year 2018. Therefore, from year 2019 and onwards, individuals resident in Spain will be released from formal and filing obligations in relation to this Spanish NWT, unless the application of this full exemption is revoked or postponed, as in previous years.

Non-Spanish tax resident individuals who are residents in the EU or in the EEA are entitled to apply the legislation of the region where the assets and rights of the relevant individual of the highest value are located. Prospective investors should consult their tax advisors.

Non Spanish tax resident entities are not subject to NWT.

Spanish Inheritance and Gift Tax

Unless otherwise provided under an applicable DTC (which will be subject to the relevant DTC), transfers of the Shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to Spanish IGT (pursuant to IGT Act), regardless of the residence of the heir or the beneficiary. The effective tax rate, after applying all relevant factors, may range between 7.65% and 81.6%.

Non-Spanish tax resident individuals who acquire the Shares by way of an inheritance, bequest (*legado*) or any other inheritance entitlement are entitled to apply the legislation of the region where the assets and rights of the decedent's estate of the highest value are located, provided that the deceased was resident in a Member State of the EU or the EEA, other than Spain.

In addition, non-Spanish tax resident individuals who acquire the Shares by way of a gift and who are residents in the EU or in the EEA are entitled to apply the legislation of the region where the Shares have been located for a longer period within the last five years period ending the day before the tax due accrues. Prospective investors should consult their tax advisors.

Gifts granted to non-Spanish tax resident corporations will be generally subject to Spanish NRIT as capital gains (but not IGT), without prejudice to the exemptions referred to above under "*—Taxation of capital gains*".

Spanish Transfer Tax

The acquisition or subscription of the Shares and any subsequent transfer thereof will be exempt from Transfer Tax and Value Added Tax, under the terms and with the exemptions set out in Article 314 of the Securities Market Act.

Additionally, no stamp duty will be levied on such acquisition, subscription and transfers.

Non-Resident shareholders which operate with respect to the Shares through a permanent establishment in Spain – NRIT)

Taxation of dividends

Ownership of the Shares by Holders who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Shares form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Shares are the same as those set out for legal entities with tax residence in Spain described in the "*—Spanish Corporate Resident Shareholders – Corporate Income Tax ("**CIT**")*".

Taxation of gains and losses

For the gains or losses arising from the sale of the Shares that form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable are the same as those set out for legal entities with tax residence in Spain described in "—*Spanish Corporate Resident Shareholders – Corporate Income Tax ("**CIT**")*".

Taxation of pre-emptive rights

Distributions to taxpayer of pre-emptive rights to subscribe for new shares made with respect to the Shares apply the same the tax rules as those set out for legal entities with tax residence in Spain described in the "—*Spanish Corporate Resident Shareholders – Corporate Income Tax ("**CIT**")".*

Net Wealth Tax

Please see the "—*Non-Resident Shareholders which do not operate with respect to the Shares through a permanent establishment in Spain*" section for further detail.

Inheritance and Gift tax

Please see the "—*Non-Resident Shareholders which do not operate with respect to the Shares through a permanent establishment in Spain*" section for further detail

Spanish Transfer Tax

The acquisition or subscription of the Shares and any subsequent transfer thereof will be exempt from Transfer Tax and Value Added Tax, subject to the conditions set forth in Article 314 of the Securities Market Act.

Additionally, no Stamp Duty will be levied on such acquisition, subscription and transfers.

Certain U.S. Federal Income Tax Considerations

The following discussion describes certain U.S. federal income tax consequences generally applicable to U.S. Holders (defined below) (and solely to the extent described below under "—*FATCA*", to non-U.S. persons) of Shares acquired pursuant to this Offering. This summary applies only to U.S. Holders that acquire Shares in the Offering, hold the Shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code, and that have the U.S. dollar as their functional currency. This discussion is based upon the Internal Revenue Code, applicable U.S. Treasury regulations, administrative pronouncements and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the United States Internal Revenue Service (the "**U.S. Internal Revenue Service**") regarding the tax consequences of the acquisition, ownership or disposition of the Shares, and there can be no assurance that the U.S. Internal Revenue Service will agree with the discussion set out below. This summary does not cover all aspects of U.S. federal income taxation that may be relevant to particular investors (including consequences under the alternative minimum tax or the Medicare tax on net investment income), and does not address any U.S. tax consequences other than U.S. federal income tax consequences (*e.g.*, the estate and gift tax) and does not address any state, local or non-U.S. tax consequences.

The following discussion does not address the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- regulated investment companies;
- real estate investment trusts;

- insurance companies;
- broker dealers;
- traders that elect to mark-to-market;
- tax-exempt entities;
- individual retirement accounts and other tax-deferred accounts;
- persons liable for alternative minimum tax;
- U.S. expatriates;
- persons holding a Share as part of a straddle, hedging, conversion or other integrated transaction;
- persons that actually or constructively own 10% or more of the total voting power or value of all of the Company's outstanding stock;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the Shares being taken into account in an applicable financial statement;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons who acquired the Shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding Shares through partnerships or other pass-through entities.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS, TAX TREATIES AND POSSIBLE CHANGES IN TAX LAW.

The discussion below of the U.S. federal income tax consequences to "**U.S. Holders**" will apply if you are a beneficial owner of Shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are a partner in an entity or arrangement taxable as a partnership that holds Shares, your tax treatment generally will depend on your status and the activities of the partnership. Partnerships considering an investment in Shares and partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences of acquiring, owning and disposing of the Shares.

Passive foreign investment company

Based on the Company's historic and anticipated operations, composition of assets and the expected price of the Shares in the Offering, the Company believes that it may be a PFIC for its current taxable year and that it may be a PFIC for one or more of its future taxable years. The Company's possible status as a PFIC is a factual determination that is made annually, after the close of the relevant taxable year. Therefore, it is possible that the Company could be classified as a PFIC for the current taxable year or in future years. Moreover, the application of the PFIC rules is unclear in certain respects, including if or to what extent that the gross income of the Company and its subsidiaries from energy sales would meet an exception from passive income treatment. The U.S. Internal Revenue Service or a court may disagree with the Company's determinations with respect to its PFIC status for any taxable year, including the manner in which the Company determines the value of its assets and the percentage of its assets that are passive assets under the PFIC rules. Therefore there can be no assurance that the Company will not be classified as a PFIC for the current taxable year or for any future taxable year.

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75% of its gross income is classified as "passive income" or (ii) 50% of the value of its assets (determined on the basis of a quarterly average) represents assets that produce or are held for the production of passive income. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it directly or indirectly holds 25% or more (by value) of the stock. Passive income generally includes net gains from the sale of commodities, unless certain exceptions are met (including an exception for active business gains or losses from the sale of commodities meeting certain requirements).

Under the PFIC rules, if the Company were considered a PFIC at any time that a U.S. Holder holds its Shares, the Company would continue to be treated as a PFIC with respect to such holder's investment unless (i) the Company has ceased to be a PFIC and (ii) the U.S. Holder has made a "deemed sale" election under the PFIC rules. If such election is made, the U.S. Holder will be deemed to have sold its Shares at their fair market value on the last day of the last taxable year in which the Company was a PFIC, and any gain from the deemed sale would be subject to the rules described in the following paragraph. After the deemed sale election, so long as the Company does not become a PFIC in a subsequent taxable year, the Shares with respect to which such election was made will not be treated as shares in a PFIC. U.S. Holders should consult their tax advisors as to the possibility and consequences of making a deemed sale election if the Company is (or were to become) and then ceases to be a PFIC, and such election becomes available.

If the Company is considered a PFIC at any time that a U.S. Holder holds its Shares, unless the U.S. Holder makes one of the elections described below, any gain recognized by the U.S. Holder on a sale or other disposition of the Shares, as well as the amount of any "excess distribution" (defined below) received by such holder, would be allocated ratably over the U.S. Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For purposes of these rules, an excess distribution is the amount by which any distribution received by a U.S. Holder on its Shares in a taxable year exceeds 125% of the average of the annual distributions on the Shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter.

If the Company is treated as a PFIC with respect to a U.S. Holder for any taxable year, the U.S. Holder will be deemed to own Shares in any of the Company's subsidiaries that are also PFICs, and the U.S. Holder may be subject to the tax consequences described above with respect to the shares of such lower-tier PFIC such U.S. Holder would be deemed to own.

If the Company is a PFIC for any taxable year during which a U.S. Holder holds Shares, then in lieu of being subject to the tax and interest charge rules discussed above, a U.S. Holder may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method, provided that such Shares are "marketable." Shares will be marketable if they are "regularly traded" on certain U.S. stock exchanges or on a foreign stock exchange that meets certain conditions. For these purposes, the Shares will be considered regularly traded during any calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. Any trades that have as their principal purpose meeting this requirement will be disregarded. However, because a mark-to-market election cannot be made for any lower-tier PFICs that the Company may own, a U.S. Holder will generally continue to be subject to the PFIC rules discussed above with respect to such holder's indirect interest in any investments the Company holds that are treated as an equity interest in a PFIC for United States federal income tax purposes. As a result, it is possible that any mark-to-market election will be of limited benefit.

If a U.S. Holder makes an effective mark-to-market election, in each year that the Company is a PFIC, such U.S. Holder will include in ordinary income the excess of the fair market value of such U.S. Holder's Shares at the end of the year over such U.S. Holder's adjusted tax basis in the Shares. Such U.S. Holder will be entitled to deduct as an ordinary loss in each such year the excess of such U.S. Holder's adjusted tax basis in the Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, in each year that the Company is a PFIC, any gain such U.S. Holder recognizes upon the sale or other disposition of such U.S. Holder's Shares will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election.

A U.S. Holder's adjusted tax basis in the Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules discussed above. If a U.S. Holder makes an effective mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the Shares are no longer regularly traded on a qualified exchange or the U.S. Internal Revenue Service consents to the revocation of the election. U.S. Holders should consult their tax advisers about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

In certain circumstances, a U.S. equity holder in a PFIC may avoid the adverse tax and interest-charge regime described above by making a "qualified electing fund" election to include in income its share of the corporation's income on a current basis. However, a U.S. Holder may make a qualified electing fund election with respect to the Shares only if the Company agrees to furnish the holder annually with a PFIC annual information statement as specified in the applicable Treasury regulations. The Company does not intend to provide the information necessary for U.S. Holders to make qualified electing fund elections if the Company is classified as a PFIC.

If a U.S. Holder owns Shares during any year in which the Company is a PFIC and the U.S. Holder recognizes gain on a disposition of such Shares or receives distributions with respect to such Shares, the U.S. Holder generally will be required to file a U.S. Internal Revenue Service Form 8621 with respect to the Company, generally with the U.S. Holder's federal income tax return for that year. If the Company is a PFIC for a given taxable year, then you should consult your tax advisor concerning your annual filing requirements.

U.S. Holders should consult their own tax advisors about the potential application of the PFIC rules to an investment in the Shares.

Taxation of Distributions

Subject to the passive foreign investment company ("**PFIC**") rules discussed above, the gross amount of distributions made by the Company with respect to the Shares (including the amount of any Spanish taxes withheld therefrom) generally will be includable in your gross income as foreign source dividend income to the extent that such distributions are paid out of the Company's current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent, if any, that the amount of any such distribution exceeds the Company's current or accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in the Shares and thereafter as capital gain. However, the Company does not intend to calculate its earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will generally be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from certain other corporations. With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends may be "qualified dividend income," which is taxed at the lower applicable capital gains rate provided that (1) the Company is eligible for the benefits of the Convention Between the Government of the United States of America and the Kingdom of Spain For the Avoidance of Double Taxation and the Prevention of Fiscal Evasion With Respect to Taxes on Income (the "**Treaty**"), (2) the Company is not a PFIC (as discussed above) with respect to you for either the Company's taxable year in which the dividend was paid or the preceding taxable year, (3) certain holding period requirements are met, and (4) you are not under an obligation to make related payments with respect to positions in substantially similar or related property. You should consult your own tax advisors regarding the availability of the lower rate for dividends paid with respect to Shares.

For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of any Spanish taxes withheld with respect to a payment of dividends, and as then having paid over the withheld taxes to the Spanish taxing authorities. As a result of this rule, the amount of dividend income you are required to include in gross income for U.S. federal income tax purposes with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by you with respect to the payment.

Subject to certain conditions and limitations, Spanish taxes withheld from a distribution may be eligible to be used as a credit against or a deduction in computing your U.S. federal income tax liability. If a refund of the tax withheld is available to you under the laws of Spain or under the Treaty, the amount of tax withheld that is refundable will not be eligible for such credit against your U.S. federal income tax liability (and will not be eligible for the deduction against your U.S. federal taxable income). If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by the Company with respect to Shares will generally constitute "passive category income". The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors to determine whether and to what extent a credit would be available. If you do not elect to claim a foreign tax credit with respect to any foreign taxes for a given taxable year, you may be eligible to claim a deduction for all foreign taxes paid in that taxable year.

The amount includible by a U.S. Holder in respect of any distribution paid in a foreign currency will be equal to the U.S. dollar value of such currency calculated by reference to the spot rate of exchange on the date such distribution is included in the U.S. Holder's income, regardless of whether the payment is in fact converted into U.S. dollars at that time. If dividends received in a foreign currency are converted into U.S. dollars on the date included in the U.S. Holder's income, such U.S. Holder generally will not recognize foreign currency gain or loss on such conversion. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Sale or other taxable disposition of Shares

Subject to the PFIC rules discussed above, upon a sale or other taxable disposition of Shares, you generally will recognize a capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount realized and your adjusted tax basis in such Shares, in each case as determined in U.S. dollars. Any such gain or loss generally will be U.S. source gain or loss and will be treated as long-term capital gain or loss if your holding period in the Shares exceeds one year. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, any long-term capital gain generally will be subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to significant limitations. U.S. Holders should consult their own tax advisors about how to account for proceeds received on a sale or other taxable disposition of Shares that are not paid in U.S. dollars.

Information reporting and backup withholding

Dividend payments and proceeds paid from the sale or other taxable disposition of the Shares may be subject to information reporting to the U.S. Internal Revenue Service. In addition, a U.S. Holder may be subject to backup withholding on cash payments received in connection with dividend payments and proceeds from the sale or other taxable disposition of Shares made within the United States or through certain U.S.- related financial intermediaries.

Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number, provides other required certification and otherwise complies with the applicable requirements of the backup withholding rules or who is otherwise exempt from backup withholding (and, when required, demonstrates such exemption). Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the U.S. Internal Revenue Service.

Information with respect to foreign financial assets

Certain U.S. Holders who are individuals (and certain entities) that hold an interest in "specified foreign financial assets" (which may include the Shares) are required to report to the U.S. Internal Revenue Service information relating to the such assets, subject to certain exceptions (including an exception for Shares held in accounts maintained by certain financial institutions). Penalties can apply if U.S. Holders fail to satisfy such reporting requirements. U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of the Shares.

FATCA

Provisions under Sections 1471 through 1474 of the Internal Revenue Code and applicable U.S. Treasury Regulations commonly referred to as "**FATCA**" may impose a withholding tax on certain "foreign passthru payments" made by a non-U.S. financial institution (including an intermediary) that has entered into an agreement with the U.S. Internal Revenue Service to perform certain diligence and reporting obligations (each such non-U.S. financial institution, a "**Participating Foreign Financial Institution**"). If payments on the Shares are made by a Participating Foreign Financial Institution (including an intermediary), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not a Participating Foreign Financial Institution and is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payor, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether or to what extent payments on the Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before January 1, 2019

The United States has entered into intergovernmental agreements with many jurisdictions (including Spain) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require the Company or other financial institutions to withhold or report on payments on the Shares to the extent they are treated as foreign passthru payments. Prospective investors should consult their tax advisors regarding the application of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in the Shares.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO YOU. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

PLAN OF DISTRIBUTION

The Underwriting Agreement

We and the Underwriters are expected to enter into an underwriting agreement (the "**Underwriting Agreement**") with respect to the Initial Offer Shares and the Over-allotment Shares, if any, in each case being offered by us, upon the finalization of the book-building period (expected to be on or about December 3, 2018 and the Underwriting Agreement to be entered into on or about December 3, 2018). Subject to the satisfaction of certain conditions set out in the Underwriting Agreement, each Underwriter will agree, severally but not jointly, to subscribe and procure subscribers for the total number of Initial Offer Shares as is set forth opposite its name in the following table:

Underwriters	% Initial Offer Shares
CaixaBank, S.A.	40.3%
Société Générale	40.3%
JB Capital Markets, S.V., S.A.U.	16.1%
Banco Cooperativo Español, S.A.	3.4%

It is expected that Banco Português de Investimento, S.A. through an agreement with CaixaBank, S.A. will take part in the marketing activities of the Offering, although it will not be a party of the Underwriting Agreement and it will not receive any commission from the Company.

In consideration of the agreement by the Underwriters to subscribe and procure subscribers for the Initial Offer Shares, we will pay to the Underwriters a base fee totaling 3% of the aggregate Offering Price of the Offer Shares sold in the Offering (including Over-allotment Shares, if and to the extent the Over-allotment Option is exercised). In addition, the Company may, at its sole discretion, pay to the Underwriters a discretionary fee of up to 1% of the aggregate Offering Price of the Offer Shares sold in the Offering (including Over-allotment Shares, if and to the extent the Over-allotment Option is exercised) to be distributed among the Underwriters as determined by the Company. Furthermore, the Company will agree to reimburse the Underwriters for certain expenses. See "– *Offering Expenses*" for further details.

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain customary conditions precedent. We will give the Underwriters customary representations and warranties in the Underwriting Agreement.

The Underwriting Agreement will also provide that we will, subject to certain exceptions, indemnify the Underwriters against certain liabilities, including liabilities under applicable securities laws that may arise in connection with the Offering.

The exact number of underwritten Initial Offer Shares to be underwritten by each of them shall be fixed if and when the Underwriting Agreement is entered into. The Company will inform the market of any amendment of the number or identity of Underwriters, or of the percentage of Initial Offer Shares underwritten by any of them which may occur through publication of a relevant fact notice (hecho relevante).

If one or more of the Underwriters shall fail to procure subscribers for or to subscribe the Shares which it or they are obliged to procure subscribers for or to subscribe under the Underwriting Agreement (the "**Defaulted Shares**"), the Joint Global Coordinators shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other Underwriters, to subscribe all, but not less than all, of the Defaulted Shares in such amounts as may be agreed upon and upon the terms of the Underwriting Agreement; if, however, the Joint Global Coordinators shall not have completed such arrangements within such 24-hour period, then: (i) if the number of Defaulted Shares does not exceed 10% of the number of Shares to be subscribed on such date, each of the non-defaulting Underwriters shall be obliged, severally and not jointly, to itself purchase the full amount thereof in the proportions that their respective underwriting commitments bear to the underwriting commitments of all non-defaulting Underwriters; or (ii) if the number of Defaulted Shares exceeds 10% of the number of Shares to be subscribed on such date, the Underwriting Agreement shall terminate without liability on the part of any non-defaulting Underwriter and the Offering will be revoked.

The Offering

The Company is offering between 9,708,738 and 12,500,000 of its ordinary shares, representing between 32.68% and 38.46% of its share capital, being such number of shares as it is required, at the Offering Price, to provide the Company with gross sale proceeds of €100 million. In addition, in the case of full exercise of the Over-Allotment Option, the Company will issue a number of additional shares representing 10% of the Initial Offer Shares.

We expect that the Offering will take place according to the tentative calendar set out below:

Action	Estimated Date[(1)]
Registration of the prospectus with the CNMV	November 20, 2018
Commencement of the book-building period in which proposals are made by Qualified Investors	November 20, 2018
Finalization of the book-building period	December 3, 2018
Execution of the Underwriting Agreement	December 3, 2018
Publication of a relevant fact notice (*hecho relevante*) with setting of the Offering Price and the number of Initial Offer Shares	December 3, 2018
Selection of offers to subscribe Offer Shares	December 3, 2018
Final allocation of the Offer Shares	December 3, 2018
Prefunding of the Initial Offer Shares by the Joint Global Coordinators	No later than 9:00 am (CET) on December 4, 2018
Expected Transaction Date of the Offering and publication of relevant fact disclosure (*hecho relevante*)	December 4, 2018
Expected admission to trading on the Spanish Stock Exchanges and commencement of the Stabilization Period	December 5, 2018
Payment by final investors (Settlement Date)	December 6, 2018
Finalization of the Stabilization Period	January 3, 2019

Note:

(1) Each of the times and dates is subject to change without prior notice. Any change, including in particular any lengthening or shortening of the book-building period, will be publicized, including by filing of a relevant fact notice (*hecho relevante*) with the CNMV.

CaixaBank, S.A. and Banco Cooperativo Español, S.A. are only participating in the Offering outside the United States under Regulation S of the Securities Act. CaixaBank, S.A. and Banco Cooperativo Español, S.A. are not broker-dealers registered with the SEC and will not be offering or selling securities in the United States or to U.S. nationals or residents.

In particular, the transaction date of the Offering (*fecha de operación bursátil*) (the "**Transaction Date**") is expected to be on or about December 4, 2018. On the Transaction Date, investors' payment orders will be processed via the Spanish Stock Exchanges and Iberclear and, assuming the Underwriters have not executed the termination rights contained in the Underwriting Agreement, investors will become unconditionally bound to pay for, and entitled to receive, the relevant Offer Shares subscribed for in the Offering.

In order to expedite the listing of the Initial Offer Shares, it is expected that Caixabank S.A. (in its capacity as Joint Global Coordinator and prefunding entity), will subscribe and pay for the Initial Offer Shares on the Transaction Date of the Offering, each acting in the name and on behalf of the Underwriters, and each Underwriter acting on behalf of the final investors. Payment for the Initial Offer Shares by the prefunding banks is expected to be made to the Company by 9:00 am CET on the Transaction Date in its account maintained with CaixaBank, S.A., as the agent bank (the "**Agent Bank**"), and the Initial Offer Shares will come into existence once registered with the Commercial Registry of Bizkaia and recorded in book-entry form with Iberclear.

Payment by the final investors for the Initial Offer Shares will be made no later than the second business day after the Transaction Date against delivery through the facilities of Iberclear of the Initial Offer Shares to final investors, which is expected to take place on or about December 6, 2018 (the "**Settlement Date**").

The Offering will be conducted through a book-building process. During the book-building period, which is expected to start on November 20, 2018 and end on December 3, 2018 (both inclusive), the Underwriters will market the Offer Shares among investors in accordance with, and subject to, the selling and transfer restrictions set forth in this prospectus. Investors may make their subscription proposals during this period, indicating the number of Offer Shares they would be interested to acquire.

The book-building period may be reduced or extended by agreement by us and the Joint Global Coordinators. In the event there is such a reduction or extension of the book-building period, the Company will inform the market through the publication of a relevant fact notice (*hecho relevante*).

Subscription proposals by investors for the Offer Shares constitute only an indication of their interest in the Offer Shares and shall not be binding on any investors or the Company. The confirmation of such subscription proposals shall be irrevocable.

The Agent Bank will be responsible for, among other things: issuing a certificate confirming payment for the Initial Offer Shares for the purposes of notarizing the corresponding capital increase, maintaining the portion of the Initial Offer Shares prefunded by CaixaBank, S.A. (in its condition as Joint Global Coordinator and prefunding entity) (once issued, and following the creation of the relevant book entries in Iberclear) deposited in the securities accounts held with it by said entity, until settlement of the Offering; instructing the entities participating in the Offering on the procedures applicable to its execution; receiving and processing information on the selection and confirmation of subscription proposals and collaborating in the allocation of the Initial Offer Shares to the final investors; and cooperating with us in the Admission process.

Together with the rest of the Underwriters, the Co-lead Manager will be responsible for, among other things, the allocation of Initial Offer Shares with investors.

Offering Expenses

Due to the difficulty in determining the expenses incurred as of the date of this prospectus, for purely informational purposes, the following table sets forth the estimated expenses payable by the Company in relation to the Offering (excluding any applicable VAT):

Expenses	*(in € millions)*
Underwriting commissions[1]	4.4
Iberclear fee, Spanish Stock Exchanges fee and CNMV fee	0.2
Legal expenses and others (notary public, registration with the Commercial Registry, legal publishing, legal and financial advice, audit, Public Offering of Securities Insurance ("POSI") insurance)	3.2
Total	**7.8**

Note:

(1) Assuming that (i) the Offering is approximately €110 million; (ii) all the Offer Shares (including the Over-allotment Shares) have been placed or underwritten by each of the Underwriters and that the Over-allotment Option has been entirely exercised; and (iii) the discretionary commission is paid in full.

Pricing of the Offering

Prior to the Offering, there has been no public market for the Shares.

Offering Price Range

The indicative Offering Price Range is €8.00 to €10.30 per Offer Share. The Offering Price Range has been determined by the Company, after consultation with the Joint Global Coordinators and no independent experts were consulted in determining the Offering Price Range.

The Offering Price Range is indicative only, it may change during the course of the Offering and the Offering Price may be set higher or lower than the Offering Price Range. There can be no assurance that the prices at which the Offer Shares will trade in the public market after the Offering will not be lower than the Offering Price Range or that an active trading market in the Shares will develop and continue after the Offering.

Offering Price and Number of Initial Offer Shares

The Offering Price and the number of Initial Offer Shares will be determined by us after consultation with the Joint Global Coordinators upon the finalization of the book-building period (expected to be on or about December 3, 2018). The Offering Price and the number of Initial Offer Shares will be announced through a relevant fact notice (*hecho relevante*) reported to the CNMV. No independent experts will be consulted in determining the Offering Price.

Expenses and taxes charged to the investor

Subscribers of Offer Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of their country of subscription in addition to the Offering Price.

In addition, subscribers will have to bear the commissions payable to the financial intermediaries through which they will hold the Offer Shares, including those commissions related to administration and security custody which are freely set by the relevant financial intermediaries and notified to CNMV or Banco de España, as the case may be.

Withdrawal and Revocation of the Offering

Withdrawal of the Offering

The Company expressly reserves the right to withdraw the Offering, postpone it, defer it or suspend it temporarily or indefinitely for any reason at any time before the setting of the Offering Price. We will notify the CNMV, the Agent Bank and the Joint Global Coordinators of the withdrawal of the Offering on the date that the withdrawal takes place or as soon as practicable.

Revocation of the Offering

The Offering will be revoked (i) if the Underwriting Agreement is not signed on or before 03:00 a.m. Madrid time on the date following setting of the Offering Price (which is expected to be set on December 3, 2018) or any postponement thereof duly notified to the CNMV; (ii) if the Offering is suspended or withdrawn by any judicial or administrative authority; (iii) if our Shares are not admitted to listing on the Spanish Stock Exchanges before 11:59 p.m. (CET) on December 20, 2018; or (iv) if the Underwriting Agreement is terminated upon the occurrence of the following customary termination provisions set forth in the Underwriting Agreement no later than the moment of registration in the Mercantile Registry of the capital increase's public deed on the Transaction Date:

(a) the CNMV or any other competent authority suspends or revokes any necessary approval for the Offering;

(b) since the time of execution of the Underwriting Agreement, there has been, in the good faith judgment of the Joint Global Coordinators, any Material Adverse Effect (defined as any material adverse change, or any development reasonably likely to result in a material adverse change, in or affecting the condition (financial, operational, legal or otherwise), or in the shareholders' equity, results of operations, management, business affairs, solvency, credit rating or business prospects of the Company and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business);

(c) there has occurred (i) any material adverse change in the financial markets in Spain, the United States, the United Kingdom or in any member state of the EEA, or the international financial markets, (ii) any outbreak of hostilities or escalation thereof or other calamity or crisis or (iii) any change or development involving a prospective change in national or international political, financial or economic conditions, or currency exchange rates, in each case, the effect of which event, individually or together with any other such event, in the good faith judgment of the Joint Global Coordinators, makes it impracticable or inadvisable to market the Shares or to enforce contracts for the sale of the Shares;

(d) if trading generally on the Spanish Stock Exchanges, the London Stock Exchange, the New York Stock Exchange or in the NASDAQ System has been suspended or limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of such exchanges or by such system or by order of any governmental or regulatory authority, or a material disruption has occurred in commercial banking or securities settlement, payment or clearance services in Spain, the United States, the State of New York, the United Kingdom or any member state of the EEA;

(e) a moratorium on banking activities has been declared by the competent authorities of any of the European Union, Spain, the United States, the State of New York, the United Kingdom or any member state of the EEA; or

(f) at any time the Company publishes an amendment or supplement to the Prospectus, or a press or stock exchange release or relevant fact notice (*hecho relevante*), pursuant to applicable law or regulation, in each case if the effect of any such amendment or supplement, in the good faith judgment of the Joint Global Coordinators, (A) materially and adversely affects the Joint Global Coordinators' compliance with securities laws, or (B) makes it impracticable or inadvisable to market the Shares or to enforce contracts for the sale of the Shares.

In case of withdrawal or revocation of the Offering, all offers to subscribe or purchase shall be cancelled and all subscription or purchase orders related to the Offering shall be terminated. Additionally, the Company shall have no obligation to issue and deliver the Initial Offer Shares and the investors (including for the purposes of this section, the Underwriters on behalf of the final investors) shall have no obligation to subscribe or purchase, as the case may be, the Initial Offer Shares.

In the event that the Initial Offer Shares have already been issued and paid for by investors before termination of the Offering takes place, the Company will repurchase the Initial Offer Shares that have been issued and paid, and then reduce its share capital and cancel the Initial Offer Shares in order to return the subscription monies received by the Company. The Company will repurchase the Initial Offer Shares for an amount equal to the monies paid by the investors in respect of the subscription of the Initial Offer Shares in the Offering, together with interest calculated at the statutory rate (*interés legal*) (currently set at 3.00%) from the date on which the investors paid for the Initial Offer Shares until the date on which the Company repays the purchase price.

The investors subscribing Offer Shares shall be deemed to have consented to the aforementioned repurchase of Offer Shares.

Authorizations of the Offering

On November 2, 2018, the Company's general shareholders' meeting decided to apply for Admission and to carry out the Offering and granted the necessary authority to our board of directors to issue the Initial Offer Shares. On November 5, 2018, our board of directors (with the composition described in "*Board of Directors and Management*") effectively resolved to apply for Admission, to carry out the Offering and approved a capital increase in connection with the Offering.

On November 15, 2018 our board of directors determined the indicative Offering Price Range for the Offering and resolved to set the size of the Over-allotment Option at 10% of the Initial Offer Shares.

For the avoidance of doubt, no application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any exchange other than the Spanish Stock Exchanges and the AQS.

No pre-emptive subscription and/or acquisition rights are applicable in relation to the Offering, taking into account that our shareholders have irrevocably waived their pre-emptive rights over the Initial Offer Shares and that no pre-emptive acquisition rights apply to the transfer of the Over-allotment Shares.

The Offering is not subject to any administrative approval or authorization besides the regime applicable to the approval by the CNMV of this document as a prospectus for the purposes of the Offering and the subsequent Admission in accordance with the Securities Market Act and related regulation.

Admission

Following completion of the Offering we will, by not later than the Transaction Date (expected to occur on December 4, 2018), apply for admission to listing of all of our issued and outstanding ordinary shares on the Spanish Stock Exchanges for trading through the AQS. Admission is expected to be effective at 12:00 hours (CET) on December 5, 2018. The Company will publish any change in the date expected for Admission through a relevant fact disclosure (*hecho relevante*) with the CNMV.

The Company is aware of, and undertakes to comply with, all the statutory requirements and conditions for the admission, maintenance and delisting of the Shares on the Spanish Stock Exchanges, pursuant to the applicable laws and the requirements of the relevant governing bodies.

Stabilization

In connection with the Offering, Société Générale, or any of its agents, as stabilizing manager, (the "**Stabilizing Manager**"), acting on behalf of the Underwriters, may (but will be under no obligation to) to the extent permitted by applicable law, engage in transactions that stabilize, support, maintain or otherwise affect the price, as well as over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail in the open market. Any stabilization transactions shall be undertaken in accordance with applicable laws and regulations, in particular, MAR and Regulation 2016/1052.

The stabilization transactions shall be carried out for a maximum period of 30 calendar days from the date of the commencement of trading of the Shares on the Spanish Stock Exchanges, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The stabilization period is expected to commence on December 5, 2018 and end on January 3, 2019 (the "**Stabilization Period**").

For this purpose, the Stabilizing Manager may carry out an over-allotment of Shares in the Offering, which may be covered by the Stabilizing Manager pursuant to one or several securities loans granted by Beraunberri S.L., one of the principal shareholders. The Stabilizing Manager is not required to enter into such transactions and such transactions may be effected on a regulated market and may be taken at any time during the Stabilization Period. However, there is no obligation that the Stabilizing Manager or any of its agents effect stabilizing transactions and there is no assurance that the stabilizing transactions will be undertaken. Such stabilization, if commenced, may be discontinued at any time without prior notice, without prejudice of the duty to give notice to the CNMV of the details of the transactions carried out under Regulation 2016/1052. In no event will measures be taken to stabilize the market price of the Shares above the Offering Price. In accordance with Article 5.5 of MAR and Article 6.2 of Regulation 2016/1052, the details of all stabilization transactions will be notified by the Stabilizing Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilization transactions.

Additionally, in accordance with Article 6.3 of Regulation 2016/1052, the following information will be disclosed to the CNMV by the Stabilizing Manager within one week of the end of the Stabilization Period: (i) whether or not stabilization transactions were undertaken; (ii) the date at which stabilization transactions started; (iii) the date at which stabilization transactions last occurred; and (iv) the price range within which the stabilization transaction was carried out, for each of the dates during which stabilization transactions were carried out.

Liquidity Providers

There are no entities that have a firm commitment to act as intermediaries in secondary trading providing liquidity through bid and offer rates.

Over-allotment Option

In connection with the Offering, the Company will grant to the Underwriters, acting severally and not jointly, an option to subscribe up to the maximum number of the Over-allotment Shares at the Offering Price. The Over-allotment Option is exercisable by the Stabilizing Manager, on behalf of the Underwriters, upon notice to the Company, on one occasion in whole or in part, only for the purpose of covering over-allotments (if any) and to cover any short positions resulting from stabilization transactions (if any), no later than 30 calendar days after the date of commencement of trading of the Shares on the Spanish Stock Exchanges. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the Initial Offer Shares, including for all dividends and other distributions declared, made or paid on the Initial Offer Shares, will be purchased on the same terms and conditions as the Initial Offer Shares being sold in the Offering and will form a single class for all purposes with the other Shares.

The exercise of the Over-allotment Option is not subject to any conditions.

Lock-up

Company lock-up

The Company will agree that during a period from the date on which the Underwriting Agreement is signed to and including 180 days from the Settlement Date, none of the Company or any of its subsidiaries or any person acting on its or their behalf (other than the Underwriters, as to whom the Company will give no undertaking) will, without the prior written consent of the Joint Global Coordinators, directly or indirectly:

(i) issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or other securities that are substantially similar to the Shares, or any securities convertible into or exercisable or exchangeable for Shares or file any prospectus under the Prospectus Directive or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing;

(ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company; or

(iii) enter into any other transaction with the same economic effects as (i) and (ii) above, or agree to do or publicly announce the intention to do any of the foregoing,

whether any such swap or transaction described in (i), (ii) or (iii) above is to be settled by delivery of Shares or any securities convertible into or exercisable or exchangeable for Shares, in cash or otherwise.

The foregoing sentence shall not apply to (A) the issue of the Offer Shares by the Company, or (B) transfers of Shares by the Company in favour of its controlled companies.

The carve-out set in (B) above is subject to the following conditions: (x) that any such transferees shall agree to be bound by the lock-up obligations of the Company for the remainder of the Lock-up Period, and (y) that any such inter-company transfers of Shares shall be performed on terms and conditions that do not conflict with the Offering.

Shareholders lock-up

Our current shareholders, Landa LLC, Beraunberri, S.L. and Burgest 2007, S.L., will agree that during a period from the date on which the Underwriting Agreement is signed to and including 360 days after the Settlement Date, neither the current shareholders nor any of its affiliates nor any person acting on its or any of their behalf (other than the Company and its subsidiaries, as to whom the current shareholders will give no undertaking) will, without the prior written consent of the Joint Global Coordinators, directly or indirectly, (A) offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or other shares of the Company or its subsidiaries (other than the sale by them to the Company of their shares in Solarpack Promo 2007 Cientoveintiuno, S.L.) or any securities convertible into or exercisable or exchangeable for Shares or other shares of the Company or its subsidiaries or file any prospectus under the Prospectus Directive or any similar document with any other securities regulator, stock exchange or listing authority with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or other shares of the Company, whether any such transaction described in (A) or (B) above is to be settled by delivery of Shares or such other securities of the Company or its subsidiaries, in cash or otherwise.

The foregoing sentence shall not apply to (i) such Shares held by Beraunberri, S.L. as may be lent by said entity to the Underwriters pursuant to the stock lending agreement to be entered between Beraunberri, S.L., as lender, Société Générale, as borrower, and Caixabank, S.A. as Agent Bank; (ii) transfers of Shares by the relevant shareholder in favour of its affiliates, provided that (x) such transferees agree to be bound by the lock-up obligations of the relevant shareholder as are set forth for the remainder of the Lock-up Period and (y) any such inter-company transfers of Shares shall be performed on terms and conditions that do not conflict with the Offering; (iii) the transfer of the Shares in the context of a potential tender offer for the acquisition of the Company; (iv) any disposal of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members or any class of them which is agreed to by the relevant creditors or members and provided that such a compromise or arrangement falls within article 71 bis of Act 22/2003, of July 9, on insolvency (*Ley 22/2003, de 9 de julio, concursal*) and is sanctioned by a court of competent jurisdiction; (v) any pledge over Shares, provided that if such pledge is enforced, the transferees of such Shares agree to be bound by the lock-up obligations of the relevant shareholder as are set forth in this deed for the remainder of the Lock-up Period; and (vi) any disposal of Shares pursuant to any offer by the Company to purchase its own securities which is made on identical terms to all holders of Shares.

Other Relationships

Each of the Underwriters is a full service financial institution engaged in various activities, which may include the provision of investment banking, commercial banking and financial advisory services. The Underwriters, their respective affiliates and any investment vehicle, directly or indirectly connected therewith in the ordinary course of business may have in the past engaged in investment banking and/or commercial banking transactions with the Company and its affiliates from time to time for which they may have received customary fees and reimbursement of expenses and may in the future, from time to time, engage in transactions with and perform services for the Company and its affiliates in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates or any other investment vehicle directly or indirectly related thereto may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and its affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments.

In addition, certain of the Underwriters or their affiliates or any other investment vehicle directly or indirectly related thereto are, or may in the future be, lenders, and in some cases agents or managers for the lenders, under certain of the credit facilities and other credit arrangements of the Company and its affiliates. In their capacity as lenders, such lenders may, in the future, seek a reduction of a loan commitment to the Company and its affiliates, or impose incremental pricing or collateral requirements with respect to such facilities or credit arrangements, in the ordinary course of business. In addition, certain of the Underwriters or their affiliates or any other investment vehicle directly or indirectly related thereto that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. A typical such hedging strategy would include these Underwriters or their affiliates or any other investment vehicle directly or indirectly related thereto hedging such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities. The Underwriters, their affiliates and any other investment vehicle directly or indirectly related thereto may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Underwriters do not consider any of the arrangements describe above to be material in the context of the Offering.

SELLING AND TRANSFER RESTRICTIONS

General

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

The distribution of this prospectus and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been taken or will be taken in any jurisdiction that would permit a public offering or sale of the Offer Shares, or possession or distribution of this prospectus (or any other Offering or publicity material relating to the Offer Shares), in any country or jurisdiction where action for that purpose is required or doing so may be restricted by law.

None of the Offer Shares may be offered for subscription, sale or purchase or be delivered, and this prospectus and any other Offering material in relation to the Offer Shares may not be circulated, in any jurisdiction where to do so would breach any securities laws or regulations of any such jurisdiction or give rise to an obligation to obtain any consent, approval or permission, or to make any application, filing or registration.

United States

Due to the following restrictions, purchasers of Offer Shares in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of the Offer Shares.

Restrictions under the U.S. Securities Act

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Underwriters may offer Shares (i) in the United States only through their U.S. registered broker affiliates or broker-dealers registered under the U.S. Securities Exchange Act of 1934 (as amended, the "**Exchange Act**") to the extent permitted by Rule 15a-6 under the Exchange Act to persons reasonably believed each to be a QIB (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act or (ii) outside the United States in compliance with Regulation S.

In addition, until 40 days after the later of the commencement of the Offering and the last transaction date of the Offering, any offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the U.S. Securities Act.

Regulation S

(a) Each subscriber or purchaser of the Offer Shares outside the United States will be deemed by its acceptance of the Offer Shares to have represented and agreed, on its own behalf and on behalf of any investor accounts for which it is subscribing for or purchasing the Offer Shares, that neither the Company or any of the Company's affiliates nor any of the Underwriters, nor any person representing the Company, any of its affiliates or any of the Underwriters, has made any representation to it with respect to the Offering or sale of any Offer Shares, other than the information contained in this prospectus, which prospectus has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offer Shares, it has had access to such financial and other information concerning the Company and the Offer Shares as it has deemed necessary in connection with its decision to purchase any of the Offer Shares, and that (terms defined in Regulation S shall have the same meanings when used in this section);

(b) the purchaser understands and acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and may not be offered, sold or otherwise transferred except pursuant from an exception from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities law;

(c) the purchaser, and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, is acquiring the Offer Shares in an "offshore transaction" meeting the requirements of Regulation S and was located outside the United States at the time the buy order for the Offer Shares was originated;

(d) the purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this prospectus;

(e) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S; and

(f) the Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions.

Rule 144A

Each purchaser of the Offer Shares within the United States will be deemed by its acceptance of the Offer Shares to have represented and agreed on its behalf and on behalf of any investor accounts for which it is subscribing for or purchasing the Offer Shares, that neither the Company nor any of the Company's affiliates nor any of the Underwriters, nor any person representing the Company, any of its affiliates or any of the Underwriters, has made any representation to it with respect to the Offering or sale of any Offer Shares, other than the information contained in this prospectus, which prospectus has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offer Shares, that it has had access to such financial and other information concerning the Company and the Offers shares as it has deemed necessary in connection with its decision to purchase any of the Offer Shares, and that (terms defined in Rule 144A shall have the same meanings when used in this section):

(a) the purchaser acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(b) the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A, and (iii) is acquiring such Offer Shares for its own account or for the account of a QIB;

(c) the purchaser is aware that the Offer Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

(d) if, prior to the date that is one year after the later of the date of the Offering and the last date on which the Offer Shares were acquired from the Company or any of the Company's affiliates (the "**Resale Restriction Termination Date**"), the purchaser decides to offer, resell, pledge or otherwise transfer such Offer Shares, such Offer Shares may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act, (ii) in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, or (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), and (B) in accordance with all applicable securities laws of the states of the United States and any other jurisdiction and agrees to give any subsequent purchaser of such shares notice of any restrictions on the transfer thereof;

(e) the Offer Shares have not been offered to it by means of any general solicitation or general advertising;

(f) the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any Offer Shares;

(g) the purchaser will not deposit or cause to be deposited such Offer Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(h) the Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend to the following effect:

THE SECURITY EVIDENCED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR RESALES OF THIS SECURITY; and

(i) the Company shall not recognize any offer, sale, pledge or other transfer of the Offer Shares made other than in compliance with the above stated restrictions.

Each purchaser acknowledges that the Company and the Underwriters will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or agreements deemed to have been made by such purchaser by its purchase of Offer Shares are no longer accurate, it shall promptly notify the Company and the Underwriters; if it is acquiring Offer Shares as a fiduciary or agent for one or more investor accounts, each purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Terms defined in Rule 144A or Regulation S shall have the same meanings when used in this section.

Each purchaser of the Offer Shares will be deemed by its acceptance of the Offer Shares to have represented and agreed that it is purchasing the Offer Shares for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State, except in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are Qualified Investors as defined in the Prospectus Directive;
- by the Underwriters to fewer than 150 natural or legal persons (other than Qualified Investors as defined in the Prospectus Directive) per Relevant Member State subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or a Supplement to the prospectus pursuant to Article 16 of the EU Prospectus Directive and each person who initially acquires any Offer Shares or to whom an offer is made will be deemed to have represented, warranted and agreed to and with the Underwriters and us that it is a Qualified Investor within the meaning of the law in that Relevant Member State implementing Article 2(e) of the Prospectus Directive.

For the purpose of the expression an "offer of any shares to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to Qualified Investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. We, the Underwriters and their affiliates, and others will rely (and Solarpack acknowledges that the Underwriters and their affiliates and others will rely) upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

In this section, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notwithstanding the foregoing, we are required to issue a supplement to the prospectus in respect of any significant new factor, material mistake or inaccuracy relating to the information included in this prospectus which is capable of affecting the assessment of the Offer Shares and which arises or is noted between the date of registration of this prospectus with the CNMV and the date of Admission, in accordance with Articles 22 and 40 of Spanish Royal Decree 1310/2005, of November 4 (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de Julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) ("**Royal Decree 1310/2005**").

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) MiFID II; and (c) the MiFID II Product Governance Requirements, and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Manufacturers will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the securities and determining appropriate distribution channels.

United Kingdom

No Offer Shares are being offered to the public in the United Kingdom using this prospectus.

In the United Kingdom, this document is only being distributed to and is only directed at (1) qualified investors, as that term is defined in the Prospectus Directive (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and or (ii) who are high net worth entities within the categories described falling within Article 49(2)(a)-(d) of the Order and (2) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Offer Shares are only available in the United Kingdom, and any invitation, offer or agreement to purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with the relevant persons. Any person in the United Kingdom who is not a relevant person should not act or rely on this document or any of its contents.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Offer Shares will be communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom have been, and will be, complied with.

Australia

This document is not a prospectus, product disclosure statement or other disclosure document under Chapter 6D or Part 7.9 of the Corporations Act 2001 (Cth) ("**Corporations Act**") and has not been and will not be lodged with the Australian Securities and Investments Commission ("**ASIC**"). This document does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under Chapter 6D or Part 7.9 of the Corporations Act. The Offering is made only to persons to whom it is lawful to offer shares in Australia without disclosure to investors under Chapter 6D of the Corporations Act.

As no formal prospectus, product disclosure statement or other disclosure document will be lodged with ASIC, any offer in Australia of the Offer Shares may only be made to persons who are 'sophisticated investors' within the meaning of section 708(8) of the Corporations Act) or 'professional investors' (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Offer Shares without disclosure to investors under Chapter 6D of the Corporations Act. If any recipient of the document is not a 'sophisticated investor' or a 'professional investor' and does not otherwise fall within one or more of the exemptions contained in section 708 of the Corporations Act, no offer of, or invitation to apply for, the Offer Shares shall be deemed to be made to such recipient and no applications for the Offer Shares will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient.

In addition, the Offer Shares must not be offered for sale in Australia in the period of 12 months after the date of allotment under Offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. An Investor acquiring Offer Shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

By applying for Offer Shares under the document, each person to whom Offer Shares are issued (an "**Investor**"):

(a) confirms that they are a 'sophisticated investor' (within the meaning of section 708(8) of the Corporations Act), a 'professional investor' (within the meaning of section 708(11) of the Corporations Act) or otherwise permitted to invest in the Offer Shares pursuant to one or more exemptions contained in section 708 of the Corporations Act, and (b) a 'wholesale client' (within the meaning of section 761G of the Corporations Act;

(b) acknowledges that if any Investor on-sells Offer Shares within 12 months from their issue, the Investor will be required to lodge prospectus, product disclosure statement or other a disclosure document with ASIC unless either:

(i) that sale is to another 'sophisticated investor' or 'professional investor' or is otherwise permitted pursuant to one or more exemptions contained in section 708 of the Corporations Act; or

(ii) the sale offer is received outside Australia; and

(c) undertakes not to sell the Offer Shares in any circumstances other than those described in paragraphs (b)(i) and (ii) above for 12 months after the date of issue of such Offer Shares.

This document is not, and under no circumstances is to be construed as, an advertisement or public offering of the Offer Shares in Australia.

The document may only be distributed to investors in Australia and any offer of Offer Shares may only be made to investors in Australia, in each case subject to the conditions set out above, on behalf of each Underwriter by its affiliate holding an Australian Financial Services License permitting such license holder to distribute the document and to offer the Offer Shares to investors in Australia.

Japan

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended (the "**FIEA**")). This prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity, organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEA and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other Offering or marketing material relating to the Offer Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other Offering or marketing material relating to the Offering, we or the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Shares.

Canada

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Spanish company and our assets are located outside of the United States. In addition, a majority of our current directors and executive officers are resident in Spain. As a result, it may be difficult for shareholders in the United States to effect service of process on, or enforce foreign judgments obtained against, us or these persons in foreign courts predicated solely upon the civil liability provisions of U.S. securities laws. Furthermore, there is doubt that a lawsuit based upon U.S. federal or state securities laws, or the laws of any non-Spanish jurisdiction, could be brought in an original action in Spain and that a foreign judgment based upon such laws would be enforceable in Spain.

VALIDITY OF THE SHARES AND LEGAL MATTERS

The validity of the Shares offered and certain other matters governed by Spanish law will be passed upon for us by Latham & Watkins LLP, our Spanish counsel, and for the Underwriters by Linklaters, S.L.P., Spanish counsel to the Underwriters.

Certain other matters governed by English and U.S. federal law will be passed upon for us by Latham & Watkins LLP, our English and U.S. counsel, and for the Underwriters by Linklaters S.L.P., English and U.S. counsel to the Underwriters.

ADDITIONAL INFORMATION

Documents on display

Copies of the following documents will be available for inspection in physical form until Admission during business hours on weekdays at the Company's offices at Avenida Algorta, 16, Piso 3, 48992, Getxo, Bizkaia, Spain:

(a) deed of incorporation of the Company;

(b) bylaws of the Company (which, following Admission, will also be available on the Company's website at www.solarpack.es > Shareholders and Investors > Corporate Governance > Bylaws);

(c) Board of Directors Regulations, General Shareholders' Meeting Regulations, Internal Code of Conduct in Securities (which, following Admission, will also be available on the CNMV's website at www.cnmv.es upon Admission and on the Company's website at www.solarpack.es > Shareholders and Investors > Corporate Governance);

(d) the Company's audited individual balance sheet as of June 30, 2018, which will also be available on the Company's website at www.solarpack.es > Shareholders and Investors > Economic and financial information;

(e) the Company's audited annual consolidated financial statements as of and for the years ended December 31, 2017, which will also be available on the CNMV's website at www.cnmv.es upon Admission and the Company's audited annual consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 which will also be available on the Company's website at www.solarpack.es > Shareholders and Investors > Economic and financial information;

(f) the Company's audited interim consolidated financial statements for the six months ended June 30, 2018 which will also be available on the Company's website at www.solarpack.es > Shareholders and Investors > Economic and financial information;

(g) the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2018, which will also be available on the Company's website at www.solarpack.es > Shareholders and Investors > Economic and financial information;

(h) English translations of the original Spanish language documents referred to in (a) and (g) above, which will also be available on the Company's website at www.solarpack.es > Shareholders and Investors > Economic and financial information;

(i) this prospectus (which will also be available on the CNMV's website at www.cnmv.es and on the Company's website at www.solarpack.es > Shareholders and Investors > Corporate Information > Public Offerings); and

(j) certificate of the resolutions approved by the general shareholders' meeting and board of directors in connection with the Offering and the Admission.

The documents referred to in (a) to (i) above will also be available for inspection in physical form at the CNMV's premises at Calle Edison 4, 28006 Madrid, Spain.

We incorporate by reference in this prospectus the 2015 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements which will be available on the Company's website at www.solarpack.es > Shareholders and Investors > Economic and financial information as referred to in (e).

Neither our website www.solarpack.es nor any of its contents form part of or is incorporated into this prospectus whether by reference or otherwise.

Information on the Company

The Company's legal name is Solarpack Corporación Tecnológica, S.A. and it operates under the commercial name "SOLARPACK". The Company was incorporated as a limited liability company (*sociedad de responsabilidad limitada*) in Spain on April 1, 2005 for an unlimited period of time. The Company holds Spanish tax identification number (NIF) A-95363859 and is registered with the Commercial Registry of Bizkaia under Volume 4,535, Sheet 210 and Page BI-42377. The Company's LEI code is 959800NAFTNQ5VSH4K06.

The principal legislation under which the Company operates, and under which the Shares were created, is the Spanish Companies Act and the regulations made thereunder.

The registered office of the Company is at Avenida Algorta, 16, Piso 3, 48992, Getxo, Bizkaia, Spain and its phone number is +34 944309204.

The financial year end of the Company is December, 31.

The Company is domiciled in Getxo (Spain) and resident in Spain for tax purposes.

Company's subsidiaries

The following table shows the Company's main subsidiaries as of the date of this prospectus:

Subsidiary/Group company	Country of incorporation	Direct interest (%)	Indirect interest (%)
Acrux Uno, S.L.U.	Spain	100.00	
Antilla Dos. S.L.U.	Spain	100.00	
Andromeda Veintiseis, S.L.U.	Spain	100.00	
Cruz del Sur Cuarentainueve. S.L.U.	Spain	100.00	
Orion Setentaicuatro, S.L.U.	Spain	100.00	
Solarpack Promo 2007 Treintaitres, S.L.U.	Spain	100.00	
Solarpack Promo 2007 Treintaicinco, S.L.U.	Spain	100.00	
Solarpack Promo 2007 Cincuentaisiete, S.L.U.	Spain	100.00	

Subsidiary/Group company	Country of incorporation	Direct interest (%)	Indirect interest (%)
Solarpack Promo 2007 Sesentaitres, S.L.U.	Spain	100.00	
Solarpack Promo 2007 Setentaidos, S.L.U.	Spain	100.00	
Solarpack Promo 2007 Ochentaidos. S.L.U.	Spain	100.00	
Solarpack Ingenieria, S.L.U.	Spain	100.00	
Solarpack Perú, S.A.C.	Perú	99.99	0.01
Gestión Solar Peru, S.A.C.	Perú		50.00
Solarpack Uruguay, S.A.	Uruguay	100.00	
Solarpack Asia SDN. BHD.	Malaysia	100.00	
Spk Services Singapore Pte. Ltd.	Singapore	95.00	
Solarpack India LLP	India	99.99	
Padmajwadi Solar Pte. Ltd.	India	82.64	
Renjal Solar Pte. Ltd..	India	82.62	
Gummadidala Solar Pte. Ltd.	India	82.66	
Ghanpur Solar Pte. Ltd.	India	82.66	
Thukkapur Solar Pte. Ltd...	India	82.66	
Achampet Solar Pte. Ltd..	India	82.64	
Solarpack Chile Limitada.	Chile	99.90	0.1
Arica Solar 1 SA..	Chile		100.00
Amunche Solar S.p.A.	Chile		100.00
Maria Elena Solar	Chile		100.00
PMGD Holdco, S.L.	Spain	80.00	
PMGD Holdco Chile, SpA	Chile		80.00
Pozo Almonte Solar 1, SpA...	Chile		80.00
Calama Solar 1 SpA.	Chile		80.00
Calama Solar 2 SpA.	Chile		80.00
Solarpack Development, Inc..	USA	100.00	
Solarpack Colombia, SAS	Colombia	100.00	
SPK Energias Renovables Mexico 1 SA de CV	Mexico	100.00	
Spk Alvarado, S.L.	Spain	100.00	
Solarpack Monclova. S.L.	Spain	100.00	
Peńaflor Solar. S.L.	Spain	100.00	
Pedroso Solar, S.L.	Spain	100.00	
Sol De Alvarado. S.L...	Spain	100.00	
Ekialde Solar Private Limited..	India	100.00	
Ataca Solar Holdco S.p.A..	Chile	19.00	
Calama Solar 3, S.A.	Chile		19.00
Pozo Almonte Solar 2, S.A..	Chile		19.00
Pozo Almonte Solar 3, S.A.	Chile		19.00

Subsidiary/Group company	Country of incorporation	Direct interest (%)	Indirect interest (%)
Pampul Holdco, S.L.	Spain	19.00	
Moquegua FV, SAC	Perú		19.00
Tacna Solar, SAC	Perú	9.50	
Panamericana Solar, SAC	Perú	9.50	
Solarpack Promo Ciento Veintiuno, S.L.	Spain	49.76	
Kabi Solar (Proprietary) Limited	South Africa	60.00	
Alpur Solar Private Limited	India		100.00
Ekialde Sun Solar Private Limited	India		100.00
Holen Solar Private Limited	India		100.00
Nanj Solar Private Limited	India		100.00
Yala Solar Private Limited	India		100.00
Apolo Solar SpA	Chile	100.00	
Astro Solar SpA	Chile	100.00	
Suvan Solar SpA	Chile	100.00	
Cuenca Solar SpA	Chile	100.00	
Granja Solar Holdco SpA	Chile	100.00	
Los Libertadores Solar SpA	Chile	100.00	
Maria Elena Solar S.A.	Chile	1.00	99.00
Taltal Solar S.A.	Chile	1.00	99.00
Tamarugal Solar S.A.	Chile	1.00	99.00
Diego de Almagro Solar 2 SA	Chile	1.00	99.00
Diego de Almagro Solar 3 SA	Chile	1.00	99.00
Condorsolar SA	Ecuador		48.98
Generacion de energía Solar Solarconnection SA	Ecuador		48.98
Ecuador Solar Holdco S.L.	Spain	50.00	
Itok Solar S.L.	Spain		48.98

INDEPENDENT AUDITORS

Auren Auditores SP, S.L.P., with address for these purposes at Rodriguez Arias 15, 4, 48008 Bilbao (Spain), registered with the Commercial Registry of Madrid, under volume 33,829, section 8, page 89, sheet M-608799 as the 1st entry, holder of tax identification number (NIF) B-87352357 and registered with the Official Registry of Accounting Auditors (ROAC) under number S2347 has audited the Company's Audited Annual Consolidated Financial Statements for the years ended December 31, 2015, 2016 and 2017 which are included in this prospectus, as stated in their reports included in this prospectus. For the year ended December 31, 2015, Auren Auditores BIO, S.L.P. with address for these purposes at Rodriguez Arias 15, 4, 48008 Bilbao (Spain), registered with the Official Registry of Accounting Auditors (ROAC) under number S1822 audited the Company's Audited Annual Consolidated Financial Statements for the years ended December 31, 2015 which are included in this prospectus, as stated in their reports included in this prospectus.

Deloitte, S.L., headquartered in Madrid and with address, at Plaza Pablo Ruiz Picasso 1, Torre Picasso, 28020, Madrid, Spain, registered with the Commercial Registry of Madrid, under volume 13,650, section 8, page 188, sheet M-54414 as the 96th entry, holder of tax identification number (NIF) B-79104469 and registered with the Official Registry of Accounting Auditors (ROAC) under number S0692 has audited the Company's Audited Interim Consolidated Financial Statements, has performed a limited review over the Interim Consolidated Financial Statements and has issued a special auditor's report in accordance with ISAE 3420 on the Pro Forma Financial Information included in this prospectus.

DEFINITIONS

Unless otherwise specified or the context requires otherwise in this prospectus:

- references to "**Admission**" refer to the admission of the Shares to trading on the Spanish Stock Exchanges and on the AQS or *Mercado Continuo* of the Spanish Stock Exchanges;
- references to "**AQS**" or "**Automated Quotation System**" refer to the Spanish Automated Quotation System (*Sistema de Interconexión Bursátil Español* or SIBE), or *Mercado Continuo*, of the Spanish Stock Exchanges;
- references to "**average load factor**" are to the measure of total energy output of a power plant divided by the gross capacity and the number of hours during a period of time;
- references to "**CaixaBank**" refer to CaixaBank, S.A.;
- reference to "**capacity**" or "**gross capacity**" refer to photovoltaic module label direct current capacity, measured in megawatts;
- references to "**CIT**" refer to corporate income tax;
- references to the "**CNMV**" refer to the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*);
- references to the "Co-Lead Manager" refer to Banco Cooperativo Español, S.A.;
- references to the "**Company**" refer to Solarpack Corporación Tecnológica, S.A., a company incorporated under the laws of Spain on April 1, 2005 as a limited liability company (*sociedad de responsabilidad limitada*). On September 19, 2018, the Company changed its corporate form from a *sociedad limitada* to a *sociedad anónima*. The Company holds Spanish tax identification number (NIF) A-95363859, with registered office at Avenida Algorta, 16, Piso 3, 48992, Getxo, Bizkaia, Spain and phone number +34 944309204;
- references to "**euro**" or "**€**" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;
- references to "**Euroclear**" refer to Euroclear Bank, S.A./N.V., as operator of the Euroclear System;
- references to the "**EEA**" refer to the European Economic Area;
- reference to "**EPC**" refer to engineering, procurement and construction;
- references to the "**EU**" refer to the European Union;
- references to the "**FSMA**" refer to the Financial Services and Markets Act 2000;
- references to the "**Group**", "**our**", "**us**" and "**we**" refer, individually or collectively, as the context may require, to the Company and its subsidiaries;
- references to "**GWh**" refer to one gigawatt hour, which equals one billion watt hours;
- references to "**Iberclear**" refer to Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U.;
- references to "**IEA**" refer to the International Energy Agency;

- references to "**IFRS**" refer to International Financial Reporting Standards as adopted by the EU;
- references to "**IRENA**" refer to the International Renewable Energy Agency;
- references to "**JB Capital Markets**" refer to JB Capital Markets, S.V., S.A.U.;
- references to the "**Joint Global Coordinators**" refer to CaixaBank, S.A. and Société Générale;
- references to the "**Joint Bookrunner**" refer to JB Capital Markets, S.V., S.A.U.;
- references to "**MW**" refer to one megawatt (of DC capacity when referred to solar PV), which equals one million watts;
- references to "**MWh**" refer to one megawatt hour, which equals one million watt hours;
- references to "**MWit**" refer to one megawatt as used in the calculation of the "specific retribution" in Spanish regulated PV assets;
- reference to "**New Policies Scenario**" or "**NPS**" refer to the IEA metric to provide an indication on how today's policy ambitions will likely guide the energy sector. NPS incorporates not just the policies and measures that governments around the world have already put in place, but also the likely effects of announced policies, including the Nationally Determined Contributions made for the Paris Agreement operations and maintenance;
- reference to "**O&M**" refer to operations and maintenance;
- references to "**OECD**" refer to the Organisation for Economic Co-operation and Development;
- references "**off-take arrangements**" refer to a long-term arrangements, such as PPAs, regulated tariffs in Spain and other types of regulatory schemes that provide for contracted revenues or stabilized price mechanisms in connection with the sale of energy to the relevant off-taker;
- references to "**plant availability rate**" are to the measure of the amount of time that a generating plant is able to produce electricity over a certain period by subtracting from total hours in the period all maintenance outage hours, planned outage hours and forced outage hours (excluding the hours where power grid was unavailable);
- references to "**plant load factor**" refer to the ratio of the actual output of all our solar PV power plants over the reporting period to their potential output if it were possible for them to operate indefinitely at full capacity;
- references to the "**Planned Project Investments**" refer to the investments for the development and construction of the Granja project in Chile, the Monclova and Grullas plants in Spain and the KA2 project in India, which we intend to fund using a portion of the proceeds from the issue of Initial Offer Shares and the Over-allotment Shares. See "*Business— Project portfolio, Backlog and Pipeline—Backlog—Planned Project Investments*" and "*Use of Proceeds*";
- references to "**PPA**" refer to power purchase agreement;
- references to the "**Prospectus Directive**" refer to Directive 2003/71/EC of November 4, 2003 (and amendments thereto, including Directive 2010/73/EU), and include any relevant implementing measure in each relevant member state of the EEA;
- references to "**project**" refer to one or multiple solar PV power plants sharing the same or related off-take arrangement and/or are financed and built as a result of a common undertaking;
- references to "**PV**" refer to photovoltaic;

- references to "**QIBs**" refer to qualified institutional buyers within the meaning of Rule 144A under the Securities Act;
- references to "**Regulation S**" refer to Regulation S under the Securities Act;
- references to "**REN21**" refer to the Renewable Energy Policy Network for the 21st century;
- references to "**RFP**" refer to request for proposal;
- references to "**Rule 144A**" refer to Rule 144A under the Securities Act;
- references to "**Société Générale**" refer to Société Générale;
- references to the "**Securities Market Act**" refer to the reinstated text of the Securities Market Act approved by Royal Decree 4/2015, of October 23 (*Texto Refundido de la Ley del Mercado de Valores aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre, que aprueba el Texto Refundido de la Ley del Mercado de Valores*);
- references to the "**Spanish Companies Act**" refer to the reinstated text of the Companies Act approved by Royal Decree 1/2010, of July 2 (*Texto Refundido de la Ley de Sociedades de Capital aprobado por el Real Decreto Legislativo 1/2010, de 2 de Julio*);
- reference to the "**Spanish Operating Assets**" refer to operating assets in Spain representing an incremental installed capacity of approximately 13 MW, the acquisition of which we intend to fund using a portion of the proceeds from the issue of Initial Offer Shares and the Over-allotment Shares. See "*Material Contracts—Acquisition of the Spanish Operating Assets*" and "*Use of Proceeds*";
- references to the "**spot market**" refer to a method of selling electricity on a market without long-term commitments of a contractual agreement. Almost every national or regional electricity system worldwide runs a spot marketplace. Spot market prices are subject to high volatility and are typically set on an hourly or daily basis;
- references to the "**SPV**" refer to the project-level special purpose vehicle;
- references to "**take and pay agreements**" refer to off-taker arrangements where the off-taker the amount of energy purchased by the off-taker is not fixed. If therefore, for any reason, the off-taker is not able to generate demand in a specific period of time, then it will not be obliged to purchase the energy produced for that period;
- references to "**take or pay agreements**" refer to off-taker arrangements in which the off-taker has the obligation to purchase a fixed amount of energy produced by the solar plant in a specific period of time, regardless of the off-taker's energy needs or consumption within that period;
- references to "**total capacity**" refer to the total amount of photovoltaic module label direct current capacity, measured in megawatts, that is generated as a total measured across multiple specified solar power plants.
- references to "**TWh**" refer to one terawatt hour, which equals one trillion watt hours;
- references to the "**Underwriters**" refer to the Joint Global Coordinators, the Joint Bookrunner and the Co-Lead Manager; and
- references to the "**U.S. Securities Act**" refer to the United States Securities Act of 1933, as amended.

Traducción al castellano del Resumen del Folleto de Solarpack Corporación Tecnológica, S.A. aprobado por la CNMV el 20 de noviembre de 2018

RESUMEN

*Los resúmenes se componen de los requisitos de información denominados elementos (los "**Elementos**"). Dichos Elementos se encuentran numerados en las Secciones A-E (A.1-E.7).*

Este resumen contiene todos los Elementos que deben incluirse en un resumen teniendo en cuenta el tipo de valores y el tipo de emisor. Dado que los Elementos no tienen todos ellos carácter obligatorio, pueden faltar secciones en la secuencia de numeración de los Elementos.

A pesar de que la inclusión de algún Elemento sea obligatoria en el presente resumen teniendo en cuenta el tipo de valores y el tipo de emisor, es posible que no pueda facilitarse ninguna información relevante sobre dicho Elemento. En ese caso, se incluye en el resumen la mención de "no aplica".

Sección A — Introducción y advertencias		
Elemento	**Descripción**	**Obligación de información**
A.1.	Introducción	**ESTE RESUMEN DEBE ENTENDERSE COMO UNA INTRODUCCIÓN AL FOLLETO. CUALQUIER DECISIÓN DE INVERTIR EN LOS VALORES DEBE ESTAR BASADA EN LA CONSIDERACIÓN POR PARTE DEL INVERSOR DEL FOLLETO EN SU CONJUNTO, INCLUYENDO EN PARTICULAR LOS FACTORES DE RIESGO.** **En caso de presentarse una demanda ante un tribunal y esté relacionada con la información contenida en este Folleto, el inversor demandante podría, en virtud del derecho nacional de los Estados miembros de la UE, tener que soportar el coste de la traducción del Folleto antes de iniciar el procedimiento judicial.** De conformidad con la legislación española, la responsabilidad civil se limita a las personas que hayan presentado el Resumen, incluida su traducción, únicamente cuando el Resumen sea engañoso, inexacto o incoherente en relación con las demás partes de este Folleto, o no aporte, leído junto con las otras partes del Folleto, información fundamental de ayuda a los inversores a la hora de decidir si invierten o no en dichos valores. Una posible actualización o ajuste de la información o de las declaraciones incluidas en este Folleto como consecuencia de la aparición de cualesquiera de los factores de riesgo descritos, no se considerará un error o una inexactitud ni se entenderá como información engañosa.
A.2	Subsiguiente reventa de valores o colocación final de valores a través de intermediarios financieros	No aplica. La Sociedad no ha contratado a ningún intermediario financiero para la reventa de valores o para la colocación final de los valores que requiera la publicación de un folleto tras la publicación de este documento.
Sección B — Emisor		
Elemento	**Descripción**	**Obligación de información**
B.1	Nombre legal y comercial del Emisor	La denominación social de la Sociedad es Solarpack Corporación Tecnológica, S.A. (la "**Sociedad**" o "**Solarpack**") y opera bajo el nombre comercial de "SOLARPACK".
B.2	Domicilio y forma jurídica de la Sociedad y	La Sociedad se constituyó como una sociedad de responsabilidad limitada en España en fecha 1 de abril de 2005 por plazo indefinido. El 19 de septiembre de 2018, la Sociedad se transformó en sociedad anónima bajo legislación española.

	país de constitución	El domicilio social de la Sociedad está en Avenida Algorta, 16, Piso 3, 48992, Getxo, Vizcaya, España y su número de teléfono es el +34 944309204. La Sociedad es titular de Número de Identificación Fiscal (N.I.F.) número A-95363859 y está inscrita en el Registro Mercantil de Vizcaya al Tomo 4.535, Folio 210 y Hoja BI-42377.
B.3	Factores clave relativos a la naturaleza de las operaciones actuales y principales actividades del emisor	Somos una compañía integrada verticalmente, independiente y especializada en la generación de energía solar fotovoltaica ("**FV**") con operaciones en España y otros mercados solares claves en todo el mundo. Nos especializamos en proyectos innovadores de energía solar, con experiencia y capacidades internas a lo largo de toda la cadena de valor, desde el diseño, el desarrollo, la financiación y la construcción de plantas de energía solar FV, hasta la operación en curso, la gestión y los servicios de supervisión, así como la producción y venta de energía asequible, de rápida obtención, limpia y sostenible. Con sede central cerca de Bilbao, España, hemos estado activos desde 2005 y actualmente tenemos presencia geográfica diversificada alrededor de Europa, América Latina, Asia y África, empleando a 127 personas en 10 países a fecha 30 de septiembre de 2018. A dicha fecha contábamos con oficinas en 10 países (Estados Unidos, Colombia, Perú, Chile, Uruguay, España, Sudáfrica, India, Vietnam y Malasia), así como participaciones en 11 plantas solares FV de última generación que operan en España, Perú, Chile e India, con una capacidad total de aproximadamente 252 MW, de los cuales 128 MW (141 MW pro forma para la adquisición de los Activos Operativos Españoles) eran atribuibles a nuestra participación proporcional en dichos proyectos. Durante el ejercicio finalizado a 31 de diciembre de 2017, nuestras plantas de energía solar FV produjeron 357,5 GWh (de los cuales 114,3 GWh fueron atribuibles a nuestra participación proporcional en dichos proyectos), con un factor de carga de planta del 28,3% y una tasa combinada de disponibilidad de planta del 99,7%. Además, a fecha 30 de septiembre de 2018, prestamos (i) servicios de operación y mantenimiento a 13 plantas de energía solar fotovoltaica con una capacidad total de 160 MW y (ii) servicios de gestión a 23 plantas de energía solar FV con una capacidad total de 330,3 MW. Adicionalmente, a fecha 30 de septiembre de 2018: nuestra cartera de pedidos (*Backlog*) se componía de nueve proyectos con una capacidad total de 510 MW, comprendidos en tres proyectos en España (con una capacidad total de 211 MW), cinco proyectos en Chile (con una capacidad total de 169 MW) y un proyecto en la India (con una capacidad total de 131 MW). Nuestra cartera de proyectos a la vista (*Pipeline*) consistía en 19 proyectos con una capacidad total de 1.251 MW comprendidos en tres proyectos en España (con una capacidad total de 109 MW), siete proyectos en Chile (con una capacidad total de 247 MW), seis proyectos en Sudáfrica (con una capacidad total de 517 MW) y tres proyectos en Colombia (con una capacidad total de 378 MW). Además, a fecha 30 de septiembre de 2018, contábamos con 31 proyectos con una capacidad total de 1.695 MW identificados como Oportunidades Identificadas, compuestos por dos proyectos en España (con una capacidad total de 9 MW), 15 proyectos en Chile (con una capacidad total de 521 MW), tres proyectos en Sudáfrica (con una capacidad total de 259 MW), un proyecto en Colombia (con una capacidad total de 48 MW), dos proyectos en EE.UU. (con una capacidad total de 140 MW), un proyecto en Perú (con una capacidad total de 180 MW), y oportunidades adicionales de proyectos por un total de 538 MW en otros mercados como Malasia, Vietnam, Laos, Mali y la República Dominicana. A 30 de septiembre de 2018, la Sociedad tenía 10,5 MW en construcción para un tercero en Colombia. Desde nuestros inicios, hemos desarrollado y construido plantas de energía solar FV que representan una capacidad total de 529 MW en 19 proyectos y hemos actuado como contratista o contratista de ingeniería, contratación y construcción (*engineering, procurement and construction*) ("**EPC**") para plantas de energía solar FV en cuatro países, lo que representa una capacidad total de 190 MW. Desde nuestros inicios, hemos prestado servicios de gestión de plantas solares FV con una potencia total de 696 MW. Como resultado de nuestro conocimiento y experiencia en la estructuración de la financiación de proyectos aplicada a nuestros proyectos y a proyectos similares, hemos sido capaces de negociar y

		estructurar con éxito, préstamos de financiación de proyectos con una capacidad total de 279 MW, obteniendo, aproximadamente, 511 millones de euros en préstamos sin recurso para proyectos. Además, a 30 de septiembre de 2018, habíamos asegurado inversiones patrocinadas por un total de aproximadamente €652 millones (incluyendo €202 millones en España, €122 millones en Chile, €225 millones en Perú, €75 millones en la India y €29 millones en Uruguay). Nuestras operaciones se centran en tres divisiones operativas y principales de negocio: Desarrollo y Construcción, Generación de Energía y Servicios. Ser una plataforma integrada verticalmente, nos aporta comprensión y control sobre el desarrollo, financiación, construcción y operación de proyectos, lo que a su vez nos proporciona comprensión y certeza respecto de nuestros costes de construcción, plazos y mantenimiento. Nuestra experiencia interna en EPC, junto con nuestra capacidad interna de operación y mantenimiento ("**O&M**") y gestión de activos, así como nuestra eficiente estrategia financiera, nos permite ofrecer soluciones rentables de energía solar FV. Debido a que contamos con capacidades de EPC y O&M propias como parte de nuestras divisiones de Desarrollo y Construcción y Servicios, somos capaces de mantener los márgenes de beneficio asociados a dichos servicios. Además, nuestras divisiones de Servicios y Generación de Energía ofrecen ingresos estables con flujos de efectivo altamente predecibles que nos permiten financiar nuestras actividades de desarrollo y construcción futuras y así contrarrestar el carácter cíclico de la industria de la construcción.
B.4a	Descripción de las tendencias recientes más significativas que afectan al emisor y a las industrias en las que se opera	**Tendencias y Dinámica actual de la Industria Solar** La energía solar FV es una industria relativamente joven que se ha desarrollado con gran rapidez y ha entrado en su fase de crecimiento a finales de la década del año 2000, cuando la capacidad ha empezado a aumentar sustancialmente impulsada por los planes de incentivos de salud concedidos por los gobiernos locales de toda Europa y China, con la intención de acelerar la descarbonización de las respectivas economías. En comparación con la primera fase de expansión experimentada por la industria solar entre los años 2000 y 2012, que se centró en Europa, los significativos cambios que han sufrido los mercados clave y los principales motores de crecimiento mercado han ido configurando el mercado, teniendo como resultado la situación actual de la industria solar. Algunas de las tendencias clave incluyen: • Mayor concienciación sobre las energías renovables, con inversores que exigen una mayor responsabilidad social corporativa. • Transición de mercados subvencionados a mercados solares autónomos regulados a través de subastas competitivas y mecanismos de subasta inversa que han tenido como resultado una reducción de los precios de la energía solar desde aproximadamente 250$/MWh en 2010 a menos de 50$/MWh en las subastas más recientes. • Surgimiento de nuevos mercados alrededor de América Latina, África, Oriente Medio y el Sudeste Asiático. • Evolución de la percepción de los inversores con respecto a los proyectos de energías renovables, que ahora se perciben como activos poco arriesgados a largo plazo. • Mejores términos y condiciones de financiación respaldados por una comprensión más sofisticada por parte de los financiadores, así como el acceso a nuevas soluciones de financiación, como los bonos verdes e instrumentos similares. • Reducción drástica del coste nivelado de la electricidad impulsado por las continuas mejoras tecnológicas que se traducen en un mayor rendimiento, fiabilidad y previsibilidad y, por lo tanto, en menores costes operativos y de mantenimiento.

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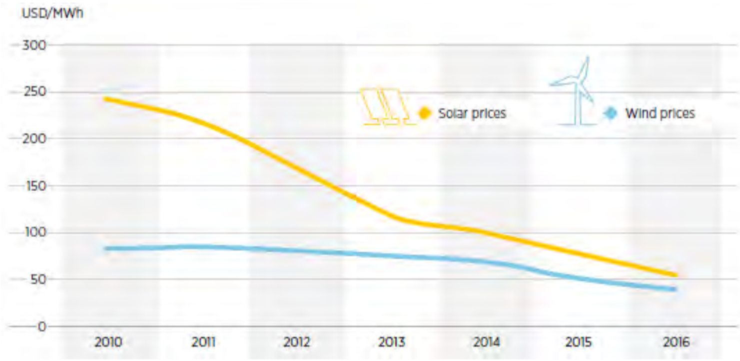
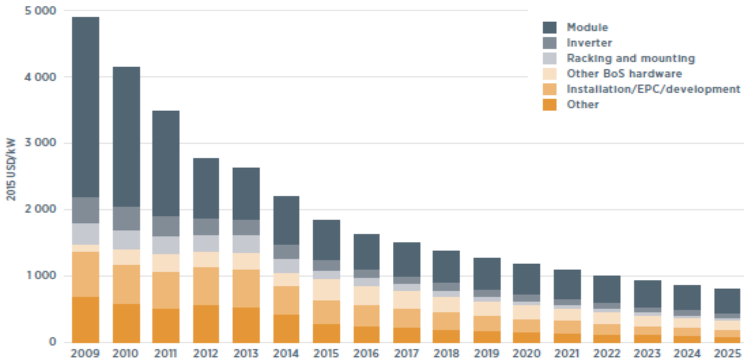
Gráfico: Precios Medios Globales resultantes de las Subastas de Energía Solar FV y Eólica en Tierra, 2010-2016



(Fuente: © IRENA, OECD/IEA y REN212018, '*Renewable Energy Policies in a Time of Transition*'.)

Gráfico: Desglose de los Costes del Sistema de Inversión para Plantas Solares FV, Media Ponderada Global



(Fuente: IRENA (2017), *Boosting Solar PV Markets*: '*The Role of Quality Infrastructure, International Renewable Energy Agency, Abu Dhabi*')

La rápida evolución del mercado ha tenido como consecuencia que varias empresas se hayan visto desplazadas y obligadas a abandonar el negocio debido a su incapacidad para adaptarse a las dinámicas del mercado. Teniendo en cuenta que la energía solar se está convirtiendo en una tecnología de uso generalizado por la industria a nivel global, a nuestro juicio, el éxito a largo plazo de las compañías del sector se verá determinado por los siguientes factores:

- no tener una exposición directa a la fabricación de componentes ya que, cada vez más, todos los componentes se van convirtiendo en productos más básicos y estandarizados y han sufrido grandes reducciones de precio;
- la integración vertical a lo largo de toda la cadena de desarrollo de valor para asegurar las mejores prácticas en el desarrollo y ejecución de proyectos que sean posibles de lograr únicamente a través de personal propio establecido en los países relevantes con habilidades que se extienden desde el desarrollo hasta la financiación y el EPC; y
- la capacidad de gestión para mantener la agilidad y flexibilidad de la organización para hacer frente a cualquier nueva oportunidad de mercado tan pronto como se presente.

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<td>B.5</td>
<td>Descripción del Grupo</td>
<td>El siguiente cuadro ilustra la estructura del Grupo a la fecha del presente Folleto:</td>
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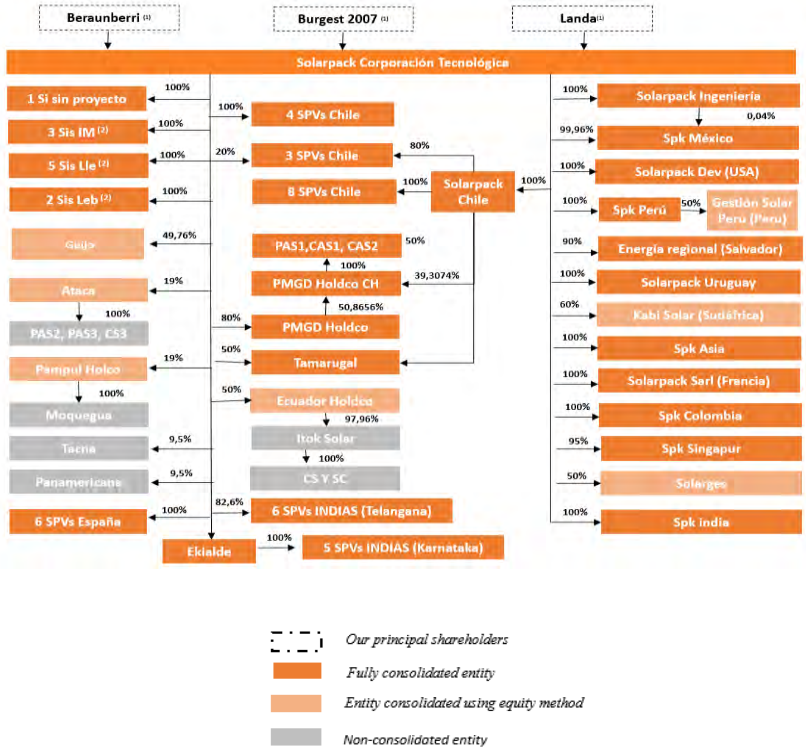

(1) Beraunberri, S.L. es propiedad al 100% de la familia de D. José María Galíndez Zubiría; Burgest 2007, S.L. es propiedad al 100% de la familia de D. Pablo Burgos Galíndez; Landa LLC es propiedad al 100% de D. Antonio Galíndez Zubiría y su familia. A partir de agosto de 2018, Ardian (a través de ACE) se convirtió en accionista de la Sociedad.

(2) A la fecha de este Folleto, la Sociedad es propietaria del 100% de tres entidades SIS SPV en Isla Mayor (de las 70 SPVs que conforman el proyecto Isla Mayor), 2 SPVs en Lebrija (de las 32 SPVs que conforman el proyecto Lebrija), dos SPVs en Llerena 1 (de las 40 SPVs que componen el proyecto Llerena 1), y tres SPVs en Llerena 2 (de las 40 SPVs que componen el proyecto Llerena 2). Estas entidades están relacionadas con los planes de completar la adquisición de los Activos Operativos Españoles una vez finalizada la oferta de nuevas acciones ordinarias por parte de la Sociedad (la "**Oferta**").

B.6 | Accionistas principales

La siguiente tabla contiene cierta información con respecto a la titularidad de las Acciones antes de la ejecución de la Oferta.

	Titularidad de las acciones antes de la Oferta	
	Número	**%**
Beraunberri, S.L.(1).........	15.999.960	80%
Burgest 2007, S.L.(2)	2.999.995	15%
Landa LLC (3)................	999.995	5%
ACE Renewable Holding USD, S.A.	50	0%
Total	20.000.000	100%

(1) Beraunberri, S.L. es propiedad al 100% de la familia de D. José María Galíndez Zubiría. D. José María Galíndez Zubiría posee el 50% de Beraunberri, S.L. y su esposa, Pia Aguirreche, el 50% restante.

(2) Burgest 2007, S.L. es propiedad al 100% de la familia de D. Pablo Burgos Galíndez. D. Pablo Burgos Galíndez posee el 53,5% de Burgest 2007, S.L. y su esposa, Irene Estefania, el 46,5% restante.

(3) Landa LLC es propiedad de la familia de D. Antonio Galíndez Zubiría. D. Antonio Galíndez Zubiría posee el 12,9% de Landa LLC y el 87,1% restante se divide a partes iguales entre los tres hijos de D. Antonio Galíndez Zubiría, llamados Álvaro, Jorge y Juan.

B.7	Información financiera histórica clave seleccionada

A continuación se expone información financiera consolidada y seleccionada del Grupo correspondiente a los ejercicios finalizados a 31 de diciembre de los años 2015, 2016 y 2017 que ha sido extraída de los Estados Financieros Consolidados Auditados de 2017, los cuales han sido preparados de acuerdo con las NIIF e incluidos en otras secciones de este Folleto. También se expone a continuación información financiera intermedia consolidada auditada y seleccionada para el Grupo a fecha 30 de junio de 2018 y para el periodo de seis meses finalizados a fecha 30 de junio de 2018, junto con información comparativa no auditada para los seis meses finalizados a fecha 30 de junio de 2017, la cual ha sido extraída de nuestros Estados Financieros Consolidados Intermedios Auditados preparados de acuerdo con las NIIF e incluidos en otra sección de este Folleto. Además, a continuación presentamos información financiera intermedia consolidada no auditada y seleccionada para los nueve meses terminados a fecha 30 de septiembre de 2018, junto con información comparativa no auditada para los nueve meses finalizados a fecha 30 de septiembre de 2017, la cual ha sido extraída de nuestros Estados Financieros Consolidados Intermedios preparados de acuerdo con la NIC 34 "Información Financiera Intermedia" e incluida en otras secciones de este Folleto.

Hemos reformulado nuestros Estados Financieros Consolidados Auditados de 2017 en fecha 6 de noviembre de 2018. Para mejorar la comparabilidad período a período con la información financiera de los ejercicios finalizados el 31 de diciembre de 2015 y 2016, la información financiera que figura en el Folleto relativa a dichos ejercicios ha sido extraída de la información financiera comparativa refundida para los ejercicios de los años 2015 y 2016 incluida en los Estados Financieros Consolidados Auditados de 2017. Véase la Nota 2.2 de los Estados Financieros Consolidados Auditados de 2017 sobre las razones específicas que motivaron esta reformulación y los cambios que implica en nuestras cuentas.

Se aconseja a los posibles inversores que lean los datos seleccionados a continuación junto con las secciones "*Presentación de Información Financiera y de otro Tipo*", "*Utilización de los Fondos*", "*Capitalización y Endeudamiento*" y "*Revisión Operativa y Financiera*", las Cuentas Anuales Consolidadas Auditadas, las Cuentas Anuales Consolidadas Intermedias Auditadas y las Cuentas Anuales Consolidadas Intermedias (que no han sido auditadas, pero han sido objeto de una revisión limitada por parte de Deloitte, S.L.), así como las notas correspondientes incluidas en otros apartados del presente Folleto.

Cuenta de Resultados Consolidada

	Año finalizado a 31 de diciembre			Seis meses finalizados a 30 de junio		Nueve meses finalizados a 30 de septiembre	
	2015*	**2016***	**2017**	**2017****	**2018**	**2017****	**2018**
			(*auditado*)	(*no auditado*)	(*auditado*)	(*no auditado*)	
				(*en miles de €*)			
Importe neto de la cifra de negocios	16.988	152.934	13.160	3.980	12.431	7.876	20.029
Otros ingresos de explotación...............	38	628	1.959	1.684	112	1.798	109
Variación de existencias de productos terminados y en curso y trabajos realizados por la empresa para su inmovilizado	41.263	(111.262)	17.167	14.713	203	15.241	683
Ingresos de explotación.	**58.289**	**42.300**	**32.286**	**20.378**	**12.747**	**24.915**	**20.821**
Consumo de mercaderías	(37.564)	(7.413)	(14.158)	(14.292)	43	(14.722)	(2.234)
Gastos de personal	(4.515)	(5.434)	(7.622)	(3.136)	(3.250)	(4.661)	(4.827)
Amortización de inmovilizado	(362)	(367)	(416)	(206)	(799)	(309)	(2.102)
Otros gastos de explotación...............	(5.975)	(6.708)	(4.813)	(2.734)	(2.214)	(4.803)	(3.106)
Gastos de explotación ...	**(48.416)**	**(19.922)**	**(27.008)**	**(20.368)**	**(6.220)**	**(24.495)**	**(12.269)**
Resultado de explotación(EBIT)...	**9.873**	**22.378**	**5.279**	**10**	**6.527**	**420**	**8.552**

Ingresos financieros	543	447	539	130	345	186	455
Gastos financieros	(6.416)	(4.653)	(2.371)	(454)	(4.321)	(1.003)	(6.513)
Variación en el valor razonable de los instrumentos financieros	—	(652)	7.326	7.105	577	8.176	1.179
Diferencias netas de cambio	4.201	2.716	(3.576)	(1.363)	324	(3.322)	(152)
Ingresos / (Gastos) financieros netos	**(1.672)**	**(2.142)**	**1.919**	**5.417**	**(3.076)**	**4.037**	**(5.031)**
Participación en resultados de sociedades consolidadas por el método de participación	691	131	(1.215)	(11)	327	(11)	276
Beneficio antes de impuestos	**8.892**	**20.367**	**5. 983**	**5.415**	**3.778**	**4.447**	**3.798**
Impuesto sobre beneficios	(1.494)	(5.358)	(623)	(639)	(871)	(49)	(984)
Resultado del ejercicio	**7.397**	**15.009**	**5.360**	**4.777**	**2.907**	**4.397**	**2.814**
Resultado atribuible a socios externos	***1.231***	***1.342***	***635***	***509***	***458***	***86***	***528***
Resultado atribuible a la Sociedad dominante	***6.167***	***13.667***	***4.726***	***4.268***	***2.449***	***4.311***	***2.286***

* Cifras refundidas y no auditadas a 31 de diciembre de 2015 y a 31 de diciembre de 2016 incluidas en los Estados Financieros Consolidados Auditados de 2017 para fines comparativos.
** Las cifras de junio de 2017 y septiembre de 2017 no han sido auditadas y se incluyen a efectos comparativos.

Balance de Situación Consolidado

	A 31 de diciembre.			A 30 de junio.	A 30 de septiembre.
	2015*	**2016***	**2017**	**2018**	**2018**
			(auditado)	*(auditado)*	*(no auditado)*
Activo			*(en miles de €)*		
Activo no corriente					
Inmovilizado material	5.569	5.572	5.196	117.208	113.732
Inmovilizado material - Plantas solares fotovoltaicas	*5.452*	*5.087*	*4.767*	*114.165*	*109.879*
Inmovilizado material en curso - Plantas solares fotovoltaica	—	—	—	*2.593*	*3.282*
Otro Inmovilizado material	*117*	*486*	*429*	*450*	*572*
Fondo de comercio e inmovilizado intangible	714	3	86	4.571	4.652
Inversiones en empresas del grupo y asociadas a largo plazo	2.069	4.254	4.971	5.250	4.978
Inversiones financieras a largo plazo	2.627	2.574	2.083	4.904	4.888
Activos por impuestos diferidos	7.558	2.343	4.143	4.066	4.317
	18.537	14.746	16.479	136.000	132.568
Activo corriente					
Existencias	136.098	34.070	117.958	1.404	1.691
Existencias-Plantas solares fotovoltaicas	135.078	34.070	117.958	1.185	1.538
Existencias-otros	1.020	—	—	219	152
Deudores comerciales y otras cuentas a cobrar	6.774	3.982	8.292	8.334	10.700
Inversiones en empresas del grupo y asociadas a corto plazo	880	2.879	978	736	909
Inversiones financieras a corto plazo	4.057	4.187	4.046	7.933	6.515
Periodificaciones a corto plazo	644	2.647	248	348	244
Efectivo y otros activos líquidos equivalentes	16.338	16.474	19.529	13.064	12.440
	164.790	64.238	151.051	31.818	32.498
Activo Total	**183.327**	**78.984**	**167.531**	**167.818**	**165.066**
Patrimonio neto					
De la sociedad dominante					
Capital	4	427	427	427	400
Prima de emisión	100	5.213	5.213	4.861	4.887
Reservas	41.857	45.174	46.596	43.539	43.348
Dividendo a cuenta	—	—	(263)	—	—
Diferencias de conversión	1.183	259	(3.033)	(3.691)	(4.274)
Activos a valor razonable con cambios en otro resultado integral	—	—	—	2.318	2.341
De accionistas minoritarios	5.758	5.300	4.020	4.517	4.518
Patrimonio Neto Total	48.903	56.373	52.960	51.970	51.220
Pasivo					
Pasivo no corriente					
Provisiones a largo plazo	1.365	168	325	412	418
Deudas a largo plazo	3.943	4.558	3.352	92.697	91.167
Deudas con entidades de crédito asociada a planta fotovoltaicas	*3.943*	*3.664*	*3.352*	*79.251*	*78.114*
Deudas subordinadas con socios minoritarios relacionado con plantas fotovoltaica	—	—	—	*3.452*	*3.417*
Derivados	—	*576*	—	—	—
Otros pasivos financieros	—	*318*	—	*9.994*	*9.637*

Deudas con empresas del grupo y asociadas a largo plazo	*329*	*92*	*—*	*—*	*34*
Pasivos por impuesto diferido	3.655	1.658	1.133	2.006	2.297
	9.292	**6.476**	**4.810**	**95.115**	**93.917**
Pasivo corriente					
Provisiones a corto plazo	516	213	332	189	187
Deudas a corto plazo	115.389	5.494	94.895	7.735	11.269
Deudas con entidades de crédito asociadas a planta fotovoltaicas	*90.779*	*327*	*85.098*	*5.979*	*7.213*
Fondos de préstamos a corto plazo - otros	*18.378*	*31*	*28*	*172*	*2.857*
Deuda subordinada con socios minoritarios	*—*	*—*	*3.717*	*449*	*495*
Derivados	*—*	*—*	*780*	*611*	*177*
Otros pasivos financieros	*6.232*	*5.135*	*5.272*	*524*	*528*
Deudas con empresas del grupo y asociadas a corto plazo	680	21	—	—	—
Acreedores comerciales y otras cuentas a pagar	8.345	10.191	14.332	12.715	8.431
Periodificaciones a corto plazo	202	216	202	94	41
	125.133	**16.134**	**109.761**	**20.733**	**19.929**
Total pasivo	**134.424**	**22.610**	**114.571**	**115.848**	**113.846**
Total patrimonio neto y pasivo	**183.327**	**78.984**	**167.531**	**167.818**	**165,066**

* Cifras actualizadas y no auditadas a 31 de diciembre de 2015 y a 31 de diciembre de 2016 incluidas en los Estados Financieros Consolidados Auditados de 2017 para fines comparativos.

Estado de Flujos de Efectivo Consolidado

	Año finalizado a 31 de diciembre			**Seis meses finalizados a 30 de junio**		**Nueve meses finalizados a 30 de septiembre**	
	2015*	**2016***	**2017**	**2017****	**2018**	**2017****	**2018**
			(*auditado*)	(*no auditado*)	(*auditado*)	(*no auditado*)	
			(*en miles de €*)				
Flujo de efectivo de las actividades de explotación (1)	**(36.401)**	**(2.370)**	**(74.318)**	**(64.135)**	**73**	**(74.297)**	**(3.530)**
Resultado del ejercicio antes de impuestos	***7.397***	***15.009***	***5.360***	5.047	3.778	***4.447***	***3.798***
Ajustes al Resultado:				-	-		
Amortización del Inmovilizado	362	367	416	206	799	309	2.102
Deterioro y resultado por enajenaciones de instrumentos financieros	(245)	170	645	(221)	82	-	83
Variación de valor razonable de instrumentos financieros	-	652	290	1.327	(577)	(798)	(1.179)
Variación de provisiones	108	(1.536)	305	(18)	(132)	-	(81)
Ingresos financieros	(543)	(222)	(474)	(130)	(345)	(186)	(455)
Gastos financieros	5.836	4.126	2.875	454	4.240	1.003	6.430
Diferencias de cambio	(4.201)	(2.716)	3.576	1.363	(324)	3.322	152
Trabajos realizados por la empresa para su activo	-	-	-	-	(18)	173	(71)
Otros resultados	1.494	(5.358)	(623)	11	(327)	11	(276)
Cambios en el capital corriente:				-	-		
Existencias	(38.629)	(13.825)	(87.637)	(62.609)	(2.754)	(75.621)	(2.814)
Deudores y otras cuentas a cobrar	(1.084)	681	(3.553)	(6.273)	281	(8.200)	(2.737)
Acreedores y otras cuentas a pagar	(1.262)	(425)	5.578	750	(940)	3.326	(5.788)
Otros activos y pasivos no corrientes	149	(2.367)	1.677	(121)	(207)	(174)	-
Otros flujos de efectivo de las actividades de explotación:				-	-		
Pagos de intereses	(5.836)	4.126	(2.875)	(454)	(4.197)	(1.003)	(3.618)
Cobros de intereses	429	119	213	130	345	186	455
Otros pagos	(375)	(1.172)	(92)	(3.596)	-	(1.091)	-
Cobros de dividendos	-	-	-	-	367	-	470
Flujo de efectivo de las actividades de inversión (2)	**5.454**	**21.463**	**(5.365)**	**(3.923)**	**(4.010)**	**(48)**	**(4.064)**
Inmovilizado	(37)	(372)	(148)	10	(227)	-	(1.807)
Otros activos financieros	5.491	21.836	(5.217)	(3.934)	(3.783)	(48)	(2.258)
				-	-		

Flujos de efectivo de las actividades de financiación (3)	**13.823**	**(19.474)**	**83.565**	**62.143**	**(2.218)**	**85.468**	**1.272**
Cobros y pagos por instrumentos de pasivo financiero:							
Aumentos de capital	-	5.240	-	-	-	-	-
Emisión de deuda con entidades de crédito. neto	20.964	3.995	92.110	64.880	-	90.167	4.715
Emisión de deuda bancaria con empresas asociadas						-	190
Devolución y amortización de deudas con entidades de crédito	(1.881)	(272)	(4.043)	(2.109)	(1.872)	(4.042)	(2.920)
Devolución y amortización de otras deudas	(745)	(18.380)	(4.151)	(337)	(178)	(337)	(544)
Pagos por dividendos y remuneraciones de otros instrumentos de patrimonio:							
Dividendos	(4.514)	(10.056)	(350)	(290)	(168)	(319)	(168)
Efecto de las variaciones de tipos de cambio (4)	2.956	516	(827)	(500)	(310)	(751)	(767)
Aumento/(disminución) neta del efectivo o equivalentes (1 +2+3+4)	***(14.168)***	***136***	***3.055***	***(6.415)***	***(6.465)***	***10.372***	***(7.089)***
Efectivo u equivalentes al comienzo del ejercicio	30.505	16.338	16.474	16.474	19.529	16.474	19.529
Efectivo u equivalentes al final del periodo	16.338	16.474	19.529	10.059	13.064	26.845	12.440

* Cifras actualizadas y no auditadas a 31 de diciembre de 2015 y a 31 de diciembre de 2016 incluidas en los Estados Financieros Consolidados Auditados de 2017 para fines comparativos.
** Las cifras de junio de 2017 y septiembre de 2017 no han sido auditadas y se incluyen a efectos comparativos.

B.8	Información financiera pro forma clave seleccionada	Entre julio y agosto de 2018, la Sociedad suscribió varios contratos de compraventa para adquirir: (i) el 100% del capital social de varias entidades titulares de 88 parques solares FV con una capacidad nominal de corriente alterna de 100 kW situadas en Isla Mayor, Lebrija y Llerena (la "**Adquisición SIS**") y (ii) 46,74% del capital social de Solarpack Promo2007 Cientoveintuno, S.L., la SPV titular de las plantas solares FV de Guijo de Coria, de modo que la participación del Grupo aumenta del 49,76% al 96,50% (la "Adquisición de **Guijo**" y, junto con la Adquisición SIS, la "**Adquisición**"). En conjunto, tras el cierre de la Adquisición, seremos propietarios de activos operativos en España que representan una capacidad instalada de, aproximadamente, 13 MW (los "**Activos Operativos Españoles**"). Presentamos a continuación información financiera pro forma consolidada y condensada para el Grupo a fecha y para el año finalizado a 31 de diciembre de 2017 y los seis meses finalizados a 30 de junio de 2018, preparada de conformidad con NIIF, con el objetivo de reflejar la Adquisición de los Activos Operativos Españoles. La Información Financiera Pro Forma incluida en el presente folleto está basada en información disponible y determinadas asunciones y estimaciones que consideramos razonables aunque puedan diferir de las cifras reales. La Información Financiera Pro Forma refleja la adquisición de los Activos Operativos Españoles y los eventos relacionados como si hubieran ocurrido (i) a efectos de la cuenta de resultados, a fecha 1 de enero de 2017 en relación con la información financiera para el año finalizado el 31 de diciembre de 2017 y en relación con la información financiera para los seis meses finalizados el 30 de junio de 2018; y (ii) a efectos del balance consolidado, a fecha 30 de junio de 2018, y da por cumplidos los eventos pro forma para el periodo considerado, según corresponda, que sean directamente atribuibles a la adquisición, factualmente sostenibles, y que se espera que tengan un impacto continuado en los resultados combinados del Grupo tras dicha adquisición. En fecha 12 de noviembre de 2018, Deloitte, S.L. emitió un informe especial de auditores de conformidad con la norma de verificación ISAE 3420 "*Assurance Engagement to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*" en relación con la presente Información Financiera Pro Forma, copia del cual se adjunta en otra sección del presente Folleto. La Información Financiera Pro Forma se presenta exclusivamente a efectos ilustrativos y no pretende presentar nuestra posición financiera o resultados en caso de que la adquisición de los Activos Operativos Españoles hubiera ocurrido

en las fechas asumidas, ni proyectar nuestros resultados de operaciones o posición financiera para ningún periodo futuro o nuestra condición financiera en ninguna fecha futura. Las asunciones adoptadas se describen en la Nota 4 de la Información Financiera Pro Forma.

Los principios contables empleados para la preparación de la Información Financiera Pro Forma son consistentes con los utilizados en la preparación de los Estados Financieros Consolidados Auditados de 2017 y los Estados Financieros Consolidados Auditados Interinos preparados de conformidad con NIIF. No obstante, la Información Financiera Pro Forma no ha sido preparada de conformidad con los requisitos de la *Regulation S-X* de la Ley del Mercado de Valores de Estados Unidos (*U.S. Securities Act*). Los detalles de los procedimientos contables aplicados se incluyen en los Estados Financieros Auditados Consolidados y en los Estados Financieros Consolidados Interinos Auditados. Nuestros resultados operativos futuros pueden diferir de forma material de los importes incluidos en la Información Financiera Pro Forma debido a varios factores, incluyendo cambios en los resultados operativos. Lo anterior se deberá tener en cuenta a la hora de confiar en la Información Financiera Pro Forma.

Los posibles inversores deben leer la información que se presenta a continuación junto con la Información Financiera Pro Forma, las Cuentas Anuales Consolidadas Auditadas, las Cuentas Anuales Consolidadas Intermedias Auditadas y las Cuentas Anuales Consolidadas Intermedias incluidos en otras secciones del presente Folleto.

Cuenta de Resultados Consolidada Pro Forma para los seis meses finalizados el 30 de junio de 2018

	Seis meses terminados el 30 de junio de 2018 (1)	**Adquisición de SIS (2)**	**Adquisición de Guijo (3)**	**Pro Forma Ajustado por seis meses terminados el 30 de junio de 2018**
	(*en miles de euros*)			(*en miles de euros*)
Importe neto de la cifra de negocios	12.431	3.188	1.262	16.881
Variación de existencias de productos terminados y en curso de fabricación	203	-	-	203
Trabajos realizados por la empresa para su activo	18	-	-	18
Otros ingresos de explotación	95	-	-	95
Ingresos de explotación	**12.747**	**3.188**	**1.262**	**17.197**
Consumo de materias primas y materias primas	43	-	-	43
Gastos de personal	(3.250)	-	-	(3.250)
Otros gastos de explotación	(2.695)	(368)	(185)	(3.248)
Amortización del inmovilizado	(799)	(1.699)	(603)	(3.101)
Deterioro del fondo de comercio	-	(68)	(20)	(88)
Otros resultados	481	-	-	481
Gastos de explotación	**(6.220)**	**(2.135)**	**(808)**	**(9.164)**
Resultado de explotación (EBIT)	**6.527**	**1.052**	**454**	**8.033**
Ingresos financieros	345	-	(6)	339
Gastos financieros	(4.118)	(882.071)	(230)	(5.230)
Variación de valor razonable de instrumentos financieros	455	428	-	884
Diferencias de cambio	324	-	-	324
Deterioro y resultado por enajenaciones de instrumentos financieros	(82)	-	-	(82)
Ingresos / (Gastos) financieros netos	**(3.076)**	**(454)**	**(237)**	**(3.766)**
Participación en beneficios (pérdidas) de sociedades puestas en equivalencia	327	-	-	327
Beneficio antes de impuestos	**3.778**	**598**	**218**	**4.594**
Impuesto sobre beneficios	(871)	(18)	(134)	(1.023)
Resultado del ejercicio	**2.907**	**580**	**84**	**3.571**

Nota: Dado que el Estado de Resultados Pro Forma para el periodo de seis meses finalizado el 30 de junio de 2018 refleja la adquisición de los Activos Operativos Españoles y eventos relacionados como si hubieran ocurrido el 1 de enero de 2017, se espera que todos los ajustes incluidos en el periodo de seis meses finalizado el 30 de junio de 2018 tengan un impacto continuo.

(1) Representa los estados financieros consolidados provisionales auditados preparados de conformidad con las NIIF.
(2) Representa el ajuste pro-forma para la Adquisición SIS.
(3) Representa el ajuste pro forma para la Adquisición de Guijo.

Cuenta de Resultados Consolidada Pro Forma del ejercicio cerrado a 31 de diciembre de 2017

	Año terminado el 31 de diciembre de 2017(1) [1]	Adquisición de SIS [2]	Adquisición de Guijo [3]	Pro Forma Ajustada para el año terminado el 31 de diciembre de 2017
		(*en miles de euros*)		
Importe neto de la cifra de negocios	13.160	6.505	2.562	22.227
Variación de existencias de productos terminados y en curso	17.167	-	-	17.167
Trabajos realizados por la empresa para su activo	-	-	-	-
Otros ingresos de explotación	1.959	-	-	1.959
Ingresos de explotación	**32.286**	**6.505**	**2.562**	**41.354**
Consumo de materias primas y materias primas	(14.158)	-	-	(14.158)
Gastos de personal	(7.622)	-	-	(7.622)
Otros gastos de explotación	(4.813)	(850)	(361)	(6.024)
Amortización del inmovilizado	(416)	(3.399)	(1.205)	(5.020)
Deterioro del fondo de comercio	-	(136)	(40)	(177)
Exceso de provisiones	-	-	-	-
Otros resultados	-	-	-	-
Gastos de explotación	**(27.008)**	**(4.385)**	**(1.608)**	**(33.001)**
Resultado de explotación (EBIT)	**5.279**	**2.120**	**955**	**8.353**
Ingresos financieros	539	-	(13)	526
Gastos financieros	(2.371)	(1.913)	(505)	(4.789)
Variación del valor razonable de instrumentos financieros	7.326	1.364	-	8.690
Diferencias de cambio	(3.576)	-	-	(3.576)
Deterioro y resultado por enajenaciones de instrumentos financieros	-	-	3.682	3.682
Ingresos / (Gastos) financieros netos	**1.919**	**(549)**	**3.164**	**4.533**
Participación en beneficio (pérdidas) de sociedades puestas en equivalencia	(1.215)	-	-	(1.215)
Resultado antes de impuestos	**5.983**	**1.571**	**4.118**	**11.672**
Impuesto sobre beneficios	(623)	(427)	(141)	(1.191)
Resultado del ejercicio	**5.360**	**1.143**	**3.978**	**10.481**

(1) Representa los Estados Financieros Consolidados Auditados de 2017 preparados de acuerdo con las NIIF.
(2) Representa el ajuste pro-forma para la adquisición del SIS.
(3) Representa el ajuste pro forma para la Adquisición de Guijo.

Balance Consolidado Pro Forma

	Al 30 de junio de 2018 [1]	Adquisición de SIS [2]	Adquisición de Guijo [3]	Ampliación de Capital [4]	Pro Forma Ajustada Al 30 de junio de 2018
			(*en miles de euros*)		
Activo					
Activo no corriente					
Inmovilizado intangible	4.571	13.255	4.840	—	22.666
Fondo de comercio	—	*2.565*	*937*	—	*3.502*
Otros activos intangibles	*4.571*	*10.689*	*3.903*	—	*19.164*
Inmovilizado material	117.208	40.210	18.701	—	176.120
Inversiones en empresas del grupo y asociadas a largo plazo	5.250	—	(690)	—	4.560
Inversiones financieras a largo plazo	4.904	269	—	—	5.174
Activos por impuesto diferido	4.066	6.708	4.463	—	15.238
	136.000	**60.443**	**27.314**	**—**	**223.758**
Activo corriente					
Existencias	1.404	—	—	—	1.404
Deudores comerciales y otras cuentas a cobrar	8.334	1.666	739	—	10.740
Inversiones en empresas del grupo y asociadas a corto plazo	736	—	—	—	736
Inversiones financieras corrientes	7.933	4.170	—	—	12.103
Periodificaciones a corto plazo	348	61	20	—	429
Efectivo y otros activos líquidos equivalentes	13.064	(17.872)	(1.794)	25.091	18.489
	31.818	(11.975)	(1.034)	25.091	43.900
Total del activo	**167.818**	**48.468**	**26.280**	**25.091**	**268.736**
Patrimonio neto					
De la sociedad dominante					
Fondos propios	45.135	(78)	3.672	25.091	73.820
Capital social y prima de emisión	*5.287*	-	-	*26.980*	*32.267*
Reservas	*37.339*	-		*(1.889)*	*35.510*
Resultado del ejercicio	*2.449*	*(78)*	*3.672*	-	*6.042*
Ajustes por cambios de valor - Derivados	-	-	-	-	-

Ajustes por cambios de valor - Participaciones	2.318	-	-	-	2.318
De accionistas minoritarios	4.517	-	117	-	4.634
Total Patrimonio	**51.970**	**(78)**	**3.790**	**25.091**	**80.772**
Pasivo					
Pasivo no corriente					
Provisiones a largo plazo	412	724	591	-	1.727
Deudas a largo plazo	92.697	37.110	15.145	-	144.952
Deudas con empresas del grupo y asociadas a largo plazo	-	-	-	-	-
Pasivos por impuesto diferido	2.006	6.803	5.560	-	14.369
	95.115	**44.638**	**21.295**	**-**	**161.049**
Pasivo corriente					
Provisiones a corto	189	-	55	-	244
Deudas a corto plazo	7.735	2.860	977	-	11.572
Deudas con empresas del grupo y asociadas a corto plazo	-	-	6	-	6
Acreedores comerciales y otras cuentas a pagar	12.715	1.049	156	-	13.920
Periodificaciones a corto plazo	94	-	-	-	94
	20.733	**3.909**	**1.195**	**-**	**25.837**
Total patrimonio neto y pasivo	**167.818**	**48.468**	**26.280**	**25.091**	**267.657**

(1) Representa los estados financieros consolidados provisionales auditados preparados de conformidad con las NIIF.
(2) Representa el ajuste pro-forma para la Adquisición SIS.
(3) Representa el ajuste pro forma para la Adquisición Guijo.
(4) Representa el ajuste pro-forma para la Adquisición, neto de los gastos asociados con la Adquisición. Calculamos una ampliación de capital de 26,9 millones de euros, que, tras contabilizar unos gastos de 1,9 millones de euros (asignados a reservas, y que se consideran pagados en ese momento), representa un aumento de la tesorería de 25,1 millones de euros. Estos fondos se obtendrán en el marco de la admisión a cotización de las Acciones en las Bolsas de Valores españolas.

B.9	Previsión o estimación de beneficios	No aplica. El Folleto no contiene previsiones o estimaciones de beneficios.
B.10	Una descripción de la naturaleza de cualquier salvedad en el informe de auditoría sobre la información financiera histórica	Los informes de auditoría correspondientes a las cuentas anuales consolidadas auditadas de la Sociedad a fecha y para los ejercicios finalizados el 31 de diciembre de los años 2015, 2016 y 2017, que han sido auditadas por Auren Auditores SP, S.L.P. (anteriormente, Auren Auditores BIO, S.L.P.), no contienen salvedades. El informe de auditoría correspondiente a los estados financieros consolidados intermedios auditados de la Sociedad a fecha y para el año finalizado a 30 de junio de 2018, que han sido auditados por Deloitte S.L., no contiene salvedades. El informe correspondiente a los estados financieros intermedios condensados y consolidados no auditados de la Sociedad a fecha y para el año finalizado a 30 de septiembre de 2018 no puede considerarse un ejercicio de auditoría y, por lo tanto, no se requieren salvedades.
B.11	Capital circulante cualificado	No aplica. La Sociedad considera que el Grupo dispone de suficiente capital circulante para cubrir sus necesidades actuales, esto es, al menos durante los próximos doce meses a partir de la fecha del presente Folleto.

Sección C — Valores

Elemento	**Descripción**	**Obligación de Información**
C.1	Tipo y clase de valor	Las acciones ordinarias tienen el código ISIN ES0105385001. Está previsto que las acciones ordinarias coticen en las Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia (las "**Bolsas Españolas**") y en el Sistema de Cotización Automática o mercado continuo de las Bolsas de Valores españolas (el "SCA") en o alrededor del 5 de diciembre de 2018 bajo el símbolo "SPK".
C.2	Divisa de los valores	Las acciones ordinarias estarán denominadas en euros.
C.3	El número de acciones emitidas	A la fecha del presente Folleto, nuestro capital social asciende a 8.000.000€ divididos en una única serie de 20.000.000 de acciones ordinarias denominadas

		en euros, con un valor nominal de 0,4€ por Acción. Cada Acción da derecho a un voto. Todas las acciones ordinarias de la Sociedad están totalmente suscritas y desembolsadas. En el momento de la Admisión, habrá entre 29.708.738 y 32.500.000 acciones totalmente desembolsadas (en los extremos inferior y superior de la Banda de Precios, respectivamente, y excluyendo la Opción de Sobre-Adjudicación).
C.4	Descripción de los derechos vinculados a los valores	Las Acciones otorgan a su titular los derechos establecidos en los Estatutos Sociales y en el Texto Refundido de la Ley de Sociedades de Capital. Además, cada una de nuestras Acciones da derecho a un voto en la Junta General de accionistas y no existe límite en cuanto al número máximo de votos que puede emitir cualquier accionista, sociedades pertenecientes al mismo grupo o cualquier persona que actúe de forma coordinada con cualquiera de las anteriores. Los accionistas no están obligados a poseer un número mínimo de Acciones para poder ejercer su derecho de asistencia a cualquier Junta General de Accionistas. Ninguno de nuestros accionistas tiene derechos de voto diferentes. Los titulares de nuestras Acciones tienen derecho a recibir dividendos proporcionalmente a su capital social desembolsado. Sin embargo, no hay derecho a recibir un dividendo mínimo.
C.5	Restricciones a la libre transmisibilidad de las acciones	No existen restricciones a la libre transmisibilidad de las acciones ordinarias de la Sociedad en nuestros Estatutos Sociales, sin perjuicio de lo dispuesto en el apartado E.5.
C.6	Admisión	Se solicitará la admisión a cotización de las Acciones en las Bolsas Españolas y su admisión a cotización en el SCA. No se ha solicitado ni se tiene la intención de solicitar la admisión a cotización o negociación de las acciones de la Sociedad en ninguna otra bolsa.
C.7	Política de dividendos	Tenemos la intención de reinvertir nuestro flujo de caja operativo en el desarrollo de nuevos proyectos para impulsar el crecimiento a largo plazo y aumentar el valor para los accionistas, y no prevemos el pago de dividendos en efectivo sobre las Acciones durante los tres a cinco años posteriores a la Oferta. Transcurrido el tercer aniversario de la Oferta, reevaluaremos nuestra política de dividendos y los futuros pagos de dividendos en efectivo, en función de nuestras perspectivas de negocio y nuestro rendimiento financiero. El importe de los dividendos futuros que decidamos pagar, en su caso, dependerá de una serie de factores, entre los que se incluyen, entre otros y sin limitación, nuestras ganancias, nuestra situación financiera, la generación de efectivo, las obligaciones de servicio de la deuda, los requisitos de efectivo (incluidos los gastos de capital y los planes de inversión), las perspectivas, las condiciones del mercado y otros factores que se consideren relevantes en ese momento. Además, nuestra capacidad de pago de dividendos puede estar sujeta a ciertas limitaciones, incluyendo las disposiciones contenidas en los acuerdos que rigen nuestra deuda que podrían restringir la capacidad de distribuir dividendos o realizar cualquier otro pago o distribución a los accionistas y, por lo tanto, nuestra capacidad para pagar dividendos sobre nuestras Acciones. El importe de los dividendos será propuesto por nuestro Consejo de Administración y aprobado por nuestros accionistas en las Juntas Generales de Accionistas.

		Las Acciones de la Oferta Inicial serán elegibles para cualquier dividendo pagado o declarado después de la liquidación de la Oferta. Los dividendos que se paguen en el futuro estarán sujetos a los impuestos que correspondan de conformidad con la legislación española. Como excepción a lo anterior, determinadas distribuciones podrían estar exentas de impuestos bajo la ley española si se cumplen ciertas circunstancias.
Sección D — Riesgos		
Elemento	**Descripción**	**Obligación de Información**
D.1	Información clave sobre los principales riesgos específicos de la Sociedad o de su Industria	*Una inversión en las Acciones conlleva un alto grado de riesgo financiero. Debe considerar detenidamente toda la información contenida en este folleto, incluidos los riesgos que se describen a continuación, antes de decidir comprar las Acciones. En este apartado se abordan tanto los riesgos generales asociados, entre otros, a la industria en la que opera el Grupo, como los riesgos específicos asociados a su actividad. Si alguno de estos riesgos se materializara, el negocio, los resultados de las operaciones, la situación financiera y/o las perspectivas del Grupo podrían verse afectados de forma significativa y adversa, lo que daría lugar a una disminución del valor de las Acciones y a una pérdida de una parte o de la totalidad de su inversión. Además, esta sección describe ciertos riesgos relacionados con la Oferta y las Acciones que también podrían afectar negativamente al valor de las Acciones.* *Los riesgos e incertidumbres que se indican a continuación son los que la Dirección del Grupo considera actualmente como materiales, pero no son los únicos riesgos e incertidumbres a los que se enfrenta. Riesgos e incertidumbres adicionales, incluidos aquéllos que el Grupo no conoce en la actualidad o que la Dirección considera actualmente irrelevantes, también pueden surgir o convertirse en materiales en el futuro, lo que podría dar lugar a una disminución del valor de las Acciones y a una pérdida de una parte o de la totalidad de su inversión.* **Riesgos Relacionados con Nuestro Negocio** • Es posible que no podamos realizar con éxito nuestras Oportunidades Identificadas y completar el desarrollo de nuestra cartera de proyectos futuros (*Pipeline*) y cartera de pedidos (*Backlog*), el cual está sujeto a ajustes y cancelaciones imprevistas y, por lo tanto, no es un indicador totalmente exacto de nuestros ingresos o ganancias futuras. • Nuestros acuerdos de venta de energía, incluyendo nuestros Contratos de Venta de Energía, pueden exponernos a ciertos riesgos que pueden afectar nuestro negocio, los resultados futuros de nuestras operaciones y los flujos de caja. • Nuestras operaciones requieren la obtención de licencias, autorizaciones y permisos para nuestros proyectos, lo que puede implicar un proceso largo y complejo. La no obtención o renovación de dichas aprobaciones, licencias y permisos o el incumplimiento de los términos de dichas aprobaciones, licencias y permisos puede tener un efecto material adverso en nuestro negocio, resultados de operaciones y condición financiera. • Operamos en un sector altamente regulado y estamos expuestos a cambios normativos en las múltiples jurisdicciones en las que operamos. • Nuestros proyectos pueden sufrir retrasos o exceder su presupuesto. Hemos experimentado retrasos en la finalización de nuestros proyectos en el

		pasado, y no podemos asegurar que podamos concluir nuestros proyectos dentro de los plazos y el presupuesto estipulados. • El retraso entre la realización de inversiones iniciales significativas en nuestros proyectos de energía solar fotovoltaica y la recepción de ingresos podría afectar materialmente y de manera adversa nuestra liquidez, negocio, condición financiera, resultados de operaciones y flujos de caja. • Cualquier restricción en la disponibilidad de la red eléctrica, incluyendo nuestra incapacidad para obtener acceso a líneas de transmisión/distribución o control de sitios adecuados de una manera oportuna y rentable, podría afectar adversamente nuestro negocio, condición financiera, resultados de operación y flujos de caja. • Si no implementamos con éxito nuestra nueva estrategia de negocio, nuestra situación financiera y nuestro rendimiento futuro podrían verse afectados negativamente. • Operamos en una industria altamente competitiva y las presiones competitivas podrían tener un efecto material adverso en nuestro negocio. • El crecimiento futuro de nuestro negocio depende, en parte, de que se nos adjudiquen nuevos contratos en complejos procedimientos de licitación y subasta, a los que tenemos que dedicar nuestro tiempo y recursos financieros y que pueden no tener éxito. • Es posible que no podamos adquirir o mantener las garantías y obligaciones (*bonds*) de cumplimiento necesarias para completar nuestros proyectos en curso o para obtener nuevos contratos. • Si la demanda suficiente de proyectos de energía solar fotovoltaica no se desarrolla o tarda más de lo previsto, el crecimiento futuro de nuestro negocio, nuestra situación financiera, los resultados de las operaciones y los flujos de caja podrían verse afectados de forma significativa y adversa. • Estamos expuestos a riesgos de tipo de interés y de tipo de cambio, dada la naturaleza altamente apalancada de nuestros activos y nuestra diversa actividad internacional. • Operamos con un nivel significativo de deuda neta y requerimos una cantidad significativa de efectivo para pagar nuestra deuda que puede afectar adversamente nuestro negocio, liquidez, condición financiera y perspectivas. • Nuestro negocio está sujeto a los riesgos generalmente asociados con negocios que conllevan operaciones internacionales, particularmente en mercados emergentes, que podrían estar sujetos a incertidumbres económicas, sociales y políticas. • Una parte significativa de nuestro negocio proviene de un número limitado de clientes y nuestros ingresos y beneficios podrían disminuir significativamente si perdiéramos clientes. • Dependemos de un número limitado de proveedores de materiales y componentes y de varios contratistas externos para construir, operar y mantener nuestros proyectos. • Nuestro éxito depende del servicio continuo de cierto personal clave.

		• Nuestras instalaciones están expuestas a fallos mecánicos y operativos imprevistos, que pueden causar costes adicionales y tener un impacto negativo en nuestro negocio. • En algunas circunstancias, operamos a través de alianzas estratégicas, incluyendo consorcios y *joint ventures*, y estamos expuestos a los riesgos asociados con dichas asociaciones. • Los sitios en los que operamos, incluyendo nuestras instalaciones de generación de energía, implican riesgos y peligros significativos que podrían tener un efecto material adverso en nuestro negocio, condición financiera, resultados de operaciones y flujos de caja. Es posible que no tengamos un seguro adecuado para cubrir estos riesgos y peligros y si no mantenemos un entorno de trabajo seguro, podemos estar expuestos a pérdidas financieras significativas, así como a responsabilidad civil y penal. • La generación de electricidad a partir de fuentes solares depende en gran medida de las condiciones meteorológicas adecuadas. Si las condiciones meteorológicas son desfavorables, nuestra generación de electricidad, y por lo tanto los ingresos de nuestros proyectos de energía solar fotovoltaica, pueden estar sustancialmente por debajo de nuestras expectativas. **Riesgos relacionados con el Marco Legal y Regulatorio** • Estamos sujetos a extensas leyes y reglamentos ambientales, de salud y seguridad, así como a otras acciones o presiones políticas, sociales, ambientales y comunitarias, que podrían tener un impacto material adverso en nuestros resultados de operación consolidados, condiciones financiera y flujos de caja. • Estamos expuestos a riesgos en relación con el cumplimiento de las leyes y reglamentos contra la corrupción y los programas de sanciones económicas. • Estamos expuestos a riesgos relacionados con cambios en la legislación fiscal y podemos estar sujetos a investigaciones o impugnaciones con respecto a nuestros pasivos fiscales que podrían afectar negativamente a nuestro negocio. • La Sociedad puede ser clasificada como una compañía de inversión extranjera pasiva (*Passive Foreign Investment Company* “**PFIC**”), lo que podría tener consecuencias adversas en relación con el impuesto federal sobre la renta de los Estados Unidos para los Tenedores de Acciones estadounidenses. • Si se considera que un ciudadano de los Estados Unidos es propietario de al menos el 10% de las Acciones de la Sociedad, dicho tenedor puede estar sujeto a consecuencias adversas en el impuesto federal sobre la renta de los Estados Unidos.
D.3	Información clave sobre los principales riesgos específicos de los valores	**Riesgos relacionados con la Oferta y las Acciones** • Tras la Oferta, algunos accionistas seguirán siendo accionistas significativos y continuarán ejerciendo una influencia sustancial sobre nosotros, por lo que es posible que nos enfrentemos a ciertos riesgos relacionados con conflictos de intereses. Los intereses de nuestros principales accionistas podrían no ser compatibles con los suyos.

		• No es posible asegurar que podamos pagar dividendos en el futuro y la Sociedad no prevé el pago de dividendos en los tres a cinco años posteriores a la Oferta. • No es posible garantizar que el Precio de Oferta coincida con el precio de negociación de las Acciones que se desarrollará y continuará después de la Oferta. • Las ventas sustanciales de nuestras Acciones o la percepción de las mismas después de la Oferta pueden provocar una caída del precio de mercado de nuestras Acciones. • No existe un mercado de negociación establecido para las Acciones y es posible que no se desarrolle un mercado de negociación activo para nuestras Acciones. • La volatilidad del mercado puede afectar al precio de nuestras Acciones, y la emisión de Acciones adicionales u otros valores participativos o no participativos puede diluir el porcentaje de participación de los accionistas. • Es posible que los accionistas de determinadas jurisdicciones distintas a la española no puedan ejercer su derecho de suscripción preferente. • Los accionistas de países con divisas distintas al euro pueden enfrentarse a un riesgo de inversión adicional debido a las fluctuaciones de los tipos de cambio en relación con su tenencia de Acciones. • La capacidad de los accionistas que residen fuera de España para llevar a cabo la notificación o la ejecución de cualquier sentencia judicial extranjera contra nosotros o contra nuestros consejeros puede ser limitada. • Las Acciones de la Oferta no serán libremente transmisibles en Estados Unidos.
Sección E — Oferta		
Elemento	**Descripción**	**Obligación de información**
E.1	Los ingresos netos totales y una estimación de los gastos totales de la emisión	La Sociedad ofrece las Acciones de la Oferta Inicial y las Acciones de Sobre-Adjudicación (tal y como se definen en la sección E.3 siguiente). La Sociedad espera obtener unos ingresos brutos de ventas de 100 millones de euros como consecuencia de la emisión de las Acciones de la Oferta Inicial. Los honorarios y gastos que deberá pagar la Sociedad en relación con las Acciones de la Oferta Inicial de la Oferta se espera que asciendan a aproximadamente 7,3 millones de euros. La Sociedad tiene la intención de pagarlos con los ingresos brutos de la Oferta. En consecuencia, la Sociedad espera obtener unos ingresos netos de aproximadamente 92,7 millones de euros procedentes de la Oferta. Si la Opción de Sobre-Adjudicación se ejerce en su totalidad, la Sociedad emitirá las Acciones de Sobre-Adjudicación y obtendrá unos ingresos netos adicionales de hasta aproximadamente 9,5 millones de euros, una vez deducidos 0,5 millones de euros de costes adicionales (0,4 millones de euros en comisiones de Suscripción adicionales y 0,1 millones de euros en otros gastos). **Gastos de la Oferta** Debido a la dificultad para determinar los gastos incurridos a fecha del presente Folleto, a efectos meramente informativos, la siguiente tabla expone los gastos estimados a pagar por la Sociedad en relación con la Oferta (excluyendo cualquier cantidad por IVA aplicable): **Gastos**

<table>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td>(en millones de €)</td></tr>
<tr><td>Comisiones de Suscripción[1] ....</td><td>4,4</td></tr>
<tr><td>Tasas de Iberclear, la Bolsa y CNMV ....</td><td>0,2</td></tr>
<tr><td>Gastos legales y otros (Notario, inscripción en el Registro Mercantil, publicaciones legales, asesoría legal y financiera, auditoría, Seguro de la Oferta Pública de Valores -POSI-) ....</td><td>3,2</td></tr>
<tr><td>Total..</td><td>7,8</td></tr>
</table>
Nota:
(1) Asumiendo que (i) la Oferta es aproximadamente de 110 millones de euros; (ii) todas las Acciones de la Oferta (incluyendo las Acciones de Sobre-Adjudicación) han sido colocadas o suscritas por cada una de las Entidades Aseguradoras y que la Opción de Sobre-Adjudicación ha sido plenamente ejercitada; y (iii) la comisión discrecional ha sido pagada en su totalidad.
</td></tr>
<tr><td>E.2</td><td>Motivos de la oferta y destino de los ingresos</td><td>
Pretendemos utilizar los ingresos obtenidos de la emisión de las Acciones de la Oferta Inicial y las Acciones de Sobre-Adjudicación en el siguiente orden: (i) pagar los gastos de la Oferta de aproximadamente 7,8 millones de euros; (ii) adquirir los Activos Operativos Españoles por aproximadamente un máximo de 25 millones de euros; (iii) financiar inversiones para el desarrollo y construcción de las Inversiones en Proyectos Planeados en un total aproximado de 62 millones de euros; y (iv) para fines corporativos generales por aproximadamente 15,2 millones de euros (incluyendo la inversión en el desarrollo de nuestra cartera de proyectos futuros (Pipeline) en cartera de pedidos (Backlog), de nuestras Oportunidades Identificadas en cartera de proyectos futuros (Pipeline) y en la generación de Oportunidades Identificadas adicionales). En caso de que se reduzca el tamaño de la Oferta, planeamos continuar utilizando los ingresos en el siguiente orden (i) para pagar los gastos de la Oferta (ii) para adquirir los Activos Operativos Españoles; y (iii) para financiar inversiones para el desarrollo y la construcción de las Inversiones en Proyectos Planeados, pero renunciaremos al uso de los ingresos para fines corporativos generales.
La siguiente tabla ilustra las fuentes y usos estimados de los ingresos con respecto a la Oferta, asumiendo la suscripción completa de las Acciones de Sobre-Adjudicación. Las cantidades reales variarán de las cantidades estimadas dependiendo de varios factores, incluyendo cambios en nuestra cantidad real de gastos relacionados con la Oferta.
<table>
<tr><th>Fuentes</th><th>En millones €</th><th>Usos</th><th>En millones €</th></tr>
<tr><td>Acciones de Oferta Inicial.........</td><td>100,0</td><td>Gastos de la Oferta ....</td><td>7,8</td></tr>
<tr><td>Acciones de Sobre-Adjudicación[1] ....</td><td>10,0</td><td>Adquisición de los Activos Operativos Españoles ....</td><td>25,0</td></tr>
<tr><td></td><td></td><td>Financiación de las Inversiones en Proyectos Planeados ....</td><td>62,0</td></tr>
<tr><td></td><td></td><td>Fines corporativos generales..............</td><td>15,2</td></tr>
<tr><td>Total..</td><td>110,0</td><td>Total ....</td><td>110,0</td></tr>
</table>
(1) si la Opción de Sobre-Adjudicación se ejercita en su totalidad, los ingresos que se devenguen de ello serán utilizados para fines corporativos generales.
</td></tr>
<tr><td>E.3</td><td>Descripción de los términos y condiciones de la Oferta</td><td>
La Oferta
La Sociedad ofrece de 9.708.738 a 12.500.000 de sus acciones, que representan entre el 32.68% y el 38,46% de su capital social, en cumplimiento del número de acciones requerido a estos efectos, al precio de oferta establecido más delante con el objetivo de dotar a la Sociedad con una beneficio neto de venta de 100 millones de euros. Sin perjuicio de lo anterior, en caso de ejercicio pleno de la Opción de Sobre-Adjudicación, en su caso, la Sociedad ofrecerá hasta el 10% de las Acciones de la Oferta (las “Acciones de Sobre-Adjudicación”).
</td></tr>
</table>

Esperamos que la Oferta se lleve a cabo de acuerdo con el calendario tentativo que se indica a continuación:

Acción	Fecha Estimada[(1)]
Inscripción del Folleto en la CNMV	20 de noviembre de 2018
Inicio del periodo de recepción de ofertas realizadas por Inversores Cualificados	20 de noviembre de 2018
Fin del periodo de recepción de ofertas	3 de diciembre de 2018
Ejecución de Acuerdo de Suscripción	3 de diciembre de 2018
Publicación del hecho relevante estableciendo el Precio de la Oferta y el número de Acciones de la Oferta Inicial	3 de diciembre de 2018
Selección de ofertas para la suscripción de las Acciones de la Oferta	3 de diciembre de 2018
Colocación final de las Acciones de la Oferta	3 de diciembre de 2018
Pre-financiación de las Acciones de la Oferta Inicial por las Entidades Coordinadoras Globales	No más tarde de las 9:00 del 4 de diciembre de 2018
Fecha de Operación Prevista para la Oferta y publicación del hecho relevante	4 de diciembre de 2018
Fecha Prevista de Admisión a cotización en las Bolsas Españolas y comienzo del Periodo de Estabilización	5 de diciembre de 2018
Pago por los inversores finales (Fecha de Liquidación)	6 de diciembre de 2018
Fin del Periodo de Estabilización	3 de enero de 2019

Nota:

(1) Cada uno de los horarios y fechas está sujeto a cambios sin previo aviso. Cualquier cambio, incluyendo en particular la ampliación o acortamiento del periodo de recepción de ofertas, será publicado, incluso mediante la presentación de un hecho relevante ante la CNMV.

CaixaBank, S.A. y Banco Cooperativo Español, S.A., sólo participarán en la Oferta fuera de Estados Unidos bajo la Norma S de la Ley del Mercado de Valores de Estados Unidos (*Regulation S of the Securities Act*). Ni CaixaBank, S.A. ni Banco Cooperativo Español, S.A., son *broker-dealers* registrados en la SEC y no ofrecerán ni venderán valores en los Estados Unidos ni a nacionales ni a residentes en los Estados Unidos.

En particular, se prevé que la fecha de operación bursátil (la "**Fecha de Operación**") sea el o alrededor del 4 de diciembre de 2018. En la Fecha de Operación, las órdenes de pago de los inversores se procesarán a través de las Bolsas Españolas e Iberclear y, asumiendo que las Entidades Aseguradoras no hayan ejecutado los derechos de rescisión contenidos en el Contrato de Aseguramiento, los inversores estarán obligados incondicionalmente a pagar y tendrán derecho a recibir las correspondiente Acciones de la Oferta suscritas en dicha Oferta.

Con el fin de agilizar la cotización de las Acciones de la Oferta Inicial, se espera que Caixabank, S.A., en su condición de Entidad Coordinadora Global y entidad de la pre-financiación, suscriba y pague las Acciones de la Oferta Inicial en la Fecha de Operación de la Oferta, actuando cada uno de ellos en nombre y representación de las Entidades Aseguradoras, y cada Entidad Aseguradora en representación de los inversores finales. El pago de las Acciones de la Oferta Inicial por parte de los bancos pre-financiadores se prevé que se realice a la Sociedad a más tardar a las 9:00 CET de la Fecha de Operación en su cuenta mantenida en CaixaBank, S.A., como banco agente (el "**Banco Agente**"), y las Acciones de la Oferta Inicial existirán una vez inscritas en el Registro Mercantil de Bizkaia así como en Iberclear en forma de anotaciones en cuenta.

El pago por parte de los inversores finales de las Acciones de la Oferta Inicial se efectuará a más tardar el segundo día hábil siguiente a la Fecha de Operación, contra entrega a través de los servicios de Iberclear de las Acciones de la Oferta Inicial a los inversores finales, lo que se espera que tenga lugar en o alrededor del 6 de diciembre de 2018 (la "**Fecha de Liquidación**").

La Oferta se llevará a cabo mediante un proceso de recepción de ofertas. Durante dicho periodo, que se espera que empiece el 20 de noviembre de 2018 y termine el 3 de diciembre de 2018 (ambos inclusive), las Entidades Aseguradoras comercializarán las Acciones de la Oferta entre los inversores, de acuerdo con, y sujeto a, las restricciones de venta y transmisión establecidas en

		este Folleto. Los inversores podrán realizar sus propuestas de suscripción durante este periodo, indicando el número de Acciones de la Oferta que estén interesados en adquirir. El periodo de recepción de ofertas se podrá acortar o ampliar por acuerdo entre nosotros y las Entidades Coordinadoras Globales. En el supuesto de que se produzca dicha reducción o extensión del periodo de recepción de ofertas, la Sociedad informará al mercado a través de la publicación de un hecho relevante. Las propuestas de suscripción de las Acciones de la Oferta por los inversores constituirá solo una indicación de su interés en dichas Acciones de la Oferta y en ningún caso serán vinculantes para ningún inversor ni para la Sociedad. La confirmación de tales propuestas de suscripción será irrevocable. El Banco Agente será responsable, entre otras cuestiones, de emitir un certificado de confirmación de pago de las Acciones de la Oferta Inicial a los efectos de elevar a público el aumento de capital correspondiente, mantener la parte de Acciones de la Oferta Inicial pre-financiadas por CaixaBank, S.A. (en su condición de Entidad Coordinadora Global y entidad de la pre-financiación) (una vez emitidas y registradas tras la creación de las correspondientes anotaciones en cuenta en Iberclear) depositadas en las cuentas de valores que ostenta dicha entidad, hasta la liquidación de la Oferta; instruir a las entidades participantes en la Oferta en los procesos aplicables para su ejecución; recibir y procesar información en la selección y confirmación de las propuestas de suscripción y colaborar en la colocación de las Acciones de la Oferta Inicial a los inversores finales; y cooperar con nosotros en el proceso de Admisión. **Precio de la Oferta** Con carácter previo a la Oferta, no ha habido mercado público para las Acciones. ***Banda de Precios*** La Banda de Precios indicativa es de entre 8.00€ y 10,30€ por Acción de la Oferta. La Banda de Precios ha sido determinada por la Sociedad, tras consultar con las Entidades Coordinadoras Globales y sin que ningún experto independiente haya sido consultado a estos efectos. La Banda de Precios es meramente indicativa, podrá cambiar durante el curso de la Oferta y el Precio de la Oferta podrá ser superior o inferior a la Banda de Precios. No se puede asegurar que los precios a los que cotizarán las Acciones de la Oferta en los mercados después de la Oferta no sean inferiores a la Banda de Precios o que la comercialización activa sobre las Acciones en los mercados que se desarrolle y continúe tras la Oferta. **Precio de la Oferta y Número de Acciones Iniciales de la Oferta** El Precio de la Oferta y el número de Acciones Iniciales de la Oferta se determinará por nosotros tras consultar con las Entidades Coordinadoras Globales una vez finalizado el periodo de recepción de ofertas (que se espera tenga lugar el o alrededor del 3 de diciembre de 2018). El Precio de la Oferta y el número de Acciones Iniciales de la Oferta se anunciarán mediante la publicación de un hecho relevante en la CNMV. No se consultará con ningún experto independiente a los efectos de determinar el Precio de la Oferta.
E.4	Descripción de cualquier interés que sea importante para la oferta, incluyendo conflictos de interés	Cada una de las Entidades Aseguradoras es una institución de servicios financieros integrales, dedicadas a diversas actividades, que pueden incluir la prestación de servicios de banca de inversión, banca comercial y asesoramiento financiero. Las Entidades Aseguradoras, sus respectivas filiales y cualquier vehículo de inversión relacionado directa o indirectamente por éstas, en el curso ordinario de sus negocios han podido participar en el pasado en transacciones de banca de inversión y/o banca comercial con la Sociedad y sus filiales ocasionalmente, por las cuales han podido percibir los honorarios habituales y el reembolso de gastos, y pueden en el futuro, ocasionalmente, participar en

		transacciones y prestar servicios para la Sociedad y sus filiales en el curso ordinario de sus negocios, por los cuales pueden recibir los honorarios habituales y el reembolso de gastos. En el curso ordinario de sus diferentes actividades empresariales, las Entidades Aseguradoras y sus respectivas filiales, o cualquier otro vehículo de inversión directa o indirectamente relacionado con éstas, podrán poseer una amplia gama de inversiones y negociar activamente valores de deuda y acciones (o valores derivados relacionados) e instrumentos financieros (que pueden incluir préstamos bancarios y/o *swaps* de incumplimiento crediticio) en la Sociedad y sus filiales por cuenta propia y por cuenta de sus clientes, y pueden en cualquier momento mantener posiciones largas y cortas en dichos valores e instrumentos. Además, algunas de las Entidades Aseguradoras o sus filiales, o cualquier otro vehículo de inversión directa o indirectamente relacionado con éstas, son, o pueden ser en el futuro, financiadores, y en algunos casos agentes o gerentes de los financiadores, bajo algunas de las líneas de crédito y otros contratos de crédito de la Sociedad y sus filiales. En su condición de financiadores, éstos podrán, en el futuro, solicitar una reducción de un compromiso de préstamo con la Sociedad y sus filiales, o imponer precios incrementales o requisitos de garantía con respecto a dichos instrumentos o contratos de crédito, en el curso ordinario de las operaciones comerciales. Además, algunas de las Entidades Aseguradoras o sus filiales, o cualquier otro vehículo de inversión directa o indirectamente relacionado con éstas, que tienen una relación de préstamo con nosotros cubren rutinariamente su exposición crediticia con nosotros de acuerdo con sus políticas habituales de gestión de riesgos. Una estrategia típica de cobertura de este tipo incluiría que estas Entidades Aseguradoras o sus filiales, o cualquier otro vehículo de inversión directa o indirectamente relacionado con éstas, cubran dicha exposición mediante la celebración de transacciones que consisten en la compra de *swaps* de incumplimiento crediticio o la creación de posiciones cortas en nuestros valores. Las Entidades Aseguradoras, sus filiales o cualquier otro vehículo de inversión directa o indirectamente relacionado con éstas, también pueden hacer recomendaciones de inversión y/o publicar o expresar opiniones de investigación independientes con respecto a dichos valores o instrumentos financieros y pueden mantener, o recomendar a los clientes que adquieran, posiciones largas y/o cortas en dichos valores e instrumentos. Las Entidades Aseguradoras no consideran ninguno de los acuerdos descritos en los párrafos anteriores como material en el contexto de la Oferta.
E.5	Nombre de la persona o entidad que ofrece la venta de los valores y detalles de cualquier acuerdo de no disposición temporal (*lock-up*)	**A) Entidades que ofrecen las Acciones de la Oferta** La Sociedad es la entidad que ofrece las Acciones de la Oferta. Las Acciones de la Oferta son colocadas por las Entidades Aseguradoras. **B) Acuerdo de no disposición temporal (*lock-up*)** De conformidad con el Contrato de Aseguramiento, las siguientes partes estarán sujetas a acuerdos de no disposición temporal (*lock-up)* para los periodos que van desde la ejecución del Contrato de Aseguramiento hasta las fechas siguientes a la Fecha de Liquidación de la Oferta: La Sociedad — 180 días Accionistas actuales — 360 días Los acuerdos de no disposición temporal (*lock-up)* están sujetos a excepciones habituales.
E.6	Dilución	La Oferta tendrá como resultado la dilución de nuestros principales accionistas actuales en la Sociedad en 63,46% del capital social de la Sociedad después de la Oferta sobre la base de: (i) la plena suscripción de las Acciones Iniciales de la Oferta; (ii) la parte inferior de la Banda de Precios; (iii) 5 millones de euros

		invertidos por los Accionistas principales en la Oferta, y (iv) el no ejercicio la Opción de Sobre-Adjudicación. Alternativamente, si el cálculo se realiza con base en la mitad superior de la Banda de Precios pero manteniendo el resto de factores, la Oferta tendrá como resultado el beneficio de los accionistas actuales de la Sociedad que se diluirían por en un importe agregado de 63.46% del capital social de la Sociedad una vez realizada la Oferta.
E.7	Gastos estimados repercutidos al inversor por la Sociedad	Los suscriptores de las Acciones de la Oferta podrán ser requeridos al pago de ciertos impuestos y otros cargos de acuerdo con las leyes y prácticas de su país de compra, además del Precio de Oferta. Adicionalmente, los compradores deberán soportar las comisiones a pagar a los intermediarios financieros a través de los cuales posean las Acciones de la Oferta, incluidas las comisiones relacionadas con la administración y custodia de valores que son libremente fijadas por los intermediarios financieros correspondientes y comunicadas a la CNMV o al Banco de España, según corresponda.

INDEX TO FINANCIAL STATEMENTS

Audited Interim Consolidated Financial Statements of Solarpack Corporación Tecnológica, S.A. and its subsidiaries for the six months ended June 30, 2018

Solarpack Corporación Tecnológica, S.A. y Sociedades Dependientes

Interim Consolidated Financial Statements for the period of six months ended 30 June 2018, prepared in accordance with International Financial Reporting Standards with independent auditor´s report on interim consolidated financial statements

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of interim consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

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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 and of interim consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Solarpack Corporación Tecnológica, S.A. at the request of the Group's Directors,

Opinion

We have audited the interim consolidated financial statements of Solarpack Corporación Tecnológica, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 June 2018, and the consolidated statement of profit or loss, consolidated statement of changes in equity, consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended (together, "the interim consolidated financial statements").

In our opinion, the accompanying interim consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 30 June 2018, and its consolidated results and its consolidated cash flows for the six-month 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 Interim 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 interim 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.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª.
C.I.F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the interim consolidated financial statements of the current period. These risks were addressed in the context of our audit of the interim consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Classification of the agreement with ACE Renewable Holding USD, S.A.	
Description	Procedures applied in the audit
As indicated in Note 12, in prior years the Group entered into an agreement with the original shareholders of the Group and ACE Renewable Holding USD, S.A. Pursuant to the aforementioned agreement, in certain circumstances (as described in Note 12), the Group would have the obligation to repurchase the shares in the share capital of the Parent that were to be subscribed by a subsidiary of ACE Renewable Holding USD, S.A. As a result of this agreement, the Group recognised EUR 5,437 thousand under "Other Financial Liabilities" in the interim consolidated balance sheet as at 30 June 2018. The classification of the agreement as equity or liabilities is a significant audit matter, since it requires management to make judgements in relation to the existence of evidence supporting the intention of third parties with respect to their obligations.	Our audit procedures to address this matter included, among others, the perusal and understanding of the agreement reached by ACE Renewable Holding USD, S.A. with the original shareholders and with the Group. We obtained and analysed the audit evidence supporting the classification of the agreement. Also, we involved our accounting specialists in International Financial Reporting Standards as adopted by the European Union to assist us in assessing the correct classification of the agreement and its appropriate recognition. Lastly, we verified that the disclosures included in Note 12 to the interim consolidated financial statements in connection with this matter are in conformity with those required by the applicable accounting regulations.

Recognition of revenue by reference to the stage of completion

Description

As indicated in Notes 3.10 and 5, the Group builds solar PV plants.

In the turnkey contracts in which control of the asset is transferred to the customer over the construction period, the Group recognises the contract revenue and the outcome of each contract by reference to the estimated stage of completion thereof, obtained on the basis of the costs incurred as a percentage of total budgeted costs.

In the six-month period ended 30 June 2018, the Group recognised revenue amounting to EUR 1,765 thousand in this connection, relating to the two turnkey contracts that were in force in that period.

Determination of the stage of completion involves a high degree of complexity and estimation by the Company's management in relation to, inter alia, the estimation of the total costs to be incurred in each project and the estimation of the margin on the basis of the expected revenue and the estimated costs to be incurred. Accordingly, the situation described was considered to be one of the most significant matters in our audit.

Procedures applied in the audit

Our audit procedures included, among others, the review of the only two contracts in which the Group applied the percentage of completion method in 2018 and their analysis with management in order to obtain an adequate understanding of the terms and conditions agreed upon.

We carried out substantive procedures on the two aforementioned agreements aimed at verifying the actual costs incurred. Also, we reviewed the consistency of the estimates made by Group management of the budgeted costs with the agreements with suppliers for the delivery of materials and services. In addition, we analysed the Group's estimates with the actual historical experience of the Group in this type of construction contract.

Lastly, we reviewed the adequacy of the disclosures provided in the accompanying interim consolidated financial statements (see Note 9).

Measurement of property, plant and equipment - solar PV plants

Description	Procedures applied in the audit
The Group operates solar PV plants and recognised at 30 June 2018 under "Property, Plant and Equipment" in the consolidated balance sheet plants with a carrying amount of EUR 115 million. At each reporting date, the Group analyses whether there is any indication that these assets might have become impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The methodology for determining the recoverable amount is based on the comparison of the actual profit or loss obtained by those plants with the expected profit or loss in the base case (the base case relates to the revenue and profit or loss estimates performed when the investment decision was made). As the determination and existence of indications of impairment require the application of a high degree of judgement, the situation described was considered to be one of the most significant matters in our audit.	Our audit procedures included, among others, the review of the analyses carried out by Group management to identify indications of impairment and, where appropriate, the review of the estimation of the recoverable amounts, for all of the solar PV plants. In this connection, we analysed and concluded upon the reasonableness of the valuation procedures and methodology used by the Group's management. In addition, we analysed the reasonableness of the assumptions considered in the base cases. We also reviewed the appropriateness of the disclosures made by the Group in relation to these matters, which are included in Note 6 to the interim consolidated financial statements.

Other Matter

The consolidated financial statements of Solarpack Corporación Tecnológica, S.A. and subsidiaries for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those consolidated statements on 7 November 2018.

The interim consolidated financial statements of Solarpack Corporación Tecnológica, S.A. and subsidiaries for the six-month period ended 30 June 2017 presented for comparison purposes only were not audited.

Other Information: Interim Consolidated Directors' Report

The other information comprises only the interim consolidated directors' report for the six-month period ended 30 June 2018, the preparation of which is the responsibility of the Parent's directors and which does not form part of the interim consolidated financial statements.

Our audit opinion on the interim consolidated financial statements does not cover the interim consolidated directors' report. Our responsibility relating to the interim consolidated directors' report, in accordance with the applicable audit regulations, consists of evaluating and reporting on whether the interim consolidated directors' report is consistent with the interim consolidated financial statements, based on our knowledge of the Group obtained in the audit of those interim consolidated financial statements and excluding any information other than that obtained as evidence during the audit. Also, our responsibility consists of evaluating and reporting on whether the content and presentation of the interim 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 in the preceding paragraph, the information in the interim consolidated directors' report is consistent with that contained in the interim consolidated financial statements for the six-month period ended 30 June 2018 and its content and presentation are in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Interim Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying interim 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 directors determine is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated financial statements, the Parent's directors are 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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the interim 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 interim consolidated financial statements.

A further description of our responsibilities for the audit of the interim consolidated financial statements is included in Appendix I to this auditor's report. This description, which is on pages 7 and 8, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Pablo Mugica
Registered in ROAC under no. 18694

8 November 2018

Appendix I 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 interim consolidated financial statements.

Auditor's Responsibilities for the Audit of the Interim 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 interim 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 directors.
- Conclude on the appropriateness of the use by the Parent's directors 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 interim 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 interim consolidated financial statements, including the disclosures, and whether the interim 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 interim 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 directors 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 significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the interim consolidated financial statements of the current period and are therefore the most significant assessed risks.

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

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

SOLAR PACK

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018 AND 31 DECEMBER 2017 (Notes 1, 2 and 3)

(Euros)

ASSETS	Explanatory notes	30.06.2018	31.12.2017 (*)
NON-CURRENT ASSETS			
Intangible assets	6	4,571,334	85,762
Concessions		4,427,702	-
Patents, licenses, trademarks and similar items		-	600
Computer software		143,632	85,162
Property, plant and equipment	6	117,208,476	5,196,459
Property, plant and equipment-solar PV plants		114,164,892	4,767,131
Property, plant and equipment in the course of construction-solar PV plants		2,593,107	-
Other items of property, plant and equipment		450,477	429,328
Non-current investments in Group companies and associates		5,250,377	4,971,115
Non-current equity instruments of Group companies and associates	8	-	955,144
Long-term loans to Group companies and associates	8	1,094	1,094
Investments accounted for using the equity method	7	2,629,257	1,426,567
Loans to companies accounted for using the equity method	7 and 8	2,620,026	2,588,310
Non-current financial assets		4,904,195	2,082,613
Non-current equity instruments	8	4,006,191	1,589,941
Long-term loans to third parties	8	295,960	453,247
Derivatives	8 and 15	562,619	-
Other non-current financial assets	8	39,425	39,425
Deferred tax assets	18	4,066,022	4,143,075
		136,000,404	16,479,024
CURRENT ASSETS			
Inventories	10	1,404,189	117,958,115
Goods held for resale		1,185,201	117,958,115
Advances to suppliers		218,988	-
Trade and other receivables	9	8,334,345	8,291,947
Trade receivables for sales and services		6,696,430	5,264,710
Trade receivables from Group companies and associates		414,901	498,222
Sundry accounts receivable		40,006	342,075
Other accounts receivable from public authorities		1,183,008	2,186,940
Current investments in Group companies and associates		735,573	978,059
Current equity instruments of Group companies and associates	8	1,170	1,170
Loans to companies accounted for using the equity method	7 and 8	706,849	957,706
Short-term loans to Group companies and associates	8	27,554	19,183
Current financial assets	8	7,932,550	4,046,331
Short-term loans to third parties		80,954	108,956
Derivatives		1,321,800	267,516
Other current financial assets		6,529,796	3,669,859
Current prepayments and accrued income		347,583	248,281
Cash and cash equivalents	11	13,063,668	19,528,749
Cash		13,063,668	19,528,749
		31,817,908	151,051,482
TOTAL ASSETS		167,818,312	167,530,506

EQUITY AND LIABILITIES	Explanatory notes	30.06.2018	31.12.2017 (*)
EQUITY			
Attributable to the Parent-		47,452,840	48,939,283
Share capital	12.1	426,650	426,650
Registered share capital		426,650	426,650
Share premium	12.1	4,860,584	5,213,067
Reserves	12.2	41,090,317	41,870,263
Legal and bylaw reserves		80,000	80,000
Other reserves		41,010,317	41,790,263
Profit for the period		2,448,649	4,725,480
Interim dividend	12.3	-	(262,900)
Translation differences	12.4	(3,691,360)	(3,033,277)
Assets measured at fair value through other comprehensive income		2,318,000	-
Attributable to non-controlling interests	12.5	4,517,235	4,020,259
		51,970,075	52,959,542
NON-CURRENT LIABILITIES			
Long-term provisions	13	411,997	324,645
Non-current payables	14	92,697,397	3,352,146
Bank borrowings associated with solar PV plants		79,251,411	3,352,146
Subordinated debt with non-controlling interests related to solar PV plants		3,451,560	-
Other financial liabilities		9,994,426	-
Non-current payables to Group companies and associates		-	161
Deferred tax liabilities	18	2,006,084	1,133,038
		95,115,478	4,809,990
CURRENT LIABILITIES			
Short-term provisions	13	188,605	332,104
Current payables		7,734,961	94,895,270
Bank borrowings and other financial liabilities	14	171,782	27,569
Bank borrowings associated with solar PV plants	14	5,978,859	85,098,029
Subordinated debt with non-controlling interests related to solar PV plants	14	449,488	3,717,218
Derivatives	15	610,534	780,461
Other financial liabilities	14	524,298	5,271,993
Current payables to Group companies and associates		121	-
Trade and other payables	16	12,714,689	14,331,731
Payable to suppliers		9,300,709	9,867,039
Sundry accounts payable		6,650	5,777
Remuneration payable		535,834	2,008,824
Other accounts payable to public authorities		2,400,648	2,448,758
Customer advances		470,848	1,333
Current accruals and deferred income		94,383	201,869
		20,732,759	109,760,974
TOTAL EQUITY AND LIABILITIES		167,818,312	167,530,506

(*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 29 are an integral part of the consolidated statement of financial position as at 30 June 2018.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2018 AND 2017 (Notes 1, 2 and 3)

(Euros)

	Explanatory notes	Six-month period ended 30 June 2018	Six-month period ended 30 June 2017(*)
CONTINUING OPERATIONS			
Revenue	20.1	**12,431,021**	**3,980,356**
Sales		12,431,021	3,980,356
Changes in inventories of finished goods and work in progress		**203,464**	**14,713,114**
In-house work on non-current assets		**17,505**	-
Other operating income	20.2	**94,564**	**1,684,294**
Non-core and other current operating income		47,853	1,684,294
Income-related grants transferred to profit or loss		46,711	-
OPERATING INCOME		**12,746,554**	**20,377,764**
Procurements		**42,709**	**(14,291,833)**
Cost of goods held for resale sold		42,709	(14,291,833)
Staff costs	20.3	**(3,249,823)**	**(3,135,626)**
Wages, salaries and similar expenses		(2,654,610)	(2,570,011)
Employee benefit costs		(595,213)	(565,615)
Other operating expenses	20.4	**(2,694,535)**	**(2,729,026)**
Outside services		(2,660,740)	(2,615,405)
Taxes other than income tax		(117,579)	(113,621)
Losses on and write-down of trade receivables and changes in provisions for commercial transactions	13	83,784	-
Depreciation and amortisation charge	6 and 10	**(799,144)**	**(206,428)**
Other income and expenses		**480,990**	**(5,000)**
OPERATING EXPENSES		**(6,219,803)**	**(20,367,913)**
PROFIT FROM OPERATIONS		**6,526,751**	**9,851**
Finance income	21	**344,821**	**129,717**
From investments in equity instruments		-	120,044
From marketable securities and other financial instruments		344,821	9,673
Finance costs	21	**(4,239,059)**	**(454,136)**
On debts to third parties		(4,239,059)	(454,136)
Changes in fair value of financial instruments	8 and 15	**576,627**	**7,104,564**
Exchange differences		**323,886**	**(1,363,447)**
Impairment and gains or losses on disposals of financial instruments	7	**(82,273)**	-
FINANCIAL PROFIT (LOSS)		**(3,075,998)**	**5,416,698**
Share of profits (losses) of companies accounted for using the equity method	7	**327,410**	**(11,051)**
PROFIT BEFORE TAX		**3,778,163**	**5,415,498**
Income tax	17 and 19	**(871,071)**	**(638,905)**
PROFIT FOR THE PERIOD		**2,907,092**	**4,776,593**
Profit attributable to non-controlling interests		458,443	508,827
Profit attributable to the Parent		2,448,649	4,267,766
Profit / (Loss) per participación (en euros):			
Basic	22.1	5.74	10.00
Diluted	22.2	5.74	10.00

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 29 are an integral part of the consolidated statement of profit or loss for the six-month period ended 30 June 2018.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2018 AND 2017 (Notes 1, 2 and 3)
(Euros)

A) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2018 AND 2017

	Six-month period ended 30 June 2018	Six-month period ended 30 June 2017 (*)
A) CONSOLIDATED PROFIT PER STATEMENT OF PROFIT OR LOSS	**2,907,092**	**4,776,593**
B) OTHER COMPREHENSIVE INCOME		
Items that may be subsequently reclassified to profit or loss		
Foreign currency translation differences	(591,673)	(2,602,373)
Assets measured at fair value through other comprehensive income	2,417,000	-
Tax effect	(99,000)	-
	1,726,327	**(2,602,373)**
TOTAL COMPREHENSIVE INCOME (A+B)	**4,633,419**	**2,174,220**
Attributable to:		
a) Attributable to the Parent	4,108,566	1,452,889
b) Attributable to non-controlling interests	524,853	721,331

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

B) CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR SIX-MONTH PERIODS ENDED 30 JUNE 2018 AND 2017

	Share capital (Note 12.1)	Share premium (Note 12.1)	Retained earnings (Note 12.2)	Profit for the period	Interim dividend (Note 12.3)	Translation differences	Assets measured at fair value through other comprehensive income	Non-controlling interests	Total equity
Balance at 1 January 2017	**426,650**	**5,213,067**	**31,507,850**	**13,666,641**	**-**	**259,311**	**-**	**5,299,948**	**56,373,467**
Distribution of profit for the period:	-	-	-	-					
To reserves	-	-	13,666,641	(13,666,641)	-	-	-	-	-
Recognised income and expense	-	-	-	4,267,766	-	(2,814,877)	-	721,331	2,174,220
Dividends (Note 12.3)	-	-	(290,243)	-	-	-	-	-	(290,243)
Balances at 30 June 2017 (*)	**426,650**	**5,213,067**	**44,884,248**	**4,267,766**	**-**	**(2,555,566)**	**-**	**6,021,279**	**58,257,444**
Recognised income and expense	-	-	-	457,714	-	(294,855)	-	(811,928)	(649,069)
Dividends (Note 12.3)	-	-	(59,662)	-	-	-	-	-	(59,662)
Interim dividends	-	-	-	-	(262,900)	-	-	-	(262,900)
Changes in the scope of consolidation (Note 2.8)	-	-	(1,219,694)	-	-	(326,063)	-	1,389,311	(156,446)
Other changes in equity (Note 12)	-	-	(1,703,132)	-	-	52,296	-	(460,049)	(2,110,885)
Other changes	-	-	(31,497)	-	-	90,911	-	(2,118,354)	(2,058,940)
Balances at 31 December 2017	**426,650**	**5,213,067**	**41,870,263**	**4,725,480**	**(262,900)**	**(3,033,277)**	**-**	**4,020,259**	**52,959,542**
Other financial liabilities (Notes 2.2 and 8)	-	-	(75,577)	-	-	-	-	-	(75,577)
Adjusted beginning balances at 1 January 2018	**426,650**	**5,213,067**	**41,794,686**	**4,725,480**	**(262,900)**	**(3,033,277)**	**-**	**4,020,259**	**52,883,965**
Distribution of profit for the period:							-		-
To reserves	-	-	4,725,480	(4,725,480)	-	-	-	-	-
Recognised income and expense	-	-	-	2,448,649	-	(658,083)	2,318,000	524,853	4,633,419
Dividends (Note 12.3)	-	-	(168,012)	-	-	-	-	-	(168,012)
Interim dividends	-	-	(262,900)	-	262,900	-	-	-	-
Other transactions (Note 12.1)	-	(352,483)	(5,084,469)	-	-	-	-	-	(5,436,952)
Other changes-non-controlling interests	-	-	-	-	-	-	-		-
Other changes	-	-	85,532	-	-	-	-	(27,877)	57,655
Balances at 30 June 2018	**426,650**	**4,860,584**	**41,090,317**	**2,448,649**	**-**	**(3,691,360)**	**2,318,000**	**4,517,235**	**51,970,075**

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 29 are an integral part of the consolidated statement of changes in total equity for the six-month period ended 30 June 2018.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2018 AND 2017 (Notes 1, 2 and 3)
(Euros)

	Explanatory notes	Six-month period ended 30 June 2018	Six-month period ended 30 June 2017(*)
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**72,916**	**(64,134,883)**
Profit for the period before tax		3,778,163	5,046,658
Adjustments for-			
- Depreciation and amortisation charge	6	799,144	206,428
- Impairment and gains or losses on disposal of financial instruments	7 and 8	82,273	(220,722)
- Changes in fair value of financial instruments	7, 8 and 15	(576,627)	1,326,678
- Changes in provisions	13	(131,725)	(18,099)
- Finance income	21	(344,821)	(129,717)
- Finance costs	21	4,239,545	454,136
- Exchange rate differences	21	(323,886)	1,363,447
- In-house work on non-current assets		(17,505)	-
- Other income and expenses	7	(327,410)	11,051
Changes in working capital-			
- Inventories	10	(2,754,383)	(62,609,480)
- Trade and other receivables	9	281,488	(6,273,340)
- Trade and other payables	16	(939,638)	750,307
- Other non-current assets and liabilities		(206,788)	(121,330)
Other cash flows from operating activities-			
- Interest paid		(4,196,786)	(454,136)
- Interest received		344,821	129,717
- Other payments		-	(3,596,481)
- Dividends received		367,051	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(4,009,985)**	**(3,923,402)**
Payments due to investment-			
- Non-current assets		(226,909)	-
- Other financial assets		(3,783,076)	(3,933,669)
Proceeds from disposal-			
- Non-current assets		-	10,267
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**(2,217,748)**	**62,143,359**
Proceeds and payments relating to financial liability instruments-			
- Proceeds from issue of bank borrowings, net		-	64,879,670
- Repayment of bank borrowings		(1,871,877)	(2,108,672)
- Repayment of other borrowings		(177,859)	(337,396)
Dividends and returns on other equity instruments paid-			
- Dividends	12	(168,012)	(290,243)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)		**(310,264)**	**(500,210)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(6,465,081)**	**(6,415,136)**
Cash and cash equivalents at beginning of period		19,528,749	16,473,715
Cash and cash equivalents at end of six-month period		13,063,668	10,058,579

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying Notes 1 to 29 are an integral part of the statement of cash flows the six-month period ended 30 June 2018.

Translation of interim consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails.

Solarpack Corporación Tecnológica, S.A. and Subsidiaries

Explanatory notes to the interim consolidated financial statements for the six-month period ended 30 June 2018

1. Incorporation and activities of the Group

1.1 Activities

Solarpack Corporación Tecnológica, S.A. ("the Parent") was incorporated as a private limited liability company in Spain on 1 April 2005 for an indefinite period of time. The Parent's employer identification number is B-95.363.859 and its registered office is at Avenida Algorta, 16 3º, Getxo, Vizcaya, where it also carries on its business activities.

The company object and principal business activities of Solarpack Corporación Tecnológica, S.A. and Subsidiaries ("the Group" or "the Solarpack Group") are the promotion, management and administration of companies producing renewable energies, including the supply, installation and assembly of equipment and facilities for power plants and the construction and sale of photovoltaic parks, as well as the production and sale of solar PV energy produced by solar farms owned by it.

The Solarpack Group carries on its business in the solar PV energy industry.

The Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the US, South Africa, India and South East Asia.

Solarpack Corporación Tecnológica, S.A. is 75% owned by Beraunberri, S.L. and, therefore, together with other companies, forms part of a corporate group as defined by Article 42 of the Spanish Commercial Code. However, in accordance with current legislation, the directors of Solarpack Corporación Tecnológica, S.A. formally prepare consolidated financial statements for the subgroup controlled by the latter in order to present fairly its financial position and results, and those consolidated financial statements are presented, voluntarily, in accordance with the International Financial Reporting Standards (IFRSs) adopted for use in the European Union (EU-IFRSs), approved by European Commission Regulations and effective at 30 June 2018.

On September 17 2018, Solarpack Technology Corporation´s board, has resolved through Extraordinary General Meeting to change the legal form of the company from limited liability company into joint stock company, which has been recording in public deed the October 25 2018 and recorded in the Vizcaya mercantile registry on October 30 2018.

Authorisation for issue

These interim consolidated financial statements and related explanatory notes were authorised for issue by the Board of Directors on 6 November 2018. The financial statements for 2017 were approved by the shareholders at the Annual General Meeting held on 29 June 2018. Those financial statements were reissued on 6 November 2018.

1.2 Regulatory framework

Both Solarpack Corporación Tecnológica, S.A. and certain of its fully consolidated subsidiaries and investees accounted for using the equity method carry on solar PV activities in Spain and abroad (see the Appendix to these explanatory notes), which are heavily influenced by the applicable regulatory frameworks. Set forth below is a description of the fundamental regulations affecting the Solarpack Group:

Industry regulations in Spain

Law 15/2012 on tax measures for energy sustainability was published on 27 December 2012. This Law, which came into force on 1 January 2013, established, among other measures, a tax on the value of electricity, which taxes, at a tax rate of 7%, the performance of production activities and feeding of electricity into the electricity system.

2 February 2013 saw the publication of Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial services sector which automatically, and effective 1 January, eliminated the possibility afforded to electricity production facilities under the special regime of choosing their power sale system, with all facilities being obliged to supply their power under the tariff system, while at the same time eliminating the reference premiums and the limits that applied to the market sale option. The Royal Decree-Law also provided that remuneration, tariffs and premiums would be revised on the basis of CPI inflation disregarding changes in taxes and excluding unprocessed food and energy products.

Royal Decree-Law 9/2013, of 12 July, on urgent measures to guarantee the financial stability of the electricity system, was published on 13 July 2013. This Royal Decree-Law repealed the regulations that hitherto regulated the legal and economic regime applicable to existing electricity production facilities using renewable energy sources, cogeneration and waste the remuneration of which included a premium, while mandating the Government to, at the proposal of the Minister of Industry, Energy and Tourism, approve a Royal Decree establishing the new remuneration system for these facilities to bring it into line with the principles established in the new wording of Article 30.4 of the Spanish Electricity System Law, i.e., (i) participation in the market; (ii) fair return; and (iii) efficient and well-managed enterprise. For these purposes, it is established that for facilities that, on the date on which Royal Decree-Law 9/2013 entered into force, were entitled to a premium-based economic system, fair return will be based, before taxes, on the average yield of Spanish Government Bonds on the secondary market over the ten years preceding the entry into force of the Royal Decree-Law, plus 300 basis points, reviewable every six (6) years.

The starting point for the remuneration of the special-regime electricity production facilities is the definition of standard facilities serving, for each type of technology, as the model for calculating that remuneration.

The following will be taken into account in this remuneration: (i) the standard revenue from the sale of the power produced at a market price; (ii) a return on the investment comprising a term for each unit of installed capacity which, with respect to the standard value of the initial investment, if necessary, covers the investment costs that will not be recovered from the sale of energy on the market; and (iii) remuneration for operation that, with respect to the standard operating costs, covers, where necessary, the difference between those costs and the revenue obtained by the standard facility from its participation in the market.

The regulations provide for the automatic allocation of each specific facility to the standard facility applicable to it.

The new remuneration system for these facilities has been in place since the entry into force of Royal Decree-Law 9/2013, i.e., since 14 July 2013. However, until the provisions needed for the Royal Decree regulating the new legal and economic system applicable to facilities to be fully applicable had been approved, the rules repealed by the Royal Decree-Law continued to apply, with the amounts received during this transitional period being considered to be advances.

Spanish Electricity System Law 24/2013, of 26 December, was published on 27 December 2013. Following the multiple and continual regulatory changes that had distorted the normal functioning of the industry, the Law has provided the necessary regulatory stability while undertaking the structural reforms that guarantee the long-term sustainability of the system. Among other things, the Law introduces as general concepts timing mismatches in the year-end settlements and transitional variances in the monthly settlements, as well as the adjusting mechanisms if system revenue is lower than system costs. For the purposes of renewable energy production facilities, the Law reflects the provisions approved in the aforementioned Royal Decree-Law 9/2013, clarifying matters relating to the regularisation of the revenue received in the form of advances.

In February 2014 the Spanish National Markets and Competition Commission approved a draft Ministerial Order implementing the rules contained in the aforementioned Royal Decree-Law and established the new remuneration parameters for these facilities from 14 July 2013 onwards.

On 6 June 2014, the Spanish Cabinet approved Royal Decree 413/2014 regulating the generation of electricity using renewable energy sources, cogeneration and waste. This Royal Decree implements the economic regime established in Royal Decree-Law 9/2013, of 12 July. On 20 June 2014, Ministry of Industry, Economy and Tourism Order IET/1045/2014, of 16 June, was published approving the standard facility remuneration parameters applicable to certain electricity production facilities using renewable energy sources, cogeneration and waste applicable for the first regulatory semi-period that ended on 31 December 2016. On that date the new remuneration provided for in Ministerial Order ETU/130/2017 started to apply for the three-year period from 2017 to 2019.

7 July 2014 saw the publication of Ministerial Order IET/1168/2014, of 3 July, determining the date of automatic registration (9 July 2014) of certain facilities in the specific remuneration system register provided for in Royal Decree 413/2014.

Industry regulations in Peru. Peruvian Electricity Concession Law - Decree-Law No. 25844

The Peruvian electricity industry is governed by the Electricity Concession Law, pursuant to Decree-Law No. 25844, Supreme Decree No. 009-93-EM and the related amendments and extensions. Under that Law, the electricity industry in Peru is divided into three main segments: generation, transmission and distribution. Since 2000 the Peruvian electricity system has consisted of the National Interconnected Electricity System (SEIN) and other interconnected systems. The Group supplies renewable electricity in the segment included in the SEIN in 2006 under Law No. 28832, which ensures the efficient development of electricity generation and made important changes to the regulation of the industry.

Under the Electricity Concessions Law, the operation of power generation plants and transmission systems is subject to the regulation of the National Economic Operation Committee (COES-SEIN) whereby they coordinate their operations at a minimum cost, ensuring the secure supply of electricity, as well as the best possible use of energy resources. COES-SEIN regulates the prices for electricity and transmission between power producers and the remuneration for the owners of the transmission systems.

Regulatory framework in Chile

The power sales of the subsidiaries in Chile, Pozo Almonte Solar 1, SpA, Calama Solar 1, SpA and Calama Solar 2, SpA are made directly to the national electricity system at a stabilised node price associated with small distributed generation facilities, which is set by the National Energy Commission on a semi-annual basis.

As regards the subsidiary Arica Solar 1, S.A., Group management will seek to sell the power produced by the solar PV plant through a power purchase agreement (PPA) with a free consumer in the electricity system.

The Chilean companies accounted for using the equity method, namely, Calama Solar 3, S.A., Pozo Almonte Solar 2, S.A. and Pozo Almonte Solar 3, S.A., whose functional currency is the US dollar, have agreements for the supply of the power produced by the solar PV plants for the entire period covered by their estimated useful life with selling prices agreed on in US dollars, subject to an indexation formula based on the change in the US CPI. In addition, the agreements provide for mechanisms for defining the charges that must be borne by the parties should cost overruns arise as a result of regulatory requirements established in the future by the competent authorities that are binding on the parties. Therefore, at the reporting date the effect of the regulatory framework in Chile is limited.

Regulatory framework in India

The subsidiaries in India, namely, Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private, have supply agreements for the electricity produced by their solar PV plants for the period covered by their estimated useful life with selling prices established in Indian rupees for the entire term of the related agreements. Therefore, at the reporting date the effect of the regulatory framework in India is limited.

2. Basis of presentation of the interim consolidated financial statements and basis of consolidation

Following is a description of the main accounting policies adopted in the preparation of the interim consolidated financial statements and related explanatory notes. Except as indicated in Note 2.1 below, the accounting policies were applied consistently in all the periods presented.

2.1 Basis of presentation

The Group's interim consolidated financial statements and related explanatory notes as at 30 June 2018 were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted for use in the European Union (EU-IFRSs), approved by European Commission Regulations and effective at 30 June 2018.

The consolidated financial statements of the Solarpack Group as at 31 December 2014 were the first consolidated financial statements that the Group headed by Solarpack Corporación Tecnológica, S.A. presented in accordance with EU-IFRSs, the date of transition being 1 January 2013. Up to and including the year ended 31 December 2013 the Group's consolidated financial statements were prepared in accordance with Spanish corporate law in force, contained in the Commercial Code amended by Law 16/2007, of 4 July, on the reform and adaptation of Spanish corporate law on accounting matters for its international harmonisation based on European Union legislation, Royal Decree 1514/2007, of 20 November, approving the Spanish National Chart of Accounts, and Royal Decree 1159/2010, of 17 September, approving the rules for the preparation of consolidated financial statements, in relation to all matters which do not contravene the provisions of the aforementioned corporate law reform. In the year ended 31 December 2014 Group management assessed the differences between these rules and IFRSs, and adjusted, where appropriate, the figures for 2013 for the purpose of presenting comparative information in accordance with IFRSs. In its consolidated financial statements for 2014 the Group disclosed information on the transition from the previous Spanish National Chart of Accounts to IFRSs, thus complying with IFRS 1 in this regard.

The Group's interim consolidated financial statements and related explanatory notes were prepared on a historical cost basis.

The preparation of the interim consolidated financial statements and related explanatory notes in accordance with EU-IFRSs makes it necessary to use significant accounting estimates. It also requires management to use its judgement when applying the Parent's accounting policies. The areas requiring the greatest degree of judgement or involving the greatest degree of complexity and the areas in which the assumptions and estimates are significant are disclosed in Note 2.4.

The Group's directors prepared the interim consolidated financial statements in accordance with the going concern basis of accounting.

2.2 *Adoption of International Financial Reporting Standards (IFRSs)*

In 2018 the following mandatory standards and interpretations already adopted by the European Union came into force, which, where applicable, were used by the Group in preparing these half-yearly consolidated financial statements:

(1) *New standards, amendments and interpretations mandatorily applicable in the period:*

Approved for use in the European Union		**Obligatory application in annual reporting periods beginning on or after:**
IFRS 15, Revenue from Contracts with Customers (issued in May 2014) and the related clarifications (issued in April 2016)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	1 January 2018
IFRS 9, Financial Instruments (issued in July 2014)	Replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	1 January 2018
Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions (issued in June 2016)	Various amendments to the standard on share-based payment transactions in relation to vesting conditions on cash-settled share-based payment transactions, amendments to the terms and conditions of plans, net settlements, etc.	1 January 2018
Amendments to IFRS 4, Insurance Contracts (issued in September 2016)	Provide entities within the scope of IFRS 4 with the option of applying IFRS 9 ("overlay approach") or the temporary exemption therefrom.	1 January 2018
Amendments to IAS 40, Reclassification of Investment Property (issued in December 2016)	Guide to investment property transactions when there is a change in use.	1 January 2018
IFRS 1, First-time Adoption of International Financial Reporting Standards (issued in December 2016)	Deletion of short-term exemptions (Annual Improvements to IFRSs 2014–2016 Cycle)	1 January 2018
IAS 28, Investments in Associates and Joint Ventures (issued in December 2016)	Clarification in relation to the election to measure at fair value through profit or loss (Annual Improvements to IFRSs 2014–2016 Cycle)	1 January 2018
IFRIC 22, Foreign Currency Transactions and Advance Consideration (issued in December 2016)	Establishes the date of the transaction for the purpose of determining the exchange rate to use in transactions with advance consideration in a foreign currency.	1 January 2018

<u>IFRS 15</u>

In relation to IFRS 15, in May 2014 the IASB and the FASB jointly issued a converged standard on the recognition of revenue from contracts with customers. Under this standard, revenue is recognised when a customer obtains control of the good or service sold, i.e., when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the good or service. This IFRS contains new guidance for determining whether revenue should be recognised over time or at a particular point in time. IFRS 15 requires comprehensive disclosures about both the revenue recognised and the revenue expected to be recognised in the future in relation to existing contracts. It also requires qualitative and quantitative information about significant judgements made by management when determining the revenue to be recognised and about changes in those judgements.

Subsequently, in April 2016 the IASB published amendments to this IFRS which, despite not altering its basic principles, clarify certain of the most complex issues.

Amendments to IFRS 15, Clarifications to IFRS 15 Revenue from Contracts with Customers

The IASB amended IFRS 15 in order to:

- Clarify the guidance for identifying performance obligations, accounting for licences of intellectual property and principal versus agent considerations (recognition of net revenue or of revenue in the gross).
- Include new illustrative examples and changes for each of these areas of the guidance.
- Provide additional practical tools relating to the transition to the new standard.

Although these amendments do not alter the basic principles of IFRS 15, they do clarify certain of its most complex areas.

The Group has analysed whether the new requirements of IFRS 15 have given rise to changes as, under the new standard, revenue must be recognised in such a way as to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Since the Group recognised revenue relating to the principal activities indicated below (see Note 3.10), following is a summary of the analysis performed, from which the conclusion was drawn that the application of this standard will not give rise to significant differences:

- Sales of solar farms, which include a warranty agreed on with the customer: the revenue is recognised when the significant risks and rewards of ownership of the farm have been transferred to the buyer, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The warranties provided, which provide assurance that the farms meet the specifications agreed on, cannot be purchased separately and, therefore, the Group will continue to account for them in accordance with IAS 37 (see Note 3.11).

- Construction of solar farms, including a warranty agreed on with the customer: in general, the Group recognises contract revenue and the outcome of each contract by reference to the estimated stage of completion of the contract activity, a practice which continues to be permitted under IFRS 15. The related warranties are treated in a similar way to those in the previous case.

- Provision of O&M services or power sales: this revenue is recognised as and when the services are provided or the power is transferred. The treatment in both cases is consistent with that being applied up until 2018.

The Group did not opt for the retrospective application method.

IFRS 9

IFRS 9 has superseded IAS 39 for reporting periods beginning on or after 1 January 2018. There are very significant differences with respect to the previous standard for the recognition and measurement of financial instruments. However, the most significant difference applicable to the Group is that relating to impairment losses on financial assets, since IFRS 9 requires the application of a model based on the expected credit loss, as opposed to the model in IAS 39 which is based on incurred credit losses. Under this model, the Group updates the expected loss and the changes therein at each reporting date to reflect the changes in credit risk since initial recognition; therefore, it is no longer necessary for an impairment event to have occurred before credit losses are recognised. In addition, changes in the contractual cash flows of a financial liability leading to the derecognition of the financial liability must be recognised as a change in estimate of the contractual cash flows of the liability, maintaining the original effective interest rate and adjusting its carrying amount to enable the recognition of a balancing entry in profit or loss.

The Group applied IFRS 9 retrospectively without restating the comparative information and using the simplified approach. In this regard, applying the new expected credit loss impairment model, the Group estimated at 1 January 2018 that the financial assets measured at amortised cost are subject to impairment losses, on the basis of the facts and circumstances that existed at that date, as indicated below, over the lifetime of those assets:

	Euros		
	Balance at 01/01/18	**Estimated credit loss (%) (*)**	**Estimated credit loss at 01/01/18**
Trade receivables (Note 9)	5,264,710	0%-1%	21,802
Other receivables (Notes 8 and 9)	5,851,710	0%-5%	31,420
Cash and deposits (Notes 8 and 11)	22,355,331	0.1%	22,355
TOTAL	**33,471,751**		**75,577**

(*) The estimate was made taking into account the credit rating of the counterparties issued by agencies of acknowledged prestige. In making the estimate for certain customers it was opted to recognise an allowance based on historical credit loss experience as no separate public credit rating was available.

Also, in relation to certain equity instruments (see Note 8), which are measured at fair value, the Group availed itself of the options established in this IFRS, and made an irrevocable election to present in "Other Comprehensive Income" subsequent changes in the fair value of those equity instruments.

Lastly, IFRS 9 changes the treatment of refinancing financial liabilities with respect to the provisions of IAS 39, as it requires the on-balance sheet amount of the debt to be adjusted to the sum of the modified cash flows discounted at the original effective interest rate, maintaining that rate for reporting periods subsequent to the restructuring.

Regarding on refinancing, The IFRS 9 has not had impact (see Note 14).

(2) ***New standards, amendments and interpretations that will be mandatorily applicable in annual reporting periods subsequent to the calendar year that began on 1 January 2018***

At the date of authorisation for issue of these interim consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the interim consolidated financial statements or because they had not yet been adopted by the European Union:

Approved for use in the European Union		Obligatory application in annual reporting periods beginning on or after:
IFRS 16, Leases (issued in January 2016)	The new standard on leases (supersedes IAS 17 and the related interpretations).	1 January 2019
Amendments to IFRS 9, Prepayment Features with Negative Compensation (issued in October 2017)	Will permit measurement at amortised cost of certain financial assets which may be put back to the issuer before maturity for an amount lower than the unpaid amounts of principal and interest.	1 January 2019

Not yet approved for use in the European Union		Obligatory application in annual reporting periods beginning on or after:
IFRS 17, Insurance Contracts (issued in May 2017)	Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. Will supersede IFRS 4.	1 January 2021
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	Clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over whether the relevant taxation authority will accept a tax treatment used by an entity.	1 January 2019
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures (issued in October 2017)	Clarify that IFRS 9 must be applied to long-term interests in an associate or joint venture if the equity method is not used.	1 January 2019
Improvements to IFRSs, 2015-2017 cycle (issued in December 2017)	Amendments to a series of standards	1 January 2019
Amendments to IAS 19, Plan Amendments, Curtailments and Settlements (issued in February 2018)	Clarify how to calculate the current service cost and net interest for the remainder of the reporting period when there is an amendment, curtailment or settlement of a defined benefit plan.	1 January 2019

The Group is performing a preliminary assessment of the impact that the future application of the standards that come into force in annual reporting periods beginning on or after 1 January 2019 might have on the interim consolidated financial statements once they become effective (although, application using the modified retrospective method has already been decided upon). In particular, the Group considers that the main impact might arise as a result of the future application of IFRS 16, since IAS 17 does not require the recognition of any right-of-use asset or liability for future payments under these leases; however, certain information is disclosed, such as operating lease obligations, in Note 23.2 (relating mainly to the leases for the land on which solar plants have been installed in Spain, which expire in the period from 2031 to 2046). A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and, therefore, the Group will recognise a right-of-use asset and the related liability.

2.3 Translation of foreign currency items to euros

Functional and presentation currency

The items included in the consolidated interim financial statements and related explanatory notes of each Group company are measured using the currency of the primary economic environment in which the company operates (its "functional currency"). The functional currency of the Group companies is the currency of the country in which they are located, except for the companies located in Chile and Peru, whose functional currency is the US dollar. However, the functional currency of the Chilean company Solarpack Chile, S.A. is the Chilean peso. In addition, Pampul Holdco, S.L. and PMGD Holdco, S.L., with registered office in Spain, have adopted the US dollar as their functional currency.

The Group's interim consolidated financial statements and related explanatory notes are presented in euros, except when otherwise stipulated by that explanatory notes, since the euro is the functional and presentation currency of the Parent.

Foreign currency transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the date of the transactions or the valuations, in the case of line items that have been revalued. The exchange gains and losses arising on settlement of these transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, unless they are deferred in other comprehensive income, as in the case of qualifying cash flow hedges and qualifying hedges of net investments.

Exchange gains or losses are presented in the consolidated statement of profit or loss under "Exchange Differences".

The changes in fair value of the money market securities denominated in foreign currencies classified as financial instruments at fair value through other comprehensive income are analysed considering the translation differences resulting from changes in the amortised cost of the security or other changes in the carrying amount of the security. The translation differences relating to changes in amortised cost are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income.

The translation differences on non-monetary items such as equity instruments held at fair value through profit or loss are recognised in profit or loss as the portion of the gain or loss at fair value. The translation differences on non-monetary items such as equity instruments classified as available-for-sale financial assets are included in other comprehensive income.

Group companies

The results and financial position of all the Group companies (none of which operates with the currency of a hyperinflationary economy) with a functional currency other than the presentation currency are translated to the presentation currency as follows:

a) Assets and liabilities relating to monetary items in each balance sheet presented are translated to euros at the exchange rates prevailing at the reporting date; non-monetary foreign currency items are translated at the historical exchange rates at the transaction date.

b) The income and expenses in each statement of profit or loss are translated to euros at the average exchange rates (unless this average does not reasonably approximate the cumulative effect of the rates ruling at the transaction dates, in which case the income and expenses are translated at the rates prevailing at the transaction dates); and

c) All the resulting exchange differences are recognised under "Translation Differences".

Goodwill and fair value adjustments arising on the acquisition of a foreign company are treated as assets and liabilities of the foreign company and are translated at the closing rate. The exchange differences that arise are recognised in other comprehensive income.

2.4 Responsibility for the information and use of significant estimates

The information in these interim consolidated financial statements is the responsibility of the Board of Directors of de Solarpack Corporación Tecnológica, S.A.

The most significant judgements and estimates that must be taken into account when applying the accounting policies described in Note 3 relate to:

- The assumptions used to evaluate the recoverability of deferred tax assets (see Notes 3.9 and 18).

- The estimates relating to the useful life of the property, plant and equipment (see Note 6) and intangible assets (see Note 3.1).

- The estimates relating to the calculation of provisions for plant dismantling and warranties (see Note 13).

- Compliance with covenants in relation to certain financing received (see Note 14).

- The assumptions used to evaluate the recoverability of property, plant and equipment (solar PV plants) (see Notes 3.3 and 6).

- The net realisable value of the inventories (see Note 10).

- The recognition of revenue by reference to the stage of completion of the projects (see Note 3.10).

Although these estimates were made on the basis of the best information available on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the related consolidated statements of profit or loss. Due to the uncertainty involved in any estimate based on future expectations in the current economic environment, differences might arise between projected and actual results. The importance of these estimates should be taken into account in any interpretation of the accompanying consolidated financial statements and, more specifically, in relation to the recoverability of property, plant and equipment and recognised tax assets.

2.5 Comparative information

The information relating to 2017 contained in these consolidated financial statements is presented solely for comparison purposes with the information relating to the six-month period ended 30 June 2018.

The comparative information at 30 June 2017 was prepared applying the same accounting policies as those used at 30 June 2018 and was not audited or reviewed.

Also, for the purposes of the comparative information, it should be borne in mind that Group management recently changed its strategy in relation to asset rotation. Until this reporting period the Group had been implementing a high-asset-rotation strategy, rapidly selling most of the solar PV plants brought into operation and retaining non-controlling interests in certain cases. The Group now intends to retain title to more than one-half of the solar PV plants developed and built by it and, accordingly, the assets brought into operation will not be systematically put up for sale. In this regard, the intention of the Group's directors is for the Group to operate directly certain solar PV plants that at 31 December 2017 had been recognised under "Inventories" since, on the basis of the previous strategy, the Group intended to sell the plants at short term. These plants were reclassified to "Property, Plant and Equipment" (see Notes 6 and 10). Also, the Group reclassified the financing associated with these assets, on the basis of the related contractual maturities (see Note 14). Until this reporting period the financing had been classified as current liabilities regardless of the related contractual maturity date.

Lastly, it is worth noting that the consolidated financial statements for the period ended 31 December 2017 were reissued on 6 November 2018. (Note 1.1)

2.6 Seasonality of the Group's transactions

In view of the business activity in which the Group companies engage, their transactions are not significantly cyclical or seasonal in nature. However, although the power sale business can be considered to be somewhat seasonal, the geographical diversity of the businesses mitigates this effect. Therefore, no specific disclosures in this connection are included in these explanatory notes to the interim consolidated financial statements for the six-month period ended 30 June 2018.

2.7 Basis of consolidation

Subsidiaries

Subsidiaries are the entities (including structured entities) that the Group controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date that control ceases to exist.

The Group applies the acquisition method to account for business combinations. The consideration transferred in the acquisition of a subsidiary relates to the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially recognised at their acquisition-date fair value. For each business combination, the Group may opt to recognise any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The costs relating to the acquisition are recognised as expenses in the period in which they are incurred.

In a business combination achieved in stages the acquisition-date carrying amount of the equity interest in the acquiree held by the acquirer immediately before the acquisition date is remeasured at its acquisition-date fair value; any revaluation gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is measured at its acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as equity do not give rise to any revaluation and subsequent settlements are accounted for in equity. All the other contingent consideration, regardless of whether or not it is within the scope of IFRS 9, is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the aggregate amount of the consideration transferred, the non-controlling interest recognised and the previously held equity interest is lower than the fair value of the net assets of the subsidiary acquired in the case of an acquisition under highly favourable terms, the difference is recognised directly in profit or loss.

Intra-Group transactions and unrealised gains arising from transactions between Group companies are eliminated. Unrealised losses are also eliminated. Where necessary, the amounts presented by the subsidiaries are adjusted to bring them into line with the Group's accounting policies.

The identifying data of the subsidiaries are disclosed in the accompanying Appendix.

The interim consolidated financial statements and related explanatory notes for the six-month period ended 30 June 2018 were used for consolidation purposes.

Changes in the ownership interests in the subsidiaries not giving rise to a change in control

Transactions involving non-controlling interests that do not result in the Parent losing control of the subsidiary are equity transactions (i.e., transactions with owners in their capacity as owners). Any difference between the fair value of the consideration paid and the proportion acquired of the carrying amount of the net assets of the subsidiary is recognised in equity. Gains or losses on disposals of non-controlling interests are also recognised in equity.

Disposal of subsidiaries

When the Group loses control, any investment retained in the former subsidiary is remeasured at its fair value when control is lost and the change in the carrying amount is recognised in profit or loss. That fair value is the cost on initial recognition for the purpose of subsequently measuring the investment retained as an investment in an associate, joint venture or financial asset. In addition, any amount previously recognised in other comprehensive income in relation to this entity is accounted for as if the Group had sold directly the related assets or liabilities. This could lead the amounts previously recognised in other comprehensive income to be reclassified to profit or loss.

Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Investments in joint arrangements under IFRS 11 are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group assessed its joint arrangements as being joint ventures. Joint ventures are accounted for using the equity method.

Under this method, interests in joint ventures are initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of profits or losses and changes in other comprehensive income. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture (including any long-term interest that, in substance, forms part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains in transactions between the Group and its joint ventures are eliminated against the Group's investment in the joint ventures. Unrealised losses are also eliminated, unless the transaction evidences an impairment loss on the asset transferred. Where necessary, the accounting policies of the joint ventures were modified to bring them into line with the Group's accounting policies.

Detailed information on these joint ventures is disclosed in Notes 7 and 25.

Associates

Associates are all entities over which the Group exercises significant influence but over which it does not have control, which generally arises as a result of ownership of between 20% and 50% of the voting power. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or reduced to recognise the investor's share of the profit or loss of the investee after the acquisition date. The Group's investments in associates include any goodwill identified on acquisition.

If an ownership interest in an associate is reduced, but significant influence continues to exist, only the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss is reclassified to profit or loss.

The Group's share of the post-acquisition profits or losses of its associates is recognised in profit or loss, and its share of the post-acquisition changes in other comprehensive income is recognised in other comprehensive income, and the carrying amount of the investment is adjusted. When the Group's share of the losses of an associate is equal to or exceeds its ownership interest therein, including any other unsecured accounts receivable, the Group does not recognise any additional losses unless it has incurred legal or constructive obligations or has made payments on behalf of the associate.

At each reporting date, the Group determines whether there is any objective evidence that its net investment in the associate is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the investment in the associate and its carrying amount and recognises the share in the profit or loss of the associate in profit or loss.

Gains and losses arising from transactions between the Group and its associates are recognised in the Group's interim consolidated financial statements only to the extent that they arise from the interests of other investors in associates not related to the investor. Unrealised losses are eliminated, unless the transaction evidences an impairment loss on the asset transferred. Where necessary, the accounting policies of the associates were modified to bring them into line with the Group's accounting policies.

Dilutive gains and losses arising on investments in associates are recognised in profit or loss.

2.8 Group structure and changes in the scope of consolidation

Group structure

Appendix I to these interim consolidated financial statements and related explanatory notes for the six-month period ended 30 June 2018 contains a list of all the subsidiaries, associates and joint arrangements at 30 June 2018, information on them and the method used to account for them in the interim consolidated financial statements.

At 31 December 2017, the Parent had direct or indirect ownership interests in certain companies excluded from the scope of consolidation. The main aggregates of those companies at 31 December 2017 and the reasons for their exclusions are as follows (in euros):

31 December 2017

Company	Country	Line of business	Carrying amount of the investment in euros (Note 8)	% of direct ownership	% of indirect ownership	Share capital (euros)	Reserves (euros)	Profit or loss for the year (euros)	Total assets (euros)
Solarpack, SARL (1), (3)	France	Development and management of solar PV projects	-	100%	-	60,000	(137,510)	(1,374)	8,608
Gestión Solar Perú, S.A.C. (1), (3)	Peru	Provision of solar PV plant O&M services	49,943	-	50%	8,348	3,733	596,809	916,015
Solargés Perú, S.L. (1), (3)	Spain	Development of renewable energy, mainly solar PV, projects	1,503	50%	-	3,006	1,003	-	43,079
Ecuador Solar Holdco, S.L. (2), (3)	Spain	Promotion, development and production of solar PV plants	901,654	50%	-	4,000	2,292,025	(492,717)	1,803,308
Itok Solar Incorporated, S.L. (2), (3) (4)	Spain	Advisory services relating to renewable energies, promotion, development and construction of solar PV plants and ownership of securities	-	-	48.98%	49,000	1,858,209	(952,769)	1,796,832

Company	Country	Line of business	Carrying amount of the investment in euros (Note 8)	% of direct ownership	% of indirect ownership	Share capital (euros)	Reserves (euros)	Profit or loss for the year (euros)	Total assets (euros)
Generación de Energía Solar Solarconection, S.A. (2), (3), (4)	Ecuador	Development of renewable energy projects	-	-	48.98%	1,440,136	(769,567)	(325,191)	392,362
Condorsolar, S.A. (2), (4)	Ecuador	Development of renewable energy projects	-	-	48.98%	2,349,130	(963,152)	(359,762)	1,368,156
Energía Regional, S.A. de C.V. (1), (3)	El Salvador	Power production, generation and retailing	-	90%	-	34,685	-	-	40,919
Tricahue Solar, SpA (1), (3)	Chile	Development of renewable energy projects	-	-	100%	678	(1,400)	(218)	657
Tamarugal Solar 1, SpA (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(1,470)	(1,455)	1,258
Taltal Solar, S.A. (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(280)	(195)	257
Diego Almagro Solar 2, S.A. (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(280)	(142)	255
Diego Almagro Solar 3, S.A. (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(1,299)	(205)	583
Los Libertadores Solar, SpA (1), (3)	Chile	Operation of solar PV facilities	25	20%	80%	136	-	(710)	389

(1) Company excluded from the scope of consolidation due to its scant materiality.

(2) In January 2014 50% of the ownership interest in Ecuador Solar Holdco, S.L. was sold to a third party, not giving rise to any gain or loss. These companies have been dormant since mid-2014, when the decision was taken to discontinue their activity in Ecuador and to sell them. The Parent includes Ecuador Solar Holdco, S.L. as a financial asset under "Non-Current Investments in Group Companies and Associates - Non-Current Equity Instruments of Group Companies and Associates" (see Note 7) because, had it been included in the scope of consolidation, since it is a joint operation, the main impact would have been to reclassify the carrying amount of the investment to "Non-Current Investments in Group Companies and Associates - Investments Accounted for Using the Equity Method".

(3) Amounts obtained from unaudited financial statements.

(4) Companies wholly owned by Ecuador Solar Holdco, S.L.

Had these companies been included in the scope of consolidation in 2017, their approximate effect, based on the amounts of their unaudited financial statements, on the main aggregates of the consolidated financial statements would been a change of around 0.3% in total assets, 0.2% in total liabilities and 0.4% in total consolidated equity, which would have given rise to a change of 0.25% in profit for the reporting period.

Changes in the scope of consolidation

2018

On 7 February 2018, the subsidiaries Suvan Solar, SpA, Apolo Solar, SpA, Astro Solar, SpA and Cuenca Solar, SpA. were incorporated, and the Parent subscribed all their share capital and included them in the scope of consolidation on that date.

On 23 February 2018, the subsidiaries Yala Solar Private Limited, Alpur Solar Private Limited, Nanj Solar Private Limited, Ekialde Sun Solar Private Limited and Holen Solar Private limited were incorporated, and the subsidiary Ekialde Solar Private Limited subscribed 99.99% of their share capital and included them in the scope of consolidation on that date.

On 18 May 2018, the subsidiary Eureka Energías Renovables, S.L. was incorporated, and the Parent subscribed all its share capital and included it in the scope of consolidation on that date.

Also, four foreign companies (Diego Almagro Solar 2, S.A., Diego Almagro Solar 3, S.A., Taltal Solar, S.A. and Tamarugal Solar 1, S.A.) incorporated in prior years, whose share capital was 98% subscribed by the subsidiary Solarpack Chile, Ltda., were included in the scope of consolidation on 1 January 2018. They were not included in the scope of consolidation in prior years because the effect of the consolidation thereof was insignificant.

In addition, at 1 January 2018 the Group accounted for its investments in Ecuador Solar Holdco, S.L., Gestión Solar Perú, S.A.C. and Solargés Perú, S.L. by the equity method (see Note 7). Also, Solarpack, SARL, Energía Regional, S.A. de CV, Tricahue Solar, SpA and Los Libertadores solar, SpA. were fully consolidated. All these companies had been excluded from the scope of consolidation until then because their impact was insignificant, and were included to provide greater transparency and to give a more detailed view of the Group, at the directors' discretion. The Group's interim consolidated financial statements integration has been made as if it would be registered since the beginning, having been registered the corresponding impact to previous years with credit to reserves.

None of the inclusions indicated had a material effect on the consolidated figures for the six-month period ended 30 June 2018.

Also, on 6 January 2018 and 20 April 2018 the Group made contributions of INR15,000 thousand and INR 17,500 thousand, respectively, equal to a total of approximately EUR 410 thousand, to the subsidiary Ekialde Solar Private Limited. Lastly, on 23 February 2018 the Parent made a capital contribution of USD 50 thousand, equal to approximately EUR 41 thousand, to the subsidiary Solarpack Development Inc.

2017

In 2017 the subsidiaries Solarpack Colombia, S.A.S., Ekialde Solar Private Limited, Pedroso Solar, S.L.U., Sol de Alvarado, S.L. and Peñaflor Solar, S.L. were incorporated, and the Parent subscribed all their share capital and included them in the scope of consolidation in that year.

Also, Spk Alvarado, S.L., Solarpack Monclova, S.L. and Maria Elena Solar, S.A. were incorporated in 2016. Although the Group exercised control over these companies in 2016, they were not included in the scope of consolidation until 2017.

In addition, two foreign companies (SPK Energías Renovables México 1, S.A. de CV and Solarpack Development, Inc.) incorporated in prior years, all of whose share capital was subscribed by the Parent, were included in the scope of consolidation in 2017. Since these companies had been dormant until 2017, they were not included in the scope of consolidation until 2017. Their inclusion did not have a material effect on the consolidated figures for 2017.

In January 2017 the Group made capital contributions to the following subsidiaries located in India: Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd, giving rise to changes in the related percentages of ownership, on the basis of the capital contributions made, of less than 3% in all cases. The contributions totalled INR 356,245 thousand, equal to approximately EUR 4,928 thousand.

In March 2017 the Group made capital contributions to its subsidiary Solarpack India, LLP totalling INR 17,200 thousand (equal to approximately EUR 234 thousand), and in the second half of 2017 it made new capital contributions totalling USD 772 thousand (equal to approximately EUR 656 thousand).

In the period from 1 January 2017 to 30 June 2017 the Group made capital contributions to foreign subsidiaries, located in Chile, without changing the related percentages of ownership, totalling USD 8,613 thousand, and increased its non-controlling interests, by EUR 1,120 thousand, due largely to contributions made to the subsidiary PMGD Holdco Chile, S.P.A.

In April 2017 the subsidiary Solarpack Chile, Ltda. sold Diego Almagro Solar, SpA. Its exclusion from the scope of consolidation did not have a material effect on the consolidated figures.

Also, in 2017 certain transactions gave rise to changes in the percentages of ownership of the subsidiaries Solarpack Chile, Ltda. and Solarpack Perú, S.A.C., of which the Group is now the sole shareholder, and to changes in the percentages of ownership of the subsidiaries of those companies. The transactions performed are summarised as follows:

- On 23 October 2017, the shareholders at an Extraordinary General Meeting resolved to convert the company into a private limited liability company under the name of Solarpack Chile Ltda.

- On 5 December 2017, capital was reduced in order to facilitate the exclusion from the Group of the non-controlling interests, reducing the ownership interest of the latter in the share capital of Solarpack Chile, Ltda. by 99.5% to 19.9% of the total share capital of Solarpack Chile, Ltda. for the par value of the related shares, i.e., CLP 20,915 thousand (EUR 26.4 thousand).

- On 5 December 2017, the Group acquired the shares of Solarpack Chile, Ltda. held by non-controlling shareholders.

- On 5 December 2017, the Group acquired 20% of the shares of Solarpack Perú, S.A.C. held by non-controlling shareholders for USD 65 thousand (EUR 55 thousand). This transaction did not give rise to any gain or loss in the consolidated financial statements, since the amount paid was equal to the underlying carrying amount at that date.

3. Accounting principles and policies and measurement bases used

3.1 Intangible assets

Trademarks and licenses

The trademarks and licenses acquired from third parties are recognised at historical cost. They have a finite useful life and are measured at cost less accumulated amortisation. The amortisation is calculated on a straight-line basis in order to allocate the cost of the trademarks and licenses over their useful life of between three and five years.

Computer software

Licenses for computer programs acquired are capitalised based on the costs incurred to acquire them and to prepare each specific program for use.

Computer software development or maintenance costs are recognised as such on an accrual basis. Costs directly related to the production of unique and identifiable computer software controlled by the Group which are likely to generate economic benefits exceeding those costs over more than one year are recognised as intangible assets. Direct costs include the costs of the staff that develop the computer software and an appropriate percentage of general expenses.

Computer programs recognised as assets, which are acquired from third parties or developed in-house, are amortised from their putting into operation over their estimated useful lives (which is no more than five years). There are computer applications in development that will not be amortized until the commissioning, which is estimated at the beginning of 2019

The Intangible assets amortisation charge related to "Computer software" in half-year (finishing 30 of June 2018) is 3 thousand Euros respectively (six-month period ended 30 June 2017: no amortisation charge)

Concessions

"Concessions" includes the right to use various plots of land located in Chile for a period of 30 years, totalling EUR 4,428 thousand, which at 31 December 2017 was recognised under "Inventories - Goods Held for Resale" and which, due to the change in strategy indicated in Note 2.5, was reclassified to "Concessions". The aforementioned amount relates to the present value of the amounts payable, discounted at the interest rate of 5%, which was in turn recognised under "Non-Current Payables - Other Financial Liabilities" in the statement of financial position sheet as at 30 June 2018 (see Note 14).

The amortisation charge for intangible assets related to "concession" heading recognised by the Group in the six-month period ended 30 June 2018 amounted to 64 thousand. (six-month period ended 30 June 2017: no amortisation charge).

3.2 Property, plant and equipment

Items of property, plant and equipment, which are all for own use, are recognised at cost less the related accumulated depreciation and impairment losses, except for the plots of land, which are recognised net of impairment losses.

Historical cost includes the expenses directly attributable to the acquisition of the assets, as well as any other cost directly related to the entry into service of the assets for their intended use. Components included as plant, which must be replaced in a different reporting period from that of the main asset, are recognised and depreciated separately in accordance with their specific useful life. Subsequent costs are included in the carrying amount of the asset, or are recognised as a separate asset, as appropriate, only when it is likely that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Other repair and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Also, the Group recognised under "Construction in Progress" the expenses incurred in the development and construction of certain plants that are still under construction, in their initial phases of design, development and construction. and will be operated by the Group after they enter into operation, pursuant to IAS 16 (see Note 6).

The Group's in-house work on property, plant and equipment is measured at accumulated cost (external costs plus in-house costs determined on the basis of the hourly rates of staff working on those assets) and are recognised with a credit to "In-House Work on Non-Current Assets" in the consolidated statement of profit or loss.

The Solarpack Group depreciates its property, plant and equipment by the straight-line method to allocate the difference between the cost and their residual values over the estimated useful lives, as follows:

Useful lives of property, plant and equipment	Years of estimated useful life
Solar PV plants	20-25
Plant and other items of property, plant and equipment	6-10
Computer hardware	4-10

Also, on occasion the Group has to bear significant costs in relation to the closure of its facilities, recognised under "Property, Plant and Equipment" in relation to dismantling or other similar costs and, therefore, the consolidated statement of financial position includes provisions in relation thereto (see Notes 6 and 13). The estimate of the present value of these costs is capitalised to the asset with a credit to "Provisions" when the asset enters into operation. This estimate is reviewed periodically so that the provision reflects the present value of total estimated future costs. The Group uses a risk-free interest rate to increase the provision by the related interest cost since the estimated future cash flows to meet the obligation reflect the specific risks of the corresponding liability. The risk-free interest rate used relates to the performance, at the end of the reporting period in question, of government bonds, the market for which is sufficiently deep, and which have a similar solvency and a maturity to the obligation. The change in the provision arising from the related interest cost is recognised with a credit to "Finance Costs" in the consolidated statement of profit or loss.

The residual value and the useful life of the assets are reviewed, and adjusted if necessary, at each reporting date.

When the carrying amount of an asset exceeds its estimated recoverable amount, its carrying amount is reduced immediately to its recoverable amount.

The gains and losses on the disposal of property, plant and equipment are calculated by comparing the proceeds obtained with the carrying amount and are recognised in the statement of profit or loss under "Other Gains and Losses".

.3 Impairment

At each reporting date, the Solarpack Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that these assets might have suffered impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is deemed to be the present value of estimated future cash flows.

If the recoverable amount of an asset is less than its carrying amount, the related impairment loss is recognised for the difference with a charge to "Impairment and Gains or Losses on Disposals of Non-Current Assets" in the accompanying consolidated statement of profit or loss and a credit to "Property, Plant and Equipment" or "Intangible Assets", as appropriate, in the accompanying consolidated statement of financial position.

Impairment losses recognised for an asset in prior reporting periods are reversed when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

3.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance leases

In finance leases in which the Group acts as the lessee, the cost of the leased assets is presented in the consolidated statement of financial position, based on the nature of the leased asset, and, simultaneously, a liability is recognised for the same amount. This amount will be the lower of the fair value of the leased asset and the present value, at the inception of the lease, of the agreed minimum lease payments, including the price of the purchase option when it is reasonably certain that it will be exercised. The minimum lease payments do not include contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor. The total finance charges arising under the lease are allocated to the consolidated statement of profit or loss for the reporting period in which they are incurred using the effective interest method. Contingent rent is recognised as an expense for the period in which it is incurred.

The assets recognised for transactions of this kind are depreciated, based on their nature, using similar criteria to those applied to the items of property, plant and equipment taken as a whole.

Operating leases

Expenses resulting from operating leases are charged to the consolidated statement of profit or loss in the reporting period in which they are incurred.

A payment made on entering into or acquiring a leasehold that is accounted for as an operating lease represents prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

3.5 Financial instruments

Financial assets

The financial assets held by the Group are classified on the basis of the nature of the financial asset's contractual cash flows and the entity's business model for managing its financial assets, in the following categories:

a) Financial assets at amortised cost: those assets held in order to collect contractual cash flows, and in which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   This category also includes "Trade and Other Receivables", which are recognised initially at fair value in the statement of financial position, and are subsequently measured at amortised cost using the effective interest rate. The required adjustments are recognised for the difference between the recoverable amount of accounts receivable and their carrying amount determined as indicated in the preceding paragraph. The Group recognises write-downs for the accounts receivable on the basis of the expected credit losses (see Notes 2.2 and 9).

   Also, the Group derecognises trade receivable balances for the amount of the accounts receivable factored provided that substantially all the default and delinquency risks and rewards inherent to ownership of these accounts receivable (non-recourse factoring) have been transferred. The Group had not used factoring arrangements at 30 de June 2018 or 31 December 2017.

b) Financial assets at fair value through other comprehensive income: financial assets the objective of which is both to collect contractual cash flows and their sale, and in which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The interest, impairment and exchange differences are recognised in profit or loss as in the amortised cost model. Other changes in fair value are recognised in equity items and may be reclassified to profit or loss on their sale.

   However, provided they are not held for the purpose of trading, equity instruments may be designated to be measured in this category, and the amounts recognised in equity cannot, upon sale of the instrument, subsequently be reclassified to profit or loss, taking only the dividends to profit or loss.

c) Financial assets at fair value through profit or loss: this category includes other financial assets not mentioned in the previous categories.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits at banks, other short-term, highly liquid investments with an initial maturity of three months or less, and bank overdrafts. Bank overdrafts are classified as borrowings under current liabilities in the statement of financial position.

Derivative financial instruments

The Group uses derivative financial instruments to hedge the risks to which its future activities, transactions and cash flows are exposed. Basically, these risks relate to changes in exchange rates and interest rates.

In order for these financial instruments to qualify for hedge accounting, it is necessary to designate as such and the hedging relationship is documented. It is necessary to verify at inception and periodically over the term of the hedge that the hedging relationship is effective.

The fair values of certain derivative financial instruments used for hedging purposes are disclosed in Note 15. All of the fair value of a hedging instrument is classified as a non-current asset or liability if the remaining hedged item matures within more than twelve months, and as a current asset or liability if the remaining hedged item matures in no more than twelve months. Held-for-trading derivatives are classified as current assets or liabilities, depending on their expiration date

The Group designates certain derivatives as follows:

a) Fair value hedges

The changes in fair value of the derivatives designated and classified as fair value hedges are recognised in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of the interest rate swaps that hedge fixed-rate borrowings is recognised under "Finance Income - From Marketable Securities and Other Financial Instruments" or "Finance Costs - On Marketable Securities and Other Financial Instruments" in the statement of profit of loss. The gain or loss relating to the ineffective portion is recognised immediately under "Changes in Fair Value of Financial Instruments" in the statement of profit or loss. The changes in fair value of the hedged fixed-rate borrowings attributable to interest rate risk are recognised under financial profit or loss in the statement of profit or loss.

If the hedge no longer qualifies for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is recycled to profit or loss over that period to its maturity.

At 30 June 2018 and 31 December 2017, the Group had not recognised hedging instruments.

b) Cash flow hedges

The effective portion of the changes in the fair value of the cash flow hedges designated as such and which qualify for hedge accounting is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately under "Changes in Fair Value of Financial Instruments" in the statement of profit or loss.

The cumulative balances of "Equity" are transferred to the statement of profit or loss in the periods in which the hedged item affects profit or loss (for example, when the forecast hedged sale occurs). The gain or loss relating to the effective portion of the interest rate swaps that hedge borrowings at floating rates is recognised under financial profit or financial loss in the statement of profit of loss. The gain or loss relating to the effective portion of long-term foreign currency hedges that hedge export sales is recognised under "Sales" in the statement of profit or loss. The deferred amounts are ultimately recognised in the cost of sales in the case of inventories, or in the depreciation charge in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when it ceases to qualify for hedge accounting, any cumulative gain or loss in equity up to that moment remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of profit or loss. When the forecast transaction is not expected to occur, the cumulative gain or loss presented in equity is transferred immediately to profit or loss.

c) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately under the line item corresponding to the hedged underlying in the statement of profit or loss.

Cumulative gains or losses recognised in equity are transferred to the statement of profit or loss on disposal of the foreign operation.

d) Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting and are recognised at fair value with changes in profit or loss. The changes in fair value of any derivative that does not qualify for hedge accounting are recognised immediately in profit or loss.

Trade and other payables

Accounts payable are initially recognised at market value and are subsequently measured at amortised cost using the effective interest rate. The Group derecognises financial liabilities when the obligations giving rise to them cease to exist.

The Group had no reverse factoring facilities drawn down at 30 June 2018 or 31 December 2017.

Bank borrowings and other financial liabilities

Borrowings are recognised initially at fair value less the transaction costs incurred. They are subsequently measured at amortised cost, and any difference between the funds obtained (net of the costs required to obtain them) and the repayment value is recognised in the statement of profit or loss over the term to maturity of the debt using the effective interest method.

The Group only derecognises financial liabilities when the obligations giving rise to them are cancelled, eliminated or expire.

Borrowings are classified as current liabilities unless the Group has the unconditional right to defer repayment of the debt for at least twelve months from the reporting date, with the exception of, financial debt associated to development, construction and exploitation of solar PV plants with selling intentions by the group, which will be registered as current liability (See Notes 2.5 and 3.17)

Fees paid to obtain credit lines are recognised as debt transaction costs provided it is likely that the line is going to be drawn down in part or in full. In this case, the fees are deferred until the line is drawn down against. Insofar as it is unlikely that all or a portion of the credit line will be drawn down, the fee will be capitalised as an advance for liquidity services and is amortised over the period in which the credit is made available.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress includes the costs of design, raw materials, direct labour cost, other direct costs, production overheads (based on normal operating capacity) and interest cost. The net realisable value is the estimated selling price in the normal course of business less the applicable variable costs to sell.

The fixed assets (basically facilities and civil engineering) of the solar PV plants of subsidiaries included in the scope of consolidation and earmarked for sale, are classified as inventories, including the external borrowing costs paid until they are ready to enter into operation.

If a solar PV plant has been earmarked for sale for more than one year, and no purchase and sale agreement therefor exists or is expected to be entered into with third parties, and no purchase option or similar agreement is granted, its fixed assets are transferred from "Inventories" to "Property, Plant and Equipment".

3.7 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are recognised under equity as a deduction, net of taxes, of the revenue obtained.

When any Group company acquires treasury shares, the consideration paid, including any directly attributable incremental cost (net of income tax) is deducted from the equity attributable to the holders of the Company's equity instruments until their cancellation, new issue or disposal. When these shares are subsequently issued again, all the amounts received, net of any directly attributable incremental transaction costs and of the related income tax effect, are included in equity attributable to the holders of the Company's equity instruments.

3.8 Foreign currency transactions

The Group's functional currency is the euro. Therefore, transactions in currencies other than the euro are deemed to be "foreign currency transactions" and are recognised by applying the exchange rates prevailing at the date of the transaction.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rates then prevailing. Any resulting gains or losses are recognised directly in the statement of profit or loss in the reporting period in which they arise.

3.9 Income tax

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income).

The current income tax expense is the amount payable by the Group as a result of income tax settlements for a given reporting period. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carryforwards from prior reporting periods effectively offset in the current reporting period reduce the current income tax expense.

The deferred tax expense or income relates to the recognition and derecognition of deferred tax assets and liabilities. These include temporary differences measured at the amount expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and their tax bases, and tax loss and tax credit carryforwards. These amounts are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets are recognised to the extent that it is considered probable that the Group will have taxable profits in the future against which the deferred tax assets can be utilised.

Also, at consolidated level, any differences between the consolidated carrying amount of an investment in an investee and the related tax base are also taken into account. In general, such differences arise from the undistributed profits generated since the date of acquisition of the investee, from tax credits associated with the investment and, in the case of investees with a functional currency other than the euro, from translation differences. The deferred tax assets and deferred tax liabilities arising from these differences are recognised, unless, in the case of taxable temporary differences, the investor is able to control the timing of the reversal of the temporary difference, and provided that, in the case of deductible temporary differences, it is probable that the temporary difference will reverse in the foreseeable future and it is probable that the Group will have sufficient future taxable profits.

Deferred tax assets and liabilities arising from transactions charged or credited directly to equity are also recognised in equity.

The deferred tax assets recognised are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that there are doubts as to their future recoverability. Also, unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that they will be recovered through future taxable profits.

The deferred tax assets and liabilities are offset if, and only if, there is a legally recognised right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income tax corresponding to the same tax authority, which is borne by the same entity or taxpayer, or various entities or taxpayers, that intend to settle the current tax assets and liabilities on a net basis.

3.10 Revenue recognition

The revenue from the rendering of services, such as the revenue from administration and maintenance agreements, is recognised when the performance obligations are met through the rendering of the agreed-upon services, regardless of when the resulting monetary or financial flow arises.

Also, revenue from sales (both energy sales and the sale of solar farms) is recognised when the control of the assets or services attaching to the performance obligation is transferred to the buyer. Specifically, the sale of solar PV farms the fixed assets of which are classified as inventories (see Note 3.6) is recognised under "Revenue" in the consolidated statement of profit or loss as the aggregate of the price of the shares in the solar PV farm and the net debt of the farm in question (total debt less current assets), at the same time as derecognising the inventories with a charge to "Changes in Inventories of Finished Goods and Work in Progress" in the consolidated statement of profit or loss. The difference between the two amounts is the operating profit or loss obtained on the sale.

Each farm adopts the legal form of a public limited liability company or private limited liability company (see Appendix), the shares of which are fully consolidated in the interim consolidated financial statements and the related explanatory notes. The effective delivery of a solar PV farm earmarked for sale normally occurs once it has entered into operation and successfully completed the start-up period.

For construction contracts (EPC contracts), the Group generally recognises the revenue and profit or loss on each contract by reference to the estimated stage of completion of the contract, calculated on the basis of the percentage of costs incurred compared with the total budgeted costs. Potential losses on project contracts are recognised in full when they become known and can be estimated. The difference between revenue recognised on each project and the amount billed for the project is recognised as follows:

- If the difference is positive, under "Trade and Other Receivables - Amounts to Be Billed for Work Performed" (deferred billings) (see Note 9).
- If the difference is negative, under "Trade and Other Payables - Advances Received on Orders" (prebillings) (see Note 16).

Interest income from financial assets is recognised using the effective interest method and dividend income is recognised when the shareholder's right to receive payment has been established. Interest and dividends from financial assets accrued after the date of acquisition are recognised as income in the statement of profit or loss.

3.11 Provisions and contingencies

When preparing the interim consolidated financial statements the Group's directors made a distinction between:

a) Provisions: credit balances covering present obligations arising from past events with respect to which it is probable that an outflow of resources embodying economic benefits that is uncertain as to its amount and/or timing will be required to settle the obligations; and

b) Contingent liabilities: possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events not wholly within the Group's control.

The interim consolidated financial statements include all the provisions with respect to which it is considered that it is more likely than not that the obligation will have to be settled. Contingent liabilities are not recognised, but rather are disclosed in the notes to the interim consolidated financial statements, unless the possibility of an outflow in settlement is considered to be remote.

Provisions are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation, taking into account the information available on the event and its consequences. Where discounting is used, adjustments made to provisions are recognised as interest cost on an accrual basis.

The compensation to be received from a third party on settlement of the obligation is recognised as an asset, provided that there are no doubts that the reimbursement will take place, unless there is a legal relationship whereby a portion of the risk has been externalised as a result of which the Group is not liable; in this situation, the compensation will be taken into account for the purpose of estimating the amount of the related provision that should be recognised.

Provisions for environmental restoration, restructuring costs and litigation are recognised when the Group has a present obligation, whether legal or constructive, as a result of past events with respect to which it is probable that an outflow of resources will be required to settle the obligation and the amount thereof has been estimated reliably. The provisions for restructuring include penalties for cancellation of the lease and termination benefits to the employees, as the case may be. Provisions are not recognised for future losses from operations.

3.12 Employee benefits

Termination benefits

Termination benefits are paid to employees whose employment contract has been terminated at the Group's decision before the normal retirement age or where the employee agrees to resign voluntarily in exchange for such benefits. The Group recognises these benefits on the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; or (b) when the entity recognises the costs of a restructuring pursuant to IAS 37 and this involves the payment of termination benefits. When an offer is made to encourage the voluntary redundancy of employees, the termination benefits are calculated on the basis of the number of employees that are expected to accept the offer. The benefits that will not be paid in the twelve months following the balance sheet date are discounted to their present value.

Variable remuneration plans

The Group recognises a liability and an expense as variable remuneration on the basis of formulas that take into account business performance and earnings. The Group recognises a provision when contractually obliged to do so or, for any other reason, this remuneration becomes claimable.

In 2017 the Group had in place a multi-year variable remuneration agreement with certain employees, which was determined based on the degree of achievement of a specific ratio calculated on the basis of the Group's cumulative results for the two previous reporting periods. At 31 December 2017, Group management recognised a liability amounting to EUR 1,527 thousand in relation to this item, which was paid in the early months of the 2018 reporting period (see Note 24.3).

At 30 June 2018, the Group was preparing a plan of a similar nature for the three year period from 2018 to 2020, which has not yet been formalised.

3.13 Joint ventures

Companies deemed to be joint ventures are accounted for using the equity method (see Note 7).

3.14 Related party transactions

The Group performs all its transactions with related parties on an arm's length basis. Also, the transfer prices are adequately supported and, therefore, the Group's directors consider that there are no material risks in this connection that might give rise to significant liabilities in the future.

3.15 Distribution of dividends

The distribution of dividends to the Parent's shareholders is recognised as a liability in the Group's interim consolidated financial statements and related explanatory notes in the reporting period in which the dividends are approved by the Parent's shareholders.

3.16 Information on the environment

The expenses arising from the business activities aimed at protecting and improving the environment are accounted for as an expense in the reporting period in which they are incurred. When these expenses, the purpose of which is to minimise environmental impact and protect and improve the environment, give rise to additions to property, plant and equipment, they are capitalised to those assets.

3.17 Current/Non-current classification

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months from the end of the reporting period; financial assets held for trading, except for financial derivatives that will be settled in a period exceeding one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, except for financial derivatives that will be settled in a period exceeding one year; and, in general, all obligations that will mature or be extinguished at short term. All other liabilities are classified as non-current liabilities.

The loans and credit facilities assigned to the solar PV plants earmarked for sale, which are recognised under "Inventories" (see Note 3.6), are classified as current or non-current on the basis of the scheduled term for the sale of the solar PV plant, since this disposal, which is performed through the sale of the shares of the public/private limited liability company in which these plants are legally structured, involves the exclusion from the scope of consolidation of all its assets and liabilities.

As a consequence, regardless of the maturity schedule that contractually relates to this financing, the accompanying consolidated statement of financial position classifies as current all the financing assigned to solar PV plants whose sale is scheduled for the twelve months subsequent to the reporting date.

4. Risk management

4.1 Financial risk factors

The Group's activities expose it to various financial risks: market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on its financial returns.

Risk management is controlled by the Group's Financial Department in accordance with the policies approved by the Parent's Board of Directors. This department identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. The Board of Directors provides written policies for global risk management, as well as for specific matters such as foreign currency risk, interest rate risk, liquidity risk and the investment of surplus liquidity.

Market risk

a) Foreign currency risk

The Group operates on an international stage and, therefore, is exposed to foreign currency risk on the transactions performed by it in foreign currencies, particularly in US dollars and Indian rupees. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign currency risk arises when the future commercial transactions or recognised assets or liabilities are denominated in a currency other than the entity's functional currency (see Notes 9, 11, 12.4, 14, 20 and 21).

Group management has established the policy of requiring its entities to manage their foreign currency risk in relation to its functional currency.

The Group hedges foreign currency risk as follows:

- In the construction business, most of the supplies are arranged in the EPC contract currency, and exposure to foreign currency risk is minimal.

- In solar power plant investments, non-current borrowings are generally arranged in the currency in which the solar PV facility's revenue is denominated.

The Group has various investments in foreign operations, the net assets of which are mainly denominated in US dollars and Indian rupees and are exposed to foreign currency risk. The foreign currency risk of the net assets of these operations is mainly managed through borrowings denominated in the corresponding foreign currency.

Also, Group management uses derivative financial instruments (currency forwards (see Note 15)) to hedge or mitigate the risk of fluctuations in the exchange rate of investments in subsidiaries, associates, joint ventures and branches, whose business activities are based on or carried on in a currency other than the US dollar and/or euro.

The nominal amount arranged for these currency forwards at 31 December 2017 and 30 June 2018 amounts to INR 1,329,888 thousand (EUR 15,591 thousand). Also, in the 2018 reporting period the Parent arranged COP 2,449,015 thousand (EUR 696 thousand) (see Note 15).

If at 30 June 2018 the euro had fallen/risen by 10% relative to all the functional currencies other than the euro, and other variables had remained constant, equity would have increased by EUR 3,799 thousand/decreased by EUR 2,996 thousand (31 December 2017: increased by EUR 3,620 thousand/decreased by EUR 2,933 thousand) due to the effect of the contribution to equity of the subsidiaries working in a functional currency other than the euro. The detail, by currency, is as follows:

	Euros			
	30/06/18		**30/06/17**	
	10%	(10%)	10%	(10%)
US dollars	(474,330)	716,368	(438,894)	572,583
Chilean peso	(1,383,056)	1,690,410	(1,402,768)	1,714,481
Indian rupee	(1,150,789)	1,406,482	(1,101,816)	1,345,735
Other currencies	11,627	(14,210)	10,265	(12,510)
Total	(2,996,548)	3,799,050	(2,933,213)	3,620,289

If the average exchange rate of the euro over the first six months of 2018 had fallen/risen by 10% relative to all the functional currencies other than the euro, and other variables had remained constant, profit after tax for the reporting period would have decreased by EUR 91 thousand/increased by EUR 72 thousand (30 June 2017: increased by EUR 553 thousand/decreased by 716 thousand), mainly as a result of the translation to euros of the statement of profit or loss. The detail, by currency, is as follows:

	Euros			
	30/06/18		**30/06/17**	
	10%	(10%)	10%	(10%)
US dollars	(70,296)	83,023	(568,599)	735,399
Chilean peso	199,582	(243,944)	9,502	(11,613)
Indian rupee	(57,962)	70,818	5,671	(6,929)
Other currencies	994	(1,215)	415	(506)
Total	**72,318**	**(91,318)**	**(553,011)**	**716,351**

b) Price risk

The Group's exposure to price risk on its equity securities arising from the Group's investments, which are classified in the consolidated statement of financial position as available-for-sale, or held at fair value through profit or loss or through comprehensive income, is not significant due to the scant relative weight of these investments as a percentage of the Group's total assets and equity.

c) Interest rate risk

In relation to interest rate risk on non-current bank borrowings, each Group company adheres to a strategy that consists of raising finance through financing agreements with a fixed interest rate.

In the case of non-current bank borrowings that are not financed with a fixed interest rate, the Group manages a portion of its interest rate risk through derivative financial instruments (see Note 15). These instruments are employed by the Group to convert a financial liability's floating interest rate into a fixed rate, either for all or part of the financial liability and over all or part of its life.

Therefore, the Group does not consider that there is a high risk because there is only a small percentage of bank borrowings tied to a floating interest rate (see Note 14).

As a result, if over the first six months of the 2018 the average floating interest rates of borrowings denominated in euros had been ten basis points higher/lower, and the other variables had remained constant, profit after tax for the corresponding reporting period would have been EUR 3 thousand.

Credit risk

Except in relation to accounts receivable, credit risk is managed at Group level. Credit risk arising from cash and cash equivalents and deposits at banks and financial institutions is considered to be insignificant due to the credit ratings of the banks with which the Group operates. If necessary, in certain circumstances that give rise to specific credit risks at these financial institutions, appropriate provisions are recognised to hedge these risks.

In relation to the credit risk associated with accounts receivable, each Group company has in place specific policies to manage this credit risk and the Group does not consider that there is a high risk because of the extremely high concentration of activity in a very limited number of customers.

The subsidiaries whose business activity consists of generating solar power are not considered to have a high credit risk because their customers, despite being highly concentrated, have a high credit rating. In the case of Spain, it is not considered that there is a high risk since it is a state body, and the sale of energy to other customers is not typical. In relation to the subsidiaries whose plants have recently begun to sell energy, they have entered into power supply agreements exclusively with one customer or for substantially all the forecast energy production, without it being considered that there is a high credit risk because they are major companies in each of the countries in which these plants operate, and have high credit ratings. As a result, specific hedges have not been arranged to hedge this risk.

The other Group companies work with customers that have high credit ratings, there are credit limits that were not exceeded in the reporting period, and management does not expect significant losses due to the non-compliance of these counterparties.

The main credit risks relate to asset operation and maintenance and management activities in Spain, since the customers of these activities are companies affected by the reduction in the remuneration of solar power producers. However, all these customers have stable cash flows and their long-term, non-recourse senior debt agreements stipulate that the payment of operating expenses takes priority over the payment of the debt, in order to keep the assets running and to generate cash.

Liquidity risk

Prudent management of liquidity risk entails the maintenance of sufficient cash and the availability of financing through a sufficient level of credit facilities. In this connection, the Group's strategy is to maintain, through the Group's Treasury Department, the required financing flexibility by means of financial assets and the availability of committed credit lines.

The cash surplus held by the operating entities over and above the balance required for the purposes of managing the working capital is transferred to the Group's Financial Department, which invests these surpluses in interest-earning demand deposits, term deposits, money market deposits and marketable securities, while selecting instruments with suitable maturities or sufficient liquidity to provide a sufficient buffer as established by the aforementioned forecasts. At the reporting date, the Group had short-term, highly liquid investments amounting to EUR 3,549 thousand (31 December 2017: EUR 2,085 thousand) (see Note 11), which are expected to generate cash inflows on a timely basis for the management of liquidity risk.

Management monitors the reviews of the Group's liquidity reserve and the changes in net financial debt, which at 30 June 2018 and 31 December 2017 was calculated as follows:

	Euros	
	30/06/18	31/12/17
Cash and cash equivalents (Note 11)	13,063,668	19,528,749
Short-term loans (Notes 7 and 8)	815,357	1,085,845
Other current financial assets (Note 8)	6,529,796	3,669,859
Undrawn credit lines (Note 14)	10,098,737	8,500,000
Liquidity reserve	**30,507,558**	**32,784,453**
Non-current payables (Note 14)	92,697,397	3,352,146
Current bank borrowings and other current liabilities (Note 14)	7,124,427	94,114,809
Cash and cash equivalents (Note 11)	(13,063,668)	(19,528,749)
Short-term loans (Notes 7 and 8)	(815,357)	(1,085,845)
Other current financial assets (Note 8)	(6,529,796)	(3,669,859)
Net financial debt	**79,413,003**	**73,182,502**

The increase in the net financial debt during the first six months of 2018 relates mainly to the reclassification of EUR 5,437 thousand in relation to the obligation to repurchase the shares acquired in 2016 by the Luxembourg company ACE Renewable Holding USD, SA (ACE) explained in Note 12.

The Group's Financial Department monitors the Group's projections of liquidity needs in order to ensure it has sufficient cash to meet the operating requirements and to maintain sufficient availability of the undrawn credit facilities at all times so that the Group does not breach the covenants established in relation to the financing (see Note 14).

In accordance with the long-term financing agreements at 30 June 2018, an amount of EUR 9,671 thousand (31 December 2017: EUR 8,456 thousand) recognised under "Cash and Cash Equivalents" and an amount of EUR 3,167 thousand (31 December 2017: EUR 1,966 thousand) recognised under "Other Current Financial Assets" are restricted as to their use. Under this restriction, the aforementioned cash cannot be used centrally by the Group, but rather is earmarked for the payment of: (i) operating expenses, and (ii) servicing the debt of the companies holding the cash, most of which belong to the POWERGEN division. It is therefore, worth noting that there is no restriction on this restricted cash being used for the repayment of long-term borrowings.

The detail of the working capital recognised in the Group's consolidated statements of financial position as at 30 June 2018 and as at 31 December 2017, is provided in the following table:

	Euros	
	30/06/18	31/12/17
Inventories	1,404,189	117,958,115
Trade and other receivables	8,334,345	8,291,947
Current prepayments and accrued income	347,583	248,281
Current operating assets	**10,086,117**	**126,498,343**
Other current financial assets	8,668,123	5,024,390
Cash and cash equivalents	13,063,668	19,528,749
CURRENT ASSETS	**31,817,908**	**151,051,482**
Trade and other payables	12,714,689	14,331,731
Current accruals and deferred income	94,383	201,869
Current operating liabilities	**12,809,072**	**14,533,600**
Current bank borrowings	6,761,175	85,906,059
Short-term provisions	188,605	332,104
Other current financial liabilities	973,907	8,989,211
CURRENT LIABILITIES	**20,732,759**	**109,760,974**
TOTAL WORKING CAPITAL	**11,085,149**	**41,290,508**

Although the size of the working capital considered in isolation is not a key parameter required to understand the Group's interim consolidated financial statements and related explanatory notes, the Group actively manages the working capital through the net operating working capital and the current and non-current net financial debt, on the basis of the solidity, quality and stability of relationships with its customers and partners with which it has made investments in other countries, as well as an exhaustive monitoring of its position with the banks.

In relation to the liquidity reserve, in addition to the net financial debt and working capital, the Group's directors consider that the liquidity risk is not high.

4.2 Fair value measurement

IFRS 13, Fair Value Measurement explains how to measure fair value when required by other IASs. The standard establishes the disclosures of fair value measurements applicable to financial and non-financial assets and liabilities.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction at the measurement date, whether it is observable or estimated using a valuation technique. For this purpose, data are selected that are consistent with the data that market participants would take into account in the transaction.

IFRS 13 maintains the principles of other standards although it establishes the complete framework for measuring fair value when it is a requirement under other IFRSs and establishes the additional information necessary to be disclosed on the fair value measurements.

The requirements of IFRS 13 are met by the Group in the fair value measurement of its assets and liabilities when this measurement is required by the other IFRSs.

Based on IFRS 13 and under IFRS 7, Financial Instruments measured at fair value, the Group discloses the fair value estimate according to a fair value hierarchy, as follows:

- Unadjusted quoted prices in active markets for assets and liabilities (Level 1). Such as financial instruments quoted in organized markets whom market value is his quoted at year-end.

- Inputs other than quoted prices included within Level 1 that are observable, either directly (i.e. as benchmark prices) or indirectly (i.e. derived from prices) through valuation models (Level 2).

- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (Level 3).

The financial instruments held by the Group and measured at fair value consist of derivatives (Level 2), which the Group began to arrange in 2016 and maintained at 30 June 2018 and at 31 December 2017 (see Note 15), and of equity instruments held in certain companies (Level 3) (see Note 8). The INR coverage exchanges derivate financial Instruments, described in note 8, has been valued using a model made by the group which consider for both observable inputs and for hypothesis respecting on the derivate expiration date which depend on the other contracts payments date

4.3 Capital risk management

The Group's capital management objectives are to safeguard its ability to continue as a going concern, generate returns for the shareholders and maintain an optimal capital structure while reducing the cost thereof.

In order to be able to maintain or adjust the capital structure, the Group may vary the amount of the dividends payable to shareholders, reimburse capital, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of its debt ratio, which is in line with the industry. This ratio is calculated by dividing net financial debt by total capital employed in the business. Net debt is calculated as indicated in Note 4.1. Total capital employed in the business is calculated as equity, as indicated in the interim consolidated financial statements and related explanatory notes, plus net financial debt.

The Group's strategy in the six-month period ended 30 June 2018 and 31 December 2017 led to the maintenance of a debt ratio close to 0.5 and below 0.75. The debt ratios at 30 June 2018 and 31 December 2017 were as follows:

	Euros	
	30/06/18	31/12/17
Net financial debt (Note 4.1) (a)	79,413,003	73,182,502
Equity (b)	51,970,075	52,959,542
Total capital employed in the business (c) = (a+b)	131.383.078	126,142,044
Debt ratio a/c	**0.60**	**0.58**

5. Segment reporting

The Group analyses its operating segments on the basis of internal reports, which are reviewed, discussed and assessed regularly by the Board of Directors, which is the body ultimately responsible for taking decisions and for allocating resources to the segments and evaluating their performance. In this connection, the segment figures stated in the aforementioned internal reports include the revenue and margins eliminated on consolidation, since the directors consider that they reflect the Group's actual activity more faithfully than the consolidated figures, which only reflect transactions performed with third parties, as indicated in preceding paragraphs.

The Group implements a vertically integrated business model in the downstream segment of the solar PV industry. The Group is vertically integrated because it (i) develops and builds solar PV plants, (ii) operates those plants when they begin to produce energy, and (iii) provides technical and management services over the useful life of the plants. The downstream segment of the solar PV industry comprises the performance of generation projects and electricity production from solar PV. The downstream segment does not include the manufacture of the components and equipment used in those generation projects. The type of solar PV generation and electricity production projects on which the Group works relates to utility-scale projects, which are large ground-mounted generation projects. The Group does not implement rooftop projects (neither residential nor commercial) or small or medium-sized ground-mounted projects with a capacity of less than 5 MW.

As a result of this vertically integrated business model, the interim consolidated financial statements do not reflect the Group's actual activities, because a significant portion of the project development and construction and service provision activities, are intra-Group transactions. The commencement of construction and entry into operation of a solar PV electricity production project is a key moment in the Group's business in terms of the value generation of the project. Consequently, without segment reporting the Group's interim consolidated financial statements would in no way reflect this generation of value in the case of projects that have not been sold to independent third parties, but rather have been built to be operated by the Group itself (intra-Group transactions).

Similarly, the Group performs activities to provide (i) operation and maintenance technical services and (ii) asset management, which are very different from solar PV electricity production. All these activities must be reflected in the segment reporting so they are disclosed as a whole; both services provided to independent third parties and intra-Group transactions.

As part of the energy generation activity, the Group holds shares in operational solar PV plant projects, but is not always the sole-shareholder. Therefore, to enable a correct segment analysis of this activity, information is included on a proportional basis in relation to the ownership interest of the Group in the plants, including the activity of plants over which it does not exercise control and excluding the activity of non-controlling interests in cases in which it does have control but its ownership interest is less than 100%.

Accordingly, the Group considers it appropriate to provide segment reporting in order to:

- Reflect the Group's actual level of activity regardless of the fact that intra-Group transactions are performed.
- Distinguish the volume of business performed with non-Group customers from related-party customers in each of the Group's activities.
- Reflect the timing of the generation of revenue and profits or losses in line with when each activity is performed.
- Reflect the activity proportionally in relation to the Group's ownership interest.

The segments defined are as follows:

- Development & Construction (DevCon): including, among others, activities related to the identification of sites for establishing solar farms, the management of environmental impact analyses, the obtainment of licences and permits to build and operate, and engineering and construction work on the solar farms.

- Services (SVCS): including services provided by the Group in relation to the technical operation and maintenance tasks and commercial and administrative tasks of operational solar plants, such as maintenance in coordination with OEMs, accounting and taxation of project companies, oversight of maintenance agreements, control centres, etc.
- Power generation (PowGen): including, in proportion to the ownership interest of the Group, the revenue and expenses related to the generation and sale of power from operational solar farms, both in controlled companies, such as associates, and in others in which the Group holds an interest.

The methods used by the Group to obtain the segment-based financial statements were as follows:

- In general, any assets, liabilities, expenses and income corresponding exclusively or directly to each of the aforementioned business segments were allocated thereto.
- Assets for general use are presented in the "Structure" column and are not distributed among segments. However, any costs and income associated with such assets are allocated to segments.

The transfer prices in inter-segment sales are the prices applied which, as indicated in Note 3.14, are market prices.

At 30 June 2018, no discontinued operations, defined as the separation from the Group (either through a sale, spin-off, liquidation or similar operation) of an operating line of business or geographical area, had taken place. Similarly, management does not have any intention to perform any such operation in the near future.

The detail of the disclosures, by segment, of the Group's business at 30 June 2018 and 2017, based on the above-defined criteria, is presented below:

	Euros							
	30/06/18							
	DevCon (A)	SVCS (B)	Structure (C)	**Aggregate total (A+B+C=D)**	PowGen (E)	**Aggregate total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	2.495.752	2.218.499	-	4.714.251	10.130.968	14.845.219	(2.098.665)	12.746.554
Non-group customers	2.386.469	1.668.112	-	4.054.581	10.130.968	14.185.549	(2.034.179)	12.151.370
Related-party customers	109.283	550.387	-	659.670	-	659.670	(64.486)	595.184
Operating expenses	(3.804.212)	(1.562.131)	(291.612)	(5.657.955)	(4.132.681)	(9.790.636)	3.570.833	(6.219.803)
Direct costs	(1.720.768)	(1.389.140)	-	(3.109.908)	(995.052)	(4.104.960)	1.213.963	(2.890.997)
SGA	(2.078.727)	(159.323)	(291.612)	(2.529.662)	-	(2.529.662)	-	(2.529.662)
Depreciation and amortisation charge	(4.717)	(13.668)	-	(18.385)	(3.137.629)	(3.156.014)	2.356.870	(799.144)
PROFIT (LOSS) FROM OPERATIONS-EBIT	(1.308.460)	656.368	(291.612)	(943.704)	5.998.287	5.054.583	1.472.168	6.526.751

	Euros							
	30/06/17							
	DevCon (A)	SVCS (B)	Structure (C)	**Aggregate total (A+B+C=D)**	PowGen (E)	**Aggregate total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	33.112.210	1.978.201	-	35.090.411	3.619.384	38.709.795	(18.332.031)	20.377.764
Non-group customers	13.010.117	1.535.376	-	14.545.493	3.619.384	18.164.877	(13.005.091)	5.159.786
Related-party customers	20.102.093	442.825	-	20.544.918	-	20.544.918	(5.326.940)	15.217.978
Operating expenses	(19.262.863)	(1.390.040)	(150.341)	(20.803.244)	(2.194.781)	(22.998.025)	2.630.112	(20.367.913)
Direct costs	(17.634.019)	(1.194.406)	-	(18.828.425)	(709.426)	(19.537.851)	1.302.687	(18.235.164)
SGA	(1.615.334)	(181.800)	(150.341)	(1.947.475)	-	(1.947.475)	21.154	(1.926.321)
Depreciation and amortisation charge	(13.510)	(13.834)	-	(27.344)	(1.485.355)	(1.512.699)	1.306.271	(206.428)
PROFIT (LOSS) FROM OPERATIONS-EBIT	13.849.347	588.161	(150.341)	14.287.167	1.424.603	15.711.770	(15.701.919)	9.851

Detail by project of the Power Generation segment:

	Euros											
	30/06/18											
	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guljo de Coria	**Total PowGen**
Revenue												
Non-group customers	1.716.517	5.442.895	675.497	349.090	439.080	429.309	113.496	74.009	73.592	122.132	695.351	10.130.968
Operating expenses	(1.050.192)	(1.398.796)	(438.756)	(214.745)	(194.805)	(196.955)	(69.253)	(44.973)	(44.659)	(62.292)	(417.255)	(4.132.681)
Direct costs	(281.697)	(151.448)	(182.292)	(76.021)	(40.966)	(41.780)	(19.061)	(13.050)	(12.330)	(17.033)	(159.374)	(995.052)
SGA												
Depreciation and amortisation charge	(768.495)	(1.247.348)	(256.464)	(138.724)	(153.839)	(155.175)	(50.192)	(31.923)	(32.329)	(45.259)	(257.881)	(3.137.629)
PROFIT FROM OPERATIONS-EBIT	666.325	4.044.099	236.741	134.345	244.275	232.354	44.243	29.036	28.933	59.840	278.096	5.998.287

	EEuros											
	30/06/17											
	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guljo de Coria	**Total PowGen**
Revenue												
Non-group customers	617.642	-	707.901	349.531	435,215	433.090	113.780	74.133	74.280	123.124	690.688	3.619.384
Operating expenses	(460.062)	-	(448.797)	(234.392)	(213.080)	(216.597)	(68.483)	(44.625)	(43.842)	(61.405)	(403.498)	(2.194.781)
Direct costs	(162.402)	-	(166.844)	(79.332)	(45.336)	(47.306)	(18.291)	(12.702)	(11.513)	(16.146)	(149.554)	(709.426)
SGA												
Depreciation and amortisation charge	(297.660)	-	(281.953)	(155.060)	(167.744)	(169.291)	(50.192)	(31.923)	(32.329)	(45.259)	(253.944)	(1.485.355)
PROFIT FROM OPERATIONS-EBIT	157.580	-	259.104	115.139	222.135	216.493	45.297	29.508	30.438	61.719	287.190	1.424.603

All the costs and expenses directly attributable to our activities, including procurements, direct labour costs as detailed under staff costs (see Note 20.3), other operating expenses (see Note 20.4) and other income and expenses (see Note 20.5) are included as direct costs. The direct costs do not include general corporate and administrative expenses and other general expenses.

The SGA comprise the general corporate and administrative expenses that include corporate, commercial, administrative and other general expenses not directly related to the various projects and activities.

The "Eliminations" column reflects:

(i) Intra-group transactions that, according to the IFRSs, are eliminated on consolidation of our profit or loss,

(ii) transactions performed by companies accounted for using the equity method and financial assets at fair value through other comprehensive income, which are accounted for in various segments,

(iii) transactions attributable to non-controlling interests in companies that are fully consolidated in the Group's consolidated results under IFRSs, but which are partially eliminated in the segments to reflect our proportional ownership interest in the results,

(iv) reclassifications of project transactions that, according to accounting standards, are classified under accounting headings that do not enable the correct analysis of the segment, such as (a) income from compensatory amounts for loss of profit that, according to accounting standards, is accounted for as a decrease in operating expenses, although the objective of these amounts is to offset unrealised earnings (b) financial profit or loss from project contracts that, according to accounting standards and since these financial activities are not the main activity of the Group, is classified for accounting purposes as financial profit or loss although it forms part of the profit or loss from operations of the projects.

The elimination adjustments are as follows:

	Euros 30/06/18				
	i. Intra-group transactions	ii. Non-controlled entities	iii. Non-controlling interests	iv. Heading adjustments	**Eliminations**
Operating income	(64.486)	(2.671.109)	1.487.329	(850.399)	**(2.098.665)**
Non-group customers		(2.671.109)	1.487.329	(850.399)	**(2.034.179)**
Related-party customers	(64.486)				**(64.486)**
Operating expenses	1.911.721	1.569.495	(473.025)	562.642	**3.570.833**
Direct costs	64.486	605.835	(19.000)	562.642	**1.213.963**
SGA	-	-	-	-	**-**
Depreciation and amortisation charge	1.847.235	963.660	(454.025)	-	**2.356.870**
PROFIT (LOSS) FROM OPERATIONS-EBIT	1.847.235	(1.101.614)	1.014.304	(287.757)	**1.472.168**

	Euros 30/06/17				
	i. Intra-group transactions	ii. Non-controlled entities	iii. Non-controlling interests	iv. Heading adjustments	**Eliminations**
Operating income	(5.252.173)	(2.776.903)	146.690	(10.449.645)	**(18.332.031)**
Non-group customers		(2.702.136)	146.690	(10.449.645)	**(13.005.091)**
Related-party customers	(5.252.173)	(74.767)			**(5.326.940)**
Operating expenses	(1.023.987)	1.378.338	(109.265)	2.385.026	**2.630.112**
Direct costs	(1.396.062)	352.294	(38.571)	2.385.026	**1.302.687**
SGA	-	21.154	-	-	**21.154**
Depreciation and amortisation charge	372.075	1.004.890	(70.694)	-	**1.306.271**
PROFIT (LOSS) FROM OPERATIONS-EBIT	(6.276.160)	(1.398.565)	37.425	(8.064.619)	**(15.701.919)**

In accordance with paragraph 23 of IFRS 8, the Group does not disclose the interest expense, the interest in the profit or loss of associates or the income tax expense since this information is not regularly provided to the chief operating decision maker (Board of Directors).

Geographical information

The geographical distribution relating to the six-month periods ended 30 June 2018 and 2017 is as follows:

Revenue	Euros	
	30/06/18	30/06/17
Spain	1,406,509	1,159,834
Chile	3,344,718	1,775,980
India	6,097,798	361,806
Colombia	1,095,470	-
Other countries	486,526	682,736
	12,431,021	**3,980,356**

Property, plant and equipment	Euros	
	30/06/18	31/12/17
Spain	5,349,351	4,975,261
Chile	34,975,588	215,663
India	76,883,537	5,535
	117,208,476	**5,196,459**

Information on the main customers

The breakdown of sales to non-Group customers that were billed in the six-month periods ended 30 June 2018 and 2017 for amounts equal to or which exceeded 10% of revenue is as follows:

Company	Euros	
	30/06/18	30/06/17
Southern Power Distribution Company of Telangana Limited	4.120.776	-
Northern Power Distribution Company of Telangana Limited	1.977.022	-
S-energy Chile	-	380.336
ENGIE ENERGIA CHILE, S.A.	-	586.009
	6.097.798	**966.345**

6. Property, plant and equipment

The changes in "Property, Plant and Equipment" in the consolidated statement of financial position in the first six months of 2018 and in 2017, were as follows (in euros):

	Balance at 31/12/17	Additions/ (Disposals)	Transfers (Note 2.5)	Other changes (*)	Balance at 30/06/18
Cost					
Land	-	-	5,090,463	(204,390)	4,886,073
Property, plant and equipment - solar PV plants	7,985,157	11,786	106,978,149	(1,767,756)	113,207,336
Property, plant and equipment in the course of construction - solar PV plants	-	106,521	2,475,517	11,069	2,593,107
Plant and other items of property, plant and equipment	847,939	68,236	74,765	(74,215)	916,725
Total cost	**8,833,096**	**186,543**	**114,618,894**	**(2,035,292)**	**121,603,241**
Depreciation					
Solar PV plants	(3,218,026)	(682,690)	-	(27,801)	(3,928,517)
Plant and other items of property, plant and equipment	(418,611)	(49,936)	-	2,299	(466,248)
Total accumulation depreciation	**(3,636,637)**	**(732,626)**	**-**	**(25,502)**	**(4,394,765)**
Total	**5,196,459**	**(546,083)**	**114,618,894**	**(2,060,794)**	**117,208,476**

(*) Including mainly the effect of the change in the currency exchange rate of foreign subsidiaries' assets.

	Euros				
	Balance at 31/12/16	Additions/ (Disposals)	Transfers	Other changes (*)	Balance at 31/12/17
Cost					
Property, plant and equipment - solar PV plants	7.985.157	-	-	-	7.985.157
Plant and other items of property, plant and equipment	827.481	35.219	-	(14.761)	847.939
Total cost	**8.812.638**	**35.219**	-	**(14.761)**	**8.833.096**
Depreciation					
Solar PV plants	(2.898.621)	(319.405)	-	-	(3.218.026)
Plant and other items of property, plant and equipment	(341.808)	(72.133)	-	(4.670)	(418.611)
Total accumulation depreciation	**(3.240.429)**	**(391.538)**	-	**(4.670)**	**(3.636.637)**
Total	**5.572.209**	**(356.319)**	-	**(19.431)**	**5.196.459**

(*) Including mainly the effect of the change in the currency exchange rate of foreign subsidiaries' assets.

At 31 December 2017, the Group had recognised the PV plants in operation in Spain under "Property, Plant and Equipment". In this connection, on 1 May 2018 the Group decided to retain for its own operation six solar plants located in Telangana state (India) and three solar plants located in Chile (Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A.), which were transferred from "Inventories" based on the change in strategy explained in Note 2.5. As a result, the solar plants of the Group that it intends to operate are recognised under "Property, Plant and Equipment".

These solar PV plants are included in the consolidated figures at the cost of construction for the Group.

The solar plants located in the state of Telangana (India), the construction of which began in 2016 and was completed in 2017, were recognised under "Inventories". In 2017 interest amounting to EUR 2,544 thousand, at an average rate of 11.09%, were capitalised by adding it to the production cost of the aforementioned plants. These plants entered into operation between August 2017 and November 2017.

Also, the Group holds the rights to use land for the installation of PV plants in Chile, which amount to EUR 4,357 thousand recognised under "Intangible Assets - Concessions" in the statement of financial position as at 30 June 2018 (see Note 3.1). This amount is calculated based on the present value of the lease payments over the expected life of the contract at a discount rate that takes into account the risks associated with the asset. These leases are tied to Chilean *unidades de fomento* and expire between 2042 and 2046. In 2017, both the land it owns and the rights to use land not owned by the Group were recognised as an increase in the carrying amount of the inventories since it was the Group's intention at that time to sell these plants (see Note 2.5).

Also, the Group estimates the costs it will incur to dismantle the plants in those cases in which there is an obligation to do so, for which a long-term provision was recognised at 30 June 2018 amounting to EUR 294 thousand (31 December 2017: EUR 279 thousand) (see Note 13).

At the end of each period, the directors consider if there are any indications of the impairment in their solar PV plants in operation, except in case it is detected an event which means an impairment indication. In this case the revision periodicity time is fewer. For the impairment indication revision, the group uses, among others, the financial forecast of each asset. That financial forecast have a structure which allow to determinate the future costs (For both in construction phase and operation phase) and the expecting incomes during the plant long-life, since both are regulated by long-terms selling contracts.

Accordingly, ,At 30 June 2018, all the plants owned by the Group were obtaining revenue and to a reasonable extent complying with the established business plans and, therefore, the directors consider that there is no indication of the impairment thereof. In addition, in the case of the Spanish plants, the current regulation establish a minimum fair return.

Property, plant and equipment by geographical area

The detail of the property, plant and equipment by geographical location at 30 June 2018 and 31 December 2017 is as follows:

	Euros					
	30/06/18			31/12/17		
	Cost	Accumulated depreciation / Provisions	Carrying amount	Cost	Accumulated depreciation / Provisions	Carrying amount
America	35,117,348	(141,760)	34,975,588	270,901	(55,238)	215,663
Europe	9,111,133	(3,761,782)	5,349,351	8,546,829	(3,571,568)	4,975,261
Asia	77,374,760	(491,223)	76,883,537	15,366	(9,831)	5,535
Total	**121,603,241**	**(4,394,765)**	**117,208,476**	**8,833,096**	**(3,636,637)**	**5,196,459**

Property, plant and equipment not used in operations

At 30 June 2018 and 31 December 2017, there were no significant items of property, plant and equipment that were not being used in operations.

Property, plant and equipment pledged as security

At 30 June 2018, the solar plants were pledged as securities for bank borrowings payable amounting to EUR 84,937 thousand (31 December 2017: EUR 88,450 thousand).

Insurance contracts

The consolidated Group has taken out several insurance policies to cover the risks to which its property, plant and equipment are subject. It is considered that these policies sufficiently cover the related risks.

Property, plant and equipment by project

The detail of the total property, plant and equipment by project at 30 June 2018 is as follows:

Euros		
Project	**Age**	**Carrying amount**
OFFICE FURNITURE AND OTHER	-	450,477
ISLA MAYOR	01/10/07	1,436,558
LEBRIJA 1	01/12/07	931,141
LLERENA 1	01/12/07	932,165
LLERENA 2	01/12/07	1,307,564
PMGD	01/07/15	32,678,581
TELANGANA	01/10/17	76,878,883
Projects under development (*)	in progress	2,593,107
Total	-	**117,208,476**

(*) In relation to the identifiable capitalised costs (such as processing of permits, expenses related to site preparation, and staff hours associated with the projects) of certain plants, which will be operated by the Group and are at the initial development stage, when they enter into operation.

7. Investments in and loans to companies accounted for using the equity method

7.1 Investments in companies accounted for using the equity method

The detail of the investments in these companies accounted for using the equity method at 30 June 2018 and 31 December 2017 and of the changes therein in those periods is as follows:

interim reporting period ended 30 June 2018

	Euros					
	Beginning balance	Share of profits (losses) of companies accounted for using the equity method (*)	Dividends received	Inclusions in the scope of consolidation (Note 8) (**)	Other changes (***)	Ending balance
Solarpack Promo2007 Ciento Veintiuno, S.L.	-	332,979	(332,979)	-	-	-
Kabi Solar PTY Ltd.	-	-	-	-	-	-
Ataca Solar Holdco, SpA	577,636	(86,879)	-	-	-	490,757
Ecuador Solar Holdco, S.L.	-	-	-	901,654	25,550	927,204
Pampul Holdco, S.L.	848,931	54,760	(34,072)	-	-	869,619
Solargés Perú, S.L.	-	-	-	1,504	1,988	3,492
Gestión Solar Perú, S.A.C. (***)	-	26,550	-	51,987	259,648	338,185
	1,426,567	**327,410**	**(367,051)**	**955,144**	**287,186**	**2,629,257**

(*) There are consolidation adjustments that cause the share of profits (losses) of companies accounted for using the equity method not to correspond to the application of the percentage of ownership to the profit or loss for the year of these investments.

(**) Reclassification performed on 1 January 2018. At 31 December 2017, this ownership interest was recognised under "Non-Current Investments in Group Companies and Associates - Non-Current Equity Instruments in Group Companies and Associates".

(***) The amount included in the "Other Changes" column was recognised with a credit to reserves, and it has been generated because of the cited companies integration in the scope of consolidation, on 1 January 2018, which has been made including the accumulated reserves of the Group not recognised in prior years since they were not included io such scope (see Note 2.8)

2017

	Euros				
	Beginning balance	Share of profits (losses) of companies accounted for using the equity method at 31/12/17 (*)	Dividends received	Investment	Ending balance
Solarpack Promo2007 Ciento Veintiuno, S.L.	-	168,464	(168,464)	-	-
Kabi Solar PTY Ltd.	-	(779,523)	-	779,523	-
Ataca Solar Holdco, SpA	736,388	(158,753)	-	-	577,635
Pampul Holdco, S.L.	1,440,302	(445,034)	(146,336)	-	848,932
	2,176,690	**(1,214,846)**	**(314,800)**	**779,523**	**1,426,567**

(*) There are consolidation adjustments that cause the share of profits (losses) of companies accounted for using the equity method not to correspond to the application of the percentage of ownership to the profit or loss for the year of these investments.

The main aggregates of these associates of the Group are as follows:

Interim reporting period ended 30 June 2018

	Effective percentage of ownership	Euros			
		Share capital	Reserves	Profit (Loss) for the year	Other countries
Solarpack Promo2007 Ciento Veintiuno, S.L.	49%	2,857,510	655,407	168,159	(325,715)
Kabi Solar PTY Ltd.	60% (*)	1,108,925	(1,671,545)	(104,748)	-
Ataca Solar Holdco, SpA	19%	6,300,798	(3,216,906)	(500,961)	-
Ecuador Solar Holdco, S.L.	50%	4,000	1,799,308	51,101	-
Pampul Holdco, S.L.	19%	3,827,571	348,720	400,651	-
Solargés Perú, S.L.	50%	3,006	16,960	(22,096)	-
Gestión Solar Perú, S.A.C.	50%	8,588	614,683	53,100	-

(*) Per the agreement entered into by the shareholders, this company is deemed to be a joint venture (see Note 25).

2017

	Effective percentage of ownership	Euros			
		Share capital	Reserves	Profit (Loss) for the year	Other countries
Solarpack Promo2007 Ciento Veintiuno, S.L.	49%	3,380,057	327,573	474,465	(299,910)
Kabi Solar PTY Ltd.	60% (*)	1,202,146	(1,751,711)	(6,625)	-
Ataca Solar Holdco, SpA	19%	6,124,798	(2,251,346)	(833,266)	-
Pampul Holdco, S.L.	19%	3,903,973	266,737	297,350	-

(*) Per the agreement entered into by the shareholders, this company is deemed to be a joint venture (see Note 25).

Appendix III details other aggregates of these companies.

7.2 Loans to companies accounted for using the equity method

The Group granted a subordinated loan to Solarpack Promo 2007 Ciento Veintiuno, S.L. in 2011, which was novated on 30 September 2015 with new terms and conditions. The novation agreement establishes a maximum amount of EUR 1,463 thousand with the repayment of the principal within a maximum term of 17 years and 6 months. This loan bears interest at a rate of Euribor + 3.5%. The agreement establishes that the subordinated loan will be payable in a single payment on the maturity date. However, pursuant to the repayment terms and conditions thereof, it may be repaid early by the company -annually and in full or in part- if certain conditions are met. At 30 June 2018, the long-term loan amount totalled EUR 690 thousand (31 December 2017: EUR 858 thousand). The amount classified at short-term at 31 December 2017, totalling EUR 168 thousand, was repaid in the reporting period.

Also, the Group has granted a loan to Ataca Solar HoldCo, SpA amounting to EUR 2,084 thousand (31 December 2017: EUR 2,080 thousand). This loan matures within twelve months, is automatically renewed if neither party requests otherwise and bears interest of LIBOR12M + 3 %. Pursuant to the loan agreement, it is claimable at short term. However, the directors consider that it will not be repaid in the short term, but have no doubts as to its repayment in the long term. On the basis of the expected cash flows at that company EUR 1,930 thousand and EUR 152 thousand were recognised at short term at 30 June 2018 (30 June 2017: EUR 1,898 thousand and EUR 181 thousand).

In addition, the Group granted a loan to Kabi Solar (PTY) Limited amounting to EUR 772 thousand (31 December 2017: EUR 837 thousand) with a related impairment of EUR 442 thousand (31 December 2017: EUR 335 thousand). Moreover, the interest receivable in relation to this loan amounts to EUR 225 thousand (31 December 2017: EUR 106 thousand). This loan bears interest at an annual rate of 8.5%. Since the Group has not incurred legal or constructive obligations or made payments on behalf of this associate, it has not recognised any liabilities in relation to this ownership interest.

Investments in associates at 30 June 2018 and 31 December 2017 do not include goodwill. Neither are there contingent liabilities related to these investments in associates.
None of these companies are listed.

8. Non-current and current financial assets

The detail, by nature and category for measurement purposes, of the Group's financial assets at 30 June 2018 and 31 December 2017 is as follows:

	Euros				
	30 June 2018				
	At fair value through other comprehensive income (*)	At fair value through profit or loss	At amortised cost (**)	Other	Total
Non-current equity instruments	4,006,191	-	-	-	4,006,191
Long-term loans to Group companies and associates		-	2,621,120	-	2,621,120
Long-term loans to third parties	-	-	295,960	-	295,960
Derivatives	-	562,619	-	-	562,619
Other non-current financial assets	-	-	39,425	-	39,425
Total non-current financial assets	**4,006,191**	**562,619**	**2,956,505**	-	**7,525,315**
Current equity instruments of Group companies and associates	-	-	-	1,170	1,170
Short-term loans to Group companies and associates	-	-	734,403	-	734,403
Loans to third parties	-	-	80,954	-	80,954
Derivatives	-	1,321,800	-	-	1,321,800
Other current financial assets	-	-	6,529,796	-	6,529,796
Total current financial assets	**-**	**1,321,800**	**7,345,153**	**1,170**	**8,668,123**
Total	**4,006,191**	**1,884,419**	**10,301,658**	**1,170**	**16,193,438**

(*) This heading includes mainly the item called "Available-for-Sale Financial Assets" in 2017 (see Note 3.5).

(**) This heading includes mainly the items called "Loans and Receivables" in 2017. The amounts are presented net of related impairment losses (see Note 3.5).

	Euros			
	31 December 2017			
	Available-for-sale financial assets	Loans and Receivables	Derivatives	Total
Non-current equity instruments of Group companies and associates	955,144	-	-	955,144
Non-current equity instruments	1,589,941	-	-	1,589,941
Long-term loans to Group companies and associates	-	2,589,404	-	2,589,404
Long-term loans to third parties	-	453,247	-	453,247
Other non-current financial assets	-	39,425	-	39,425
Total non-current financial assets	**2,545,085**	**3,082,076**	**-**	**5,627,161**
Current equity instruments of Group companies and associates	1,170	-	-	1,170
Short-term loans to Group companies and associates	-	976,889	-	976,889
Loans to third parties	-	108,956	-	108,956
Derivatives	-	-	267,516	267,516
Other current financial assets	-	3,669,859	-	3,669,859
Total current financial assets	**1,170**	**4,755,704**	**267,516**	**5,024,390**
Total	**2,546,255**	**7,837,780**	**267,516**	**10,651,551**

Assets measured at fair value through other comprehensive income

Under this heading, the Group recognises the ownership interests in Tacna Solar, S.A.C. and Panamericana Solar, S.A.C., of 9.5% of the share capital in each of them, which together amount to EUR 4,006 thousand (see Note 2.1). At 31 December 2017, the aforementioned ownership interests were recognised at cost for EUR 1,590 thousand under "Available-for-Sale Financial Assets". The range of reasonable estimates of fair value was very broad in the aforementioned reporting period, and the likelihood of achieving the various estimates could not be reasonably assessed; the directors, therefore, recognised this ownership interest at cost. However, in the 2018 reporting period the project started to achieve the expected cash flows projected in the financial asset model and, therefore, the variability of the range of estimates has fallen, which in turn means it is now considered possible to measure this asset by discounting expected cash flows.

In order to measure these ownership interests, the directors considered the most reliable best estimate to be the discounted present value of the projected cash flows based on the business plan and, due to the variability of future cash flows, added a correction factor taking into account historical performance and the sales rate of previous projects. The aforementioned rate is 11%.

The key variables used by the directors to calculate the fair value of these companies in accordance with future projections are as follows:

- Energy selling price: Although in the power supply agreement the energy selling price measured in $/MWh produced is fixed, it also establishes an adjustment mechanism for that price taking into consideration the US CPI. The directors considered, on the basis of the projections of various financial bodies, that the CPI will vary by 2% annually over the life of the agreement.
- Incoming irradiance: The directors have considered inccoming irradiance of 3,152 KWh/m2/year on the basis of the production study prepared by the project's technical adviser. The value is obtained from historical data recorded in the zones where the plants are located.

The directors considered the sensitivity of the fair value of the aforementioned ownership interests to changes in these key variables, and in the discount rate, in the following scenarios:

- Scenario 1: Variation in CPI of 2% - 0.5% and 2% + 0.5%.
- Scenario 2: 5% decrease and increase in comparison with the projected number of hours energy production.
- Scenario 3: Discount rate of 11% - 1% and 11% + 1%

	Thousands of euros	
	(-)	(+)
Scenario 1	(409)	442
Scenario 2	(374)	161
Scenario 3	328	(292)

Financial assets at amortised cost

The detail of "Financial Assets at Amortised Cost" at 30 June 2018 and 31 December 2017 is as follows:

	Euros	
	30 June 2018	31 December 2017
Long-term deposits	39,425	39,425
Long-term loans to third parties	295,960	453,247
Loans to related parties (Note 24.2)	3,355,523	3,566,293
Short-term loans to third parties	80,954	108,956
Short-term deposits	5,969,101	2,826,582
Other current financial assets (*)	560,695	843,277
Total	**10,301,658**	**7,837,780**

(*) "Other Current Financial Assets" basically includes a current account with economic interest groupings in which the Group holds non-controlling interests, which pool the cash of the companies of certain solar farms that the Group has in Spain.

The Group recognises the loans granted to the investees Tacna Solar, S.A.C. and Panamericana Solar, S.A.C., as well as the interest receivable, under "Long-Term Loans to Third Parties". EUR 177 thousand of the principal amount was repaid in the reporting period.

At 30 June 2018, the Group held various term deposits at banks amounting to EUR 3,167 thousand (31 December 2017: EUR 1,966 thousand), with restrictions as to their drawability based on the terms and conditions of the loans arranged to finance the solar PV plants (see Note 14). The short-term deposits earn interest at an average rate of 1.04% (2017: interest at an average rate of 1.46%).

Both the term deposits and the loans earn interest at market rates in the country and currency of the financial asset.

At fair value through profit or loss

At 30 June 2018, long-term derivatives amounting to EUR 563 thousand were recognised under "At Fair Value through Profit or Loss" in relation to forward-starting IRSs arranged in November 2016 for the purpose of mitigating the effects of fluctuations in the 180-day Libor rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under the "Property, Plant and Equipment" of the subsidiaries Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A. These agreements are measured at fair value through profit or loss. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges from 2.5441% to 2.5675%. The notional principal amounts of these contracts total USD 22,400 thousand with the start date in April 2017 and maturity in October 2032. At 31 December 2017, the aforementioned derivative amounting to EUR 180 thousand was recognised under "Current Payables - Derivatives" (see Note 15) on the basis of the accounting policy described in Note 3.5, according to which the financial debt arising at the subsidiaries that the Group planned to sell in the short term was classified as current in 2017. The change in the aforementioned derivative to 30 June 2018 gave rise to a gain of EUR 760 thousand recognised under "Changes in Fair value of Financial Instruments".

Lastly, the Group recognised EUR 1,322 thousand under "Short-Term Derivatives", EUR 550 thousand of which relate to the fair value at 30 June 2018 (notional value at the date 395.719 thousand INR) of a foreign currency hedge arranged with a non-related entity on 7 November 2016, as a result of which the Group provides foreign currency hedging services through the purchase of Indian rupees and sale of US dollars. The amount hedged by the aforementioned derivative is an amount linked to the proceeds received by this independent third party arising from the equipment supply agreement for a Group project in India. This agreement totals INR 3.865.578 thousand. The hedging dates vary since they coincide with the dates on which the independent third party receives payment under the equipment supply agreement. This agreement had a condition precedent, which had not been met at 24 January 2017, meaning that until that date the hedged amount was zero. No premium was paid upon entering into the hedge. At 31 December 2017, the fair value of this derivative amounted to EUR 268 thousand (notional value at the date 395.719 thousand INR). The key variable used by the directors to calculate the fair value of this derivative, in accordance with future projections, is the maturity date estimated at three months. If the current date had been three months earlier/later, the value of the derivative would have changed by EUR 18 thousand / EUR (19) thousand.

In 2017 payment amounts were settled totalling INR 3,486.664 thousand, which gave rise to settlements with a gain for the Group of USD 9,977 thousand, equal to EUR 9,053 thousand. The Group in turn partially hedged this risk with third-party hedges, which gave rise to an expense of EUR 1,436 thousand in the 2017. These figures are recognised under finance income and finance costs under "Changes in Fair value of Financial Instruments" (see Note 21). There weren't any notional corresponding to this coverage at 30 of June 2018 and 31 December 2017.

Also, the Group held EUR 772 thousand in relation to the fair value at 30 June 2018 of an option arranged by the Group to hedge changes in the floating interest rate of a future debt associated with the Granja Solar project in Chile. The notional principal amount of this agreement totals USD 60,005 thousand (EUR 50,901 thousand). The Group arranged this option on 26 March 2018 paying a premium amounting to USD 1,415 thousand equal to EUR 1,156 thousand. The change in the fair value between the arrangement date and 30 June 2018 gave rise to an expense of EUR 384 thousand recognised under "Changes in Fair value of Financial Instruments" (see Note 21).

The changes in the reporting period were as follows:

	31/12/17	Change in fair value with effect in the statement of profit or loss	Acquisition / Settlement	30/06/18
Forward foreign currency contracts	267,516	282,055	-	549,571
Interest rate swap	-	580,161	(17,542)	562,619
Option contract - interest rate	-	(383,595)	1,155,824	772,229
Total derivatives - assets	**267,516**	**478,621**	**1,138,282**	**1,884,419**
Forward foreign currency contracts	600,155	82,300	(71,921)	610,534
Interest rate swap	180,306	(180,306)	-	-
Total derivatives – liabilities (note 15)	**780,461**	**(98,006)**	**(71,921)**	**610,534**

Other

The Group recognises ownership interests in Group companies not included in the scope of consolidation under "Other" (see Note 2.8), the carrying amount of which was EUR 956 thousand at 31 December 2017.

9. Trade and other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated statements of financial position as at 30 June 2018 and 31 December 2017 is as follows:

	Euros	
	30 June 2018	31 December 2017
Trade receivables	6,696,430	5,264,710
Trade receivables from related parties (Note 24.1)	414,901	498,222
Other receivables	40,006	342,075
Receivable from public authorities	1,183,008	2,186,940
Total	**8,334,345**	**8,291,947**

The balances of "Trade and Other Receivables" do not differ from their fair values on the basis of their cash flows discounted at market rates. "Trade Receivables" includes an amount of EUR 683 thousand in relation to "Amounts to be Billed for Work Performed" (see Note 3.10), which was generated by reference to the stage of completion. A new project was commenced in 2018. At 30 June 2018, 22% of the costs budgeted in relation to this project had been incurred, EUR 332 thousand of which had been billed at that date. The difference not yet billed is the aforementioned amount of EUR 683 thousand, which will be billed in accordance with the milestones established in the contract; having recognised EUR 1,015 thousand as revenue from this project.

"Trade Receivables" includes the balances of product sales (power supplies) and the billings to customers for work performed or services rendered not yet collected at the end of the reporting period or year.

At 30 June 2018 and 31 December 2017, no trade and other receivables had been discounted or advanced.

Credit risk is highly concentrated in relation to the trade receivables because the Group sells most of the energy from each of its solar plants in service to a small number of customers (see Notes 4 and 5). The directors consider that, since these customers have high credit ratings, the credit risk is not significant and is largely mitigated by the acknowledged solvency of the companies in question. Also, in the case of Chilean accounts receivable, invoices not yet collected are directly enforceable instruments and, in the event of non-payment, the rules of the electricity system in that country establish serious consequences for defaulters. In the case of Indian customers, they are state electricity companies with a high rating.

In the six months ended 30 June 2018, the Group recognised an additional amount of EUR 53 thousand in relation to impairment losses on these receivables in accordance with the rules indicated in Note 2.1.

The maximum exposure to credit risk at the reporting date is the carrying amount of each of the receivables detailed above.

The carrying amounts of the trade receivables are denominated in the following currencies (in euros):

	Euros	
	30 June 2018	31 December 2017
Euros	910,179	426,465
US dollars	773,763	2,410,020
Chilean peso	814,324	810,470
Indian rupee	3,414,754	1,617,755
Colombian peso	783,410	-
Total	**6,696,430**	**5,264,710**

10. Inventories

The detail of "Inventories" in the accompanying consolidated statements of financial position as at 30 June 2018 and 31 December 2017 is as follows (in euros):

	Euros	
	30 June 2018	31 December 2017
Goods held for resale	-	80,421,489
Work in progress and semi-finished goods	1,185,201	2,857,112
Finished goods	-	34,679,514
Advances to suppliers	218,988	-
Ending balance	**1,404,189**	**117,958,115**

At 30 June 2018, the Group had only recognised under "Inventories" the construction cost of the solar PV plants that the Group had built for subsequent sale to a third party (see Note 2.5).

At 31 December 2017, the Group recognised under "Work in Progress and Semi-Finished Goods" the construction cost for the Group of the solar PV plants that the Group had built for subsequent sale, or that were under construction, through the subsidiaries Pozo Almonte Solar 1, S.A., Calama Solar 1, S.A. and Calama Solar 2, S.A., as well as other projects that were under development and, during the reporting period, they were transferred to "Property, Plant and Equipment" in the accompanying consolidated statement of financial position. In 2017 the construction of the Calama Solar 1, S.A. and Calama Solar 2, S.A. solar plants was completed and, therefore, the production cost thereof was reclassified to "Finished Goods" at 31 December 2017. In 2017 interest amounting to EUR 248 thousand was capitalised to the production cost of these solar plants, mainly in relation to the Calama Solar 1, S.A. and Calama Solar 2, S.A. solar plants located in Chile (no interest was capitalised in 2018). In accordance with Note 2.5, in 2018 these plants were reclassified to property, plant and equipment (see Note 6).

The changes in the inventories of solar plants in the first six months of 2018 and in 2017 were as follows:

	Euros	
	30 June 2018	31 December 2017
Beginning balance	**117.958.115**	**34.069.549**
Changes in inventories of finished goods	-	17.167.332
Changes in goods held for resale	2.187.945	73.714.471
Transfers to property, plant and equipment (Note 6)	(114.618.894)	-
Transfers to intangible assets (Note 6)	(4.356.879)	-
Exchange differences	(90.507)	(9.986.775)
Other (*)	105.421	2.993.538
Ending balance	**1.185.201**	**117.958.115**

(*) Including, among other items, finance costs and land concessions capitalized as bigger cost of the plants

The procurements are recognised under "Raw Materials and Other Supplies Used" in the consolidated statement of profit or loss. The detail of this heading is as follows:

	Euros	
	30 June 2018	31 December 2017
Purchases of raw materials and other supplies	2,145,236	87,872,193
Changes in goods held for resale	(2,187,945)	(73,714,471)
Total	**(42,709)**	**14,157,722**

The Group has taken out insurance policies to cover the risks to which its inventories are subject and considers that the coverage is sufficient.

There are no write-downs in relation to the inventories of work in progress and finished goods and, therefore, it was not necessary to recognise write-downs for obsolescence.

11. Cash and cash equivalents

The detail of "Cash and Cash Equivalents" in the consolidated statements of financial position as at 30 June 2018 and 31 December 2017 is as follows (in euros):

	Euros	
	30 June 2018	31 December 2017
Cash on hand and at banks	9,514,200	17,444,200
Short-term, highly liquid investments	3,549,468	2,084,549
Total	**13,063,668**	**19,528,749**

At 30 June 2018, the Group had short-term bank deposits with a maturity of three months or less amounting to EUR 3,549 thousand (31 December 2017: EUR 2,085 thousand).

At 30 June 2018 and 31 December 2017, there were certain restrictions on the drawability of cash (see Note 4.1).

The carrying amounts of cash and cash equivalents of the Group companies are denominated in the following currencies:

	Euros	
	30 June 2018	31 December 2017
Euros	1,747,500	6,038,993
US dollars	1,135,166	4,263,026
Indian rupees	9,457,714	7,804,757
Other	723,288	1,421,973
Total	**13,063,668**	**19,528,749**

12. Consolidated equity and shareholders' equity

12.1 Share capital and share premium

Share Capital

At 30 June 2018, the share capital of Solarpack Corporación Tecnológica, S.A. was represented by 426,650 fully subscribed and paid shares, all of which carry the same rights, of EUR 1 par value each. At 30 June 2018 and 31 December 2017, the companies that directly owned more than 10% of the share capital of Solarpack Corporación Tecnológica, S.A. were Beraunberri, S.L. with a 75% ownership interest and Burgest 2007, S.L. with a 14.06% ownership interest and the remainder of the share capital was distributed among other shareholders.

As explained on Note 1, at 17 of September of 2018 the Board of Directors of Solarpack Corporación Tecnológica, S.A. at an Extraordinary General Meeting resolved to change legal form from Limited Liability into a Joint Stock company, therefore stakes become shares of the dominant company retaining their nominal value.

On 24 June 2016, the Company's shareholders, the original shareholders, who held all of the share capital, the Company itself, the other shareholders with interests in the share capital of the subsidiaries- Ataca Solar Holdco, Spa., Pampul Holdco, S.L. and Axa Clean Energy Fund I (ACE) - entered into an agreement whereby certain commitments and undertakings were agreed upon, including most notably:

- The purchase by Falcon Solar S.L.U., a subsidiary of ACE, of 81% of the share capital of the subsidiary Ataca Solar Holdco, Spa. (of which 80% of the share capital is directly owned by the Company), which in turn owns 99% of the subsidiaries of Pozo Almonte Solar 2, S.A., Pozo Almonte Solar 3, S.A. and Calama Solar 3 S.A. (subsidiaries whose main assets are solar PV plants in Chile) and the acquisition of an 81% share of the participating loans granted to the subsidiary.

- The purchase by Falcon Solar, S.L.U., a subsidiary of ACE, of 81% of the share capital of the subsidiary Pampul Holdco, S.L., (of which 80% of the share capital is directly owned by the Company), which in turn owns 99.99% of the subsidiary Moquegua FV, S.A.C. (subsidiary whose main asset is a solar PV plant in Peru).

- Following this share purchase and sale, the composition of the shareholder structure of both companies will be 81% held by Falcon Solar S.L.U. and 19% held by the Company. They will also hold the same proportion of the participating loan granted to Ataca Solar Holdco, Spa. (see Note 8). This participating loan bears interest of 10%.

- Two capital increases will be performed at the Company in 2016, for non-monetary contributions that will be fully subscribed by ACE Renewable Holding USD, S.A., a subsidiary of ACE, after the waiver by the shareholders of their pre-emption rights, which will give rise to a total contribution of USD 5,879,570, including the share premium. Following the capital increases the original shareholders of the Company will hold 93.754% of the company's share capital and ACE Renewable Holding USD, S.A., 6.246%.

- The original shareholders assume, in certain cases, the obligation to repurchase the shares to be subscribed by a subsidiary of ACE in proportion to their ownership interests, and also assume an obligation of a joint and several nature, establishing the bases for the determination of the repurchase price, within a ceiling. A security interest will be established on the distributions that are made to the original shareholders in a subsidiary of ACE.

- Also, the Company grants a subsidiary of ACE a put option over its equity interests in the Company, pursuant to which a subsidiary of ACE will be entitled to sell to the Company, who will purchase, any new shares that were not purchased by the original shareholders in breach of their obligations. In order to guarantee the performance of this obligation by the Company, a security interest was established in the shares retained representing 19% of the share capital of Pampul Holdco, S.L. and Ataca Solar Holdco, Spa, and 19% of the balance of the participating loans granted to the latter subsidiary.

- Under this agreement, the Company has the right to convert ACE Renewable Holding USD, S.A.'s shares into debt through capital reduction, based on a valuation mechanism established in the agreement, in the event of disagreements on matters that require unanimity among the shareholders to be approved at the general meeting (deadlock).

The put option granted would be activated in the event of non-compliance by the original shareholders with the obligation to repurchase the shares that will arise from any of the following events controlled by the Company:

a) Failure to call a general meeting to resolve the distribution of a contractually agreed minimum dividend and related to the cash received from the subsidiaries owned jointly with ACE. It is the Company, through its Board of Directors, that has the control over the meeting called and the agendas thereof, and it is the general meeting (controlled by the original shareholders) that will decide on the possible distribution of dividends. In view of the Company's business plan, its financial and equity position and the fact that the cash flows to be received from Chilean and Peruvian investees are of scant materiality with respect to the Company's total cash flows, it is considered that the likelihood that it may not be in a position to convene a general meeting to decide upon the distribution of the agreed minimum amount would only arise as a result of extremely rare, highly unusual and very unlikely financial and/or corporate circumstances.

b) Sale by the Company of the shares that it holds in the companies in Chile and Peru, whose majority shareholder is ACE. This decision rests with the Company and is therefore under its control.

Therefore, this event are under the control of the Company or would be depending on an extremely extrange and very unlikely finances circumstancies, consequently, the Company considered that these contingent settlement provisions were not genuine (in accordance with IAS 32).

Also, in relation to the debt conversion and capital reduction right, the Company had control over the sequence of events for which unanimity among the shareholders was required, and therefore considered that these contingent settlement provisions were not genuine (in accordance with IAS 32).

At 30 June 2018, the Company took steps to arrange financing that involved the requirement of unanimous approval of certain agreements to be obtained at the general meeting. In this connection it was not possible to obtain the agreement of the shareholder, ACE Renewable Holding USD, S.A. Accordingly, at 30 June 2018, discussions were held by the shareholders in order to apply the mechanisms of the agreement in the event of deadlock. In this connection, on 9 August, the Extraordinary General Meeting, on implementation of the mechanisms agreed upon with the subsidiary of ACE on 24 June 2016, resolved to reduce capital through the substantial retirement of the shares held by ACE Renewable Holding USD, S.A. and the subsequent entering into a loan with that shareholder.

Consequently, in the consolidated statement of financial position as at 30 June 2018, and in consideration of the aforementioned facts and commitments, the Parent recognised a smaller share premium and reserves for an amount equal to the reimbursement of shareholder contributions to the shareholder ACE Renewable Holding USD, S.A., of 26,649 shares at EUR 1 each, amounting to USD 6,338 thousand, equal to EUR 5,437 thousand, and the arrangement of a loan with this shareholder for the aforementioned amount, which is recognised under "Other Financial Liabilities". The amount of this loan is established based on a measurement mechanism included in the original agreement between the two parties. This loan will be payable on 15 March 2023, and will earn interest of 11%.

At 30 June 2018, the shares of the Company were not listed on any market and the Parent does not hold options or obligations over its own shares. However, on 4 April 2018 the Company's Board of Directors resolved to take certain steps to raise sufficient funds in order to undertake projects in the pipeline, which could include the admission to trading of the Company's shares through an initial public offering.

In the reporting period no grants or donations were received by the Parent from its shareholders.

Share premium

This reserve is unrestricted.

12.2 Reserves

The detail of "Reserves" at 30 June 2018 and 31 December 2017 is as follows:

	Euros	
	30/06/18	31/12/17
Legal reserve	80,000	80,000
Voluntary reserves:		
Other reserves of the Parent	31,838,015	31,803,440
Consolidated reserves	9,172,302	9,986,823
Total reserves	**41,090,317**	**41,870,263**

Legal reserve

Under the Spanish Limited Liability Companies Law, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

This reserve had reached the legally required minimum at 30 June 2018 and 31 December 2017.

Other reserves of the Parent

These consist of unrestricted voluntary reserves.

Consolidated reserves

Of the total reserves of consolidated companies, EUR 71 thousand related to restricted reserves at 30 June 2018.

12.3 Dividend with a charge to reserves

On 13 April 2018, the General Meeting of Solarpack Corporación Tecnológica, S.A. resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A. amounting to USD 42 thousand, the equivalent euro value of which was EUR 34 thousand. This resolution was approved unanimously by the shareholders. Dividend was paid in full in the first six-months of 2018.

On 29 June 2018, the General Meeting of Solarpack Corporación Tecnológica, S.A. resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A. amounting to USD 156 thousand, the equivalent euro value of which was EUR 134 thousand. This resolution was approved unanimously by the shareholders. Dividend was paid in full in the first six-months of 2018.

On 9 March 2017, the General Meeting of Solarpack Corporación Tecnológica, S.A. resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A. amounting to USD 124 thousand, the equivalent euro value of which was EUR 117 thousand. This resolution was approved unanimously by the shareholders. The dividend was paid in full in 2017.

On 26 June 2017, the General Meeting of Solarpack Corporación Tecnológica, S.A., resolved to distribute an extraordinary dividend with a charge to voluntary reserves to the shareholder ACE Renewable Holding USD, S.A., amounting to USD 193 thousand, the equivalent euro value of which was EUR 174 thousand. The dividend was paid in full in 2017.

Subsequently, on 18 September 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica, S.A., resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A., amounting to USD 34 thousand, the equivalent euro value of which was EUR 29 thousand. The dividend was paid in full in 2017.

On 19 December 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica, S.A., resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A., amounting to USD 36 thousand, the equivalent euro value of which was EUR 30.5 thousand. The dividend was paid in full in 2017.

On 5 December 2017, three dividends were recognised and exclusively distributed from Solarpark Chile, Ltda. to non-controlling interests amounting to: USD 3,596 thousand (EUR 3,072 thousand), USD 448 thousand (EUR 383 thousand) and USD 160 thousand (EUR 137 thousand).

12.4 Translation differences

The detail of the translation differences by country at 30 June 2018 and 31 December 2017 is as follows:

		Euros	
	Local currency	30 June 2018	31 December 2017
India	Indian rupees	(1,660,347)	(1,234,334)
Chile	Chilean peso	(1,219,232)	(771,729)
Chile	US dollars	(739,466)	(864,149)
Spain	US dollars	188,144	89,348
Singapore	US dollars	(143,562)	(148,455)
Other	(*)	(116,897)	(103,958)
Total		**(3,691,360)**	**(3,033,277)**

(*) Mainly includes US dollars

12.5 Equity attributable to non-controlling interests

The changes "Equity - of Non-Controlling Interests" in the consolidated statement of financial position for the first six-months of 2018 and 2017, were as follows (in euros):

	Euros	
	30 June 2018	31 December 2017
Beginning balance	**4,020,259**	**5,299,949**
Income / (Expense) recognised directly in equity		
Profit for the period	458,443	634,798
Foreign currency translation differences	66,410	(725,493)
	4,545,112	**5,209,254**
Dividends paid to non-controlling interests	-	(3,992,525)
Changes in the scope of consolidation (Note 2.8)	-	1,420,905
Other changes	(27,877)	1,382,624
Ending balance	**4,517,235**	**4,020,259**

* The other changes in 2017 relate mainly to the contributions made by non-controlling interests based on their percentages of ownership (see Note 1).

The detail of the ownership interests of the main non-controlling interests at 30 June 2018 and 31 December 2017 is as follows (in euros):

Company	Company activities	Euros 30/06/18 % of ownership	Profit (Loss) for the period	Accumulated reserves
PMGD Holdco, S.L.	Design, development and construction of solar PV plant facilities	20%	(117)	1,132,973
PMGD Holdco Chile, S.L.	Operation of solar PV facilities	20%	4,063	960,144
Padmajiwadi Solar Pte, Ltd	Operation of solar PV facilities	17.36%	23,395	255,793
Gummadidala Solar Pte, Ltd	Operation of solar PV facilities	17.36%	21,634	444,457
Thukkapur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	30,742	362,742
Renjal Solar Pte, Ltd	Operation of solar PV facilities	17.38%	34,676	372,396
Ghanpur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	29,535	331,374
Achampet Solar Pte, Ltd	Operation of solar PV facilities	17.36%	149,226	243,740
Spk Services Singapore Pte Ltd	Operation of solar PV facilities	5%	44,306	(24,858)
Calama Solar 1, S.A.	Operation of solar PV facilities	20%	53,795	(75,959)
Calama Solar 2, S.A.	Operation of solar PV facilities	20%	53,360	(114,165)
Pozo Almonte Solar 1, S.A.	Operation of solar PV facilities	20%	13,828	170,155
Total			**458,443**	**4,058,792**

Company	Company activities	Euros 31/12/17 % of ownership	Profit (Loss) for the period	Accumulated reserves
PMGD Holdco, S.L.	Design, development and construction of solar PV plant facilities	20%	(296)	1,056,660
PMGD Holdco Chile, S.L.	Operation of solar PV facilities	20%	(4,648)	902,510
Padmajiwadi Solar Pte, Ltd	Operation of solar PV facilities	17.36%	48,462	217,942
Gummadidala Solar Pte, Ltd	Operation of solar PV facilities	17.36%	137,086	326,308
Thukkapur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	47,821	330,363
Renjal Solar Pte, Ltd	Operation of solar PV facilities	17.38%	59,657	328,464
Ghanpur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	20,066	329,733
Achampet Solar Pte, Ltd	Operation of solar PV facilities	17.36%	35,097	218,782
Spk Services Singapore Pte Ltd	Operation of solar PV facilities	5%	334,293	(346,211)
Calama Solar 1, S.A.	Operation of solar PV facilities	20%	3,007	(84,720)
Calama Solar 2, S.A.	Operation of solar PV facilities	20%	(53,306)	(58,105)
Pozo Almonte Solar 1, S.A.	Operation of solar PV facilities	20%	7,560	163,734
Total			**634,799**	**3,385,460**

The financial information of the companies with non-controlling interests at 30 June 2018 and 31 December 2017 is included in Appendix II accompanying these notes to the consolidated financial statements.

13. Provisions

Provisions for dismantling costs and restoration work

An obligation arises to incur dismantling and restoration costs when a change caused by development or production in the course of business arises. The costs are estimated based on a formal closure plan and are subject to a formal review.

Certain subsidiaries whose facilities are recognised under property, plant and equipment (see Note 6), are obliged to recognise future dismantling costs when removing the facilities from their original site at the end of the concession arrangement. As a general rule, when the construction period of these plant facilities ends, the Group records a provision for the present value of the discounted cash flows. Specific changes in measured dismantling liabilities will entail a modification to the cost of the corresponding asset; the asset's adjusted depreciable amount will subsequently be depreciated on a prospective basis throughout the remainder of its useful life.

Provisions for warranties

There are Group companies with obligations to guarantee and cover any inconsistency that may arise from the delivery of materials, supplies and spare parts and penalties due to delays in the connection of certain solar power plants. At 30 June 2018 and 31 December 2017, the Group recognised provisions for these items based on best possible estimates.

At 30 June 2018 and 31 December 2017, there were no material provisions or contingent liabilities that were not recognised or disclosed in these interim consolidated financial statements and the corresponding explanatory notes thereto.

The changes in "Provisions" in the first six-months of 2018, and in 2017 were as follows (in euros):

	Euros
	Amount
At 1 January 2017	**381,180**
Charge for the period	343,212
Reversals	-
Amounts used	(38,197)
Transfers and other changes (*)	(29,446)
At 31 December 2017	**656,749**
Charge for the period	90,537
Reversals	(105,482)
Amounts used	(41,202)
At 30 June 2018	**600,602**
2018	
Long-term provisions	411,997
Short-term provisions	188,605
2017	
Long-term provisions	324,645
Short-term provisions	332,104

(*) Mainly relating to foreign currency exchange rate fluctuations.

The long-term provisions at 30 June 2018 relate, mainly, to the provision covering the costs of dismantling certain plants recognised under "Property, Plant and Equipment", totalling EUR 294 thousand (31 December 2017: EUR 279 thousand), since, as they must be removed from their current sites at the end of the term of the concession arrangement on the land on which they are located and, in one case, in compliance with local environmental legislation. The remainder of the amount recognised under "Property, Plant and Equipment" relates mainly to provisions for warranties of the same nature as those recognised under short-term provisions.

Short-term provisions at 30 June and 31 December 2017 relate to provisions to guarantee and cover any flaws that could arise in the materials, supplies and spare parts delivered and provisions for penalties due to the delay in connection of certain solar power plants.

Court proceedings and/or claims in process

At 30 June 2018, the following court proceedings were underway:

- At 30 June 2018, legal proceedings filed by the subsidiary Solarpack Ingeniería, S.L.U. against Gestamp Asetym Solar, S.L., (now, X-ELIO Energy, S.L.) were in progress, by virtue of which it was requested that the resolution to the subrogation agreement reached by the parties in relation to the provision of operating and maintenance services of the solar PV farm located at Tejeda de Tiétar be declared valid and correctly executed in light of the defendant's breach of its obligations. In addition, a claim was lodged against the defendant for EUR 1,205 thousand plus legal interest from the date of claim, in relation to compensation for damage and losses arising from the defendant's non-performance of the aforementioned subrogation obligation amounting to EUR 313 thousand plus applicable VAT and interest at the late-payment rate on commercial transactions calculated from the 8 January 2015, due to the final price adjustment on the construction subcontracting arrangement entered into by the parties in relation to the aforementioned solar PV farm and the imposition of the legal costs on the defendant.

  On 2 December 2016, the court of first instance handed down a ruling by virtue of which, after declaring the aforementioned subrogation agreement as validly terminated, it ordered the payment by X-ELIO Energy, S.L., of EUR 1,188 thousand plus legal interest from the date of claim (lodged on 13 November 2015), and dismissed the request for an order of costs relating to the construction subcontracting arrangement, without an express order as to costs.

  On 17 January both parties filed appeals against the ruling calling for its revocation in the areas that were unfavourable to them and the handing down of a new ruling in accordance with that sought to their respective claim and defence pleadings.

  On 24 March 2017, the appellant obtained the full enforcement of the guarantee provided by X-ELIO Energy, S.L., amounting to EUR 1,236 thousand in order to achieve voluntary compliance. However, this amount was not recognised for accounting purposes as required under the applicable accounting regulations.

  On 26 June 2017, Section 18 of the Madrid Provincial Appellate Court handed down ruling no. 229/2017 fully upholding the appeal filed by X-ELIO Energy, S.L., and dismissing in full the appeal filed by Solarpack Ingeniería, S.L.U. and, consequently, the ruling of the court of first instance to dismiss in full the claim filed by Solarpack Ingeniería, S.L.U. was reversed.

  In light of this ruling, Solarpack Ingeniería, S.L.U., lodged extraordinary cassation and procedural breach appeals in order to have the ruling upheld that was handed down by the Court of first Instance no. 60 of Madrid. The aforementioned appeals are awaiting a decision to be handed down by the Civil Admissions Chamber of the Supreme Court.

  Also, Solarpack Ingeniería, S.L.U. recognised the out-of-court settlement of the amounts obtained under the provisional enforcement.

- X-ELIO Energy, S.L. demands the payment of EUR 943 thousand (plus interests and costs), in relation to the penalty for the delay of the definitive receipt of the Tejeda de Tiétar Solar PV farm as agreed in the contract for the construction of the aforementioned plant, which on 9 July 2010, was entered into between Solarpack Ingeniería, S.L.U. and Gestamp Asetym Solar, S.L. (now X-ELIO Energy, S.L.).

  The claim by X-ELIO Energy, S.L., dated 20 December 2017, was issued to Solarpack Ingeniería, S.L.U. on 9 April 2018, who responded on 9 May 2018, requesting that the claim be dismissed in full with the consequent imposition of costs on the claimant. On 29 May 2018, Solarpack Ingeniería, S.L.U., was required to submit a printed copy of its response to the claim together with its accompanying exhibits at court. This formality was duly discharged on 4 June 2018. The next procedural milestone will be the pre-trial hearing, which has not yet been scheduled.

- Also in the first six months of 2018 there were two open legal proceedings brought by employees of contractors and subcontractors against Solarpack Uruguay, S.A., among others for the payment of various salary items. In relation to one of these, a ruling at first instance was handed down on 19 February 2018 dismissing the employees' claim. The court decision was not subject to appeal by the employees and accordingly, is final. In relation to the second of the legal proceedings, on 2 April 2018 a ruling at first instance was handed down declaring the lack of standing of Solarpack Uruguay S.A. to be sued. The employees' appeal against the ruling of lack of standing was answered by Solarpack Uruguay, S.A. on 15 May 2018. At the date of preparation of the interim consolidated financial statements this appeal lies at the second instance and is awaiting resolution by the court of appeal.

Both the Group's legal advisers and the directors of the Parent consider that the conclusion of these proceedings and claims will not have an additional material effect on the interim consolidated financial statements and the explanatory notes thereto for the six-month period ended 30 June 2018 and, accordingly, it was not considered necessary to recognise any provision in respect of this matter.

14. Bank borrowings and other financial liabilities

The detail of "Bank Borrowings and Other Financial Liabilities" in the consolidated statement of financial position as at 30 June 2018 and 31 December 2017 is as follows (in euros):

	Euros	
	30 June 2018	31 December 2017
Non-current		
Bank borrowings associated with solar PV plants	79,251,411	3,352,146
Subordinated debt with non-controlling interests related to solar PV plants	3,451,560	-
Other financial liabilities	9,994,426	-
	92,697,397	**3,352,146**
Current		
Bank borrowings	171,782	27,569
Bank borrowings associated with solar PV plants	5,978,859	85,098,029
Subordinated debt with non-controlling interests related to solar PV plants	449,488	3,717,218
Other financial liabilities	524,298	5,271,993
	7,124,427	**94,114,809**
Total	**99,821,824**	**97,466,955**

"Bank Borrowings Associated with Solar PV Plants" and "Subordinated Debt with Non-controlling Interests related to Solar PV Plants" include a reclassification from current to non-current financial liabilities as explained by the accounting criterion described in Note 2.5, according to which the financial liabilities from subsidiaries were classified as current in 2017, the sale of which the Group had envisaged in the short term. In 2018 the Group modified its sales strategy as described in Notes 2.5 and 6, and classified the bank borrowings in proportion to the contractual terms and conditions agreed upon with the banks in question.

At 30 June 2018 and 31 December 2017, the balance of "Bank Borrowings Associated with Solar PV Plants", at short and long term, includes mainly the total outstanding at the end of the reporting period of the banks loans related to the financing of the solar PV plants recognised under "Property, Plant and Equipment", (see Note 6). Set out below are the terms and conditions, as well as the obligations attaching to the main loans comprising this heading:

- EUR 3,529 thousand (31 December 2017: EUR 3,708 thousand) relate to the loans granted to the investment companies operating solar PV plants in Spain in order to finance them. These were refinanced in 2015, extending the repayment schedule, with final maturities falling between 2027 and 2030. The change in these terms and conditions was not considered to significantly differ from the criteria under IAS 39. The accounting treatment adopted by IFRS 9 for this type of restructuring differs to that of IAS 39, as it requires adjusting of the carrying amount of the financial asset to the present value of the modified contractual cash flows discounted at the asset's original effective interest rate, for the subsequent financial periods of the restructuring. At 1 January, the impact of the IFRS in relation to this refinancing was not significant. This financing bears interest at 1.75% plus a floating interest rate tied to Euribor. These agreements are subject to compliance with covenants. Compliance is achieved taking into account the consolidated figures of the Economic Interest Grouping (E.I.G) with which certain Group companies have a contractual ownership agreement. The financial ratio to be achieved is understood to be the "Debt Service Coverage Ratio (DSCR)" at 31 December of each year, based on dividing the net operating income and the total debt service.

- EUR 25,925 thousand (31 December 2017: EUR 26,960 thousand) relate to the amount outstanding of the loans granted for the financing of the Chilean plants with final maturity in 2032. This financing bears interest tied to the 180-day Libor rate plus a market spread (4.75%). These agreements are subject to affirmative and negative covenants. The former refer to the establishment and maintenance of adequate accounting systems, maintenance of the property and necessary permits, compliance with the applicable legislation at all times, furnishing of both their own financial statements and those of the direct shareholder and other financial information, submitting them to audit and maintaining a minimum legal working capital, among other requirements. Furthermore, there are also restrictions on the indebtedness permitted, sale of assets, granting of loans and/or incurring additional debt, among others.

- EUR 55,774 thousand (31 December 2017: EUR 57,782 thousand) relate to the amount outstanding of the loans granted for the financing of plants located in India with final maturity in 2033, of which INR 223.804 thousand, equal to EUR 2.804 thousand, were drawable at 30 June 2018 (31 December 2017: INR 223.804 thousand). This financing bears interest at a fixed annual rate of 10.10% (10.8% effective interest rate). These agreements are associated with certain guarantees related to the company's properties and require the fulfilment of certain covenants.

At 30 June 2018, of the aforementioned amounts in the preceding paragraphs, a total of EUR 84,937 thousand relate to a non-recourse borrowings (31 December 2017: EUR 88,450 thousand).

At 30 June 2018 and at 31 December 2017, the Group was complying with the contractual terms and conditions.

The local currencies of the carrying amount of long-term and short-term bank borrowings (both associated with solar PV farms and not associated) is as follows:

	Euros	
	30 June 2018	31 December 2017
Euros	3,702,726	3,728,044
US dollars	25,924,969	26,959,779
Indian rupee	55,774,357	57,782,327
Chilean peso	-	7,594
Total	**85,402,052**	**88,477,744**

The exposure of the Group's bank borrowings' to fluctuations in interest rates is as follows:

	Euros		
	Balance	Within one year	More than one year
At 30 June 2018	**85,402,052**	**6,150,641**	**79,251,411**
Bank borrowings tied to a floating interest rate	29,455,914	1,669,620	27,786,294
At 31 December 2017	**88,477,744**	**85,125,598**	**3,352,146**
Bank borrowings tied to a floating interest rate	30,311,924	26,959,778	3,352,146

The detail of "Subordinated Debt with Non-Controlling Interests Related to Solar PV Plants" -both current and non-current- is as follows:

	Euros	
	30 June 2018	31 December 2017
Non-controlling interests subordinated debt - Small Distributed Generation Facilities Project	1,888,392	1,757,784
Convertible debentures - Project Telangana	2,012,656	1,959,434
Total	**3,901,048**	**3,717,218**

The non-recourse subordinated debt granted by the non-controlling interest of PMGD Holdco and PMGD Holdco Chile bears annual interest at a rate equal to LIBOR plus a spread of 668 points, the repayment of the principle and payment of interest of which would be subordinated to the obligations entered into with the financing entities of the PMGD project.

The Group can draw on financing granted by the non-controlling interests of Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private Limited. This financing was instrumented through contributions of instruments convertible into shares or Compulsory Convertible Debentures (CCDs). CCDs are quasi-equity instruments that are convertible into shares at market value without there being a change in the shareholders' proportion of shares. Until they are converted they are recognised as debt bearing interest of 16.99% and have a term of 18 years. The Group contributed funds in the form of CCDs proportionate to its ownership interest in the share capital of each company. The detail of "Other Non-Current Financial Liabilities", is as follows:

	Euros	
	30 June 2018	31 December 2017
Axa Clean Energy Fund I loan (*)	5,436,952	-
Loans for concessions of land (**)	4,557,474	-
Total	**9,994,426**	**-**

(*) Payment of capital and conversion into debt of the ownership interests acquired in 2016 by a subsidiary of Axa Clean Energy Fund I (ACE) (see Note 12).
(**) Loan associated with the concession of land (recognised under "Intangible Assets - Concessions") located in Chile, which at 30 June 2018 amounts to EUR 4,557 thousand (31 December 2017: EUR 4,762 thousand recognised under "Current Liabilities - Other Financial Liabilities" based on the accounting criterion described in Note 2.5).

The detail of "Other Current Financial Liabilities" is as follows:

	30 June 2018	31 December 2017
Loans for concessions of land (*)	-	4,762,219
Project Telangana - non-controlling interest loan	524,418	509,774
Total	**524,418**	**5,271,993**

(*) Loan associated with the concession of land (recognised under "Intangible Assets - Concessions") located in Chile, which at 30 June 2018 amounts to EUR 4,557 thousand (31 December 2017: EUR 4,762 thousand recognised under "Current Liabilities - Other Financial Liabilities" based on the accounting criterion described in Note 2.5).

The effective interest rates at the end of the reporting period where those customary on the market (benchmark rate plus a market spread), and there was no significant difference in relation to other companies of a similar size, risk and level of indebtedness. At 30 June 2018, the carrying amount of the borrowings did not significantly differ from their fair value. This fair value was calculated considering, among others, factors such as country risk, counterparty credit risk, credit rating, etc. In the case of fixed rate borrowings, the fair value is similar to the carrying amount thereof since the rate applicable to the financing is similar to the market rate.

At 30 June 2018 and 31 December 2017, the contractual maturities of bank borrowings both related and not related to solar PV farms and other financial liabilities are as follows (in euros):

	Euros		
	Within one year	Between one and five years	More than five years
At 30 June 2018			
Bank borrowings (*)	6,150,641	22,694,000	58,545,852
Subordinated debt with non-controlling interests related to solar PV plants	449,488	2,790,263	661,296
Other financial liabilities	524,298	3,641,084	6,353,342
At 31 December 2017 (**)			
Bank borrowings (*)	6,133,474	16,736,890	67,626,420
Subordinated debt with non-controlling interests related to solar PV plants	359,074	2,422,589	935,555
Other financial liabilities	509,655	516,628	4,245,710

(*) Debt arrangement expenses amounting to EUR 1,988 thousand at 30 June 2018 (31 December 2017: EUR 2,019, thousand), are excluded.

(**) Debt is classified based on the accounting criterion described in Note 3.17, according to which in 2017, the financial debt originating from subsidiaries that the Group had expected to sell in the short term was recognised under current financial liabilities.

Set forth below is a reconciliation of the carrying amount of the liabilities arising from financing activities, including derivatives, disclosing separately the changes that generate cash flows from those that do not.

	31/12/17	**Cash flow**	**No impact on cash flows**			**30/06/18**
			Change in fair value	**Reclassifications**	**Other (*)**	
Non-current payables	3,352,146	(468,538)	-	86,551,355	3,262,434	92,697,397
Current payables	94,895,270	(1,581,284)	169,927	(86,551,355)	802,403	7,734,961
Total liabilities arising from financing activities	**98,247,416**	**(2,049,822)**	**169,927**	-	**4,064,837**	**100,432,358**

(*) "Other" relates to the obligation assumed by the Company in relation to the repurchase of shares explained in Note 12 and the translation differences of the debt in other currencies.

Lastly, the Group has the following credit lines (in euros):

	Euros			
	30 June 2018		31 December 2017	
	Limit	Amount drawn down	Limit	Amount drawn down
Credit lines	10,098,737	-	8,500,000	-

The aforementioned credit lines mature in 2019 and subsequent years. The effective interest rate borne at 30 June 2018 and 31 December 2017 varies between 1.35% and 2.35% plus floating interest tied to Euribor.

15. Derivative financial instruments

The detail the derivative financial instruments at 30 June 2018 and 31 December 2017 is as follows (in euros):

	Euros			
	Derivatives - Assets (Note 8)		Derivatives - Liabilities	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Forward foreign currency contracts	549,571	267,516	610,534	600,155
Option contract - interest rate	772,229	-	-	
Interest rate swaps	562,619	-	-	180,306
Total	**1,884,419**	**267,516**	**610,534**	**780,461**

The detail of the derivative financial instruments arranged by the Group is as follows:

- EUR 611 thousand (31 December 2017: EUR 600 thousand) relate to the fair value at 30 June 2018 of various currency forwards arranged by the Parent. The hedged currencies are the Indian rupee and the Colombian peso. The initial par value thereof was INR 1,329,888 thousand and COP 2,449,015 thousand (31 December 2017: INR 1,329,888 thousand, no derivative was linked to the Colombian peso at the end of the 2017). The initial euro equivalent amounts to EUR 15,591 thousand and EUR 696 thousand, respectively (31 December 2017: EUR 15,591 thousand). The gains and losses due to changes in these financial instruments amounting to EUR 82 thousand are recognised in the consolidated statement of profit or loss under "Changes in Fair Value of Financial Instruments" (see Note 8). The average hedged exchange rate amounts to INR/EUR 82 and COP/EUR 3.462. The settlement date occurs in the later months of the reporting period in 2018.

- EUR 180 thousand at 31 December 2017 related to forward-starting IRSs arranged in November 2016 for the purpose of mitigating the effects of fluctuations in the 180-day Libor rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under the "Property, Plant and Equipment" of the subsidiaries Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A. These arrangements are measured, as are other financial liabilities. at fair value through profit or loss. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges from 2.5441% to 2.5675%. The notional principal amounts of these contracts total USD 22,400 thousand with the start date in April 2017 and maturity in October 2032. The change therein to 30 June 2018 amounted to EUR 760 thousand recognised under "Changes in Fair Value of Financial Instruments". This change resulted in the balance of the derivative becoming an account receivable, and is recognised as such under "Non-Current Financial Assets - Derivatives" (see Note 8). Also, in the six-month period ended 30 June 2018, EUR 17 thousand relating to this derivative were settled, which did not have an impact on the statement of profit or loss.

16. Trade and other payables

The detail of "Trade and Other Payables" at 30 June 2018 and 31 December 2017 is as follows:

	Euros	
	30 June 2018	31 December 2017
Payable to suppliers	9,300,709	9,867,039
Sundry accounts payable	6,650	5,777
Remuneration payable	535,834	2,008,824
Other accounts payable to public authorities (Note 17)	2,400,648	2,448,758
Customer advances	470,848	1,333
Total	**12,714,689**	**14,331,731**

The main changes in "Trade and Other Payables" are due to the payment in 2018 of the bonus for which provisions were recognised in 2017 for approximately EUR 1.527 thousand under "Remuneration Payable" (see Note 24.3). Also, "Customer Advances" include an advance collected in 2018 amounting to EUR 469 thousand.

The fair value of these amounts payable does not differ from their carrying amount.

17. Tax receivables and payables

The detail of "Trade and Other Receivables - Other Accounts Receivable from Public Authorities" and "Trade and Other Payables - Other Accounts Payable to Public Authorities" on the asset and liability sides respectively of the accompanying consolidated statement of financial position as at 30 June 2018 and 31 December 2017 is as follows:

	Euros	
	30/06/18	31/12/17
Tax receivables -		
VAT refundable	829,796	2,002,009
Income tax withholdings receivable	353,146	184,868
Other tax receivables	66	63
	1,183,008	**2,186,940**
Tax payables -		
VAT payable	629,334	476,958
Personal income tax withholdings payable	570,793	181,464
Income tax payable	1,105,377	1,608,324
Other tax payables	17,627	114,476
Accrued social security taxes payable	77,517	67,536
	2,400,648	**2,448,758**

18. Deferred taxes

The detail, by item and location, of "Deferred taxes" in the consolidated statements of financial position as at 30 June 2018 and 31 December 2017 is as follows (in euros):

At 30 June 2018

	Euros			
	Spain	Americas	Rest of Europe and other	Total
Deferred tax assets				
Temporary differences	171.527	3.451.284	173.986	3.796.797
Tax loss carryforwards	712.645	5.703.411	-	6.416.057
Tax credits	522.366	-	-	522.366
Offsetting of deferred tax assets and deferred tax liabilities (**)	*(1.077.584)*	*(5.591.613)*	-	*(6.669.197)*
	328.954	**3.563.082**	**173.986**	**4.066.022**
Deferred tax liabilities				
Temporary differences - depreciation and amortisation (*)	1.108.965	6.270.918	951.839	8.331.722
Other temporary differences	67.619	275.940	-	343.558
Offsetting of deferred tax assets and deferred tax liabilities (**)	*(1.077.584)*	*(5.591.613)*	-	*(6.669.197)*
	99.000	**955.245**	**951.839**	**2.006.084**
Net balance	**229.954**	**2.607.837**	**(777.853)**	**2.059.938**

(*) These temporary differences arose due to the accelerated depreciation for tax purposes taken on the plants owned by the Group.

(**) Offsetting of deferred tax assets and deferred tax liabilities (see Note 3.9)

At 31 December 2017

	Euros			
	Spain	Americas	~~otros~~ Rest of Europe and others	Total
Deferred tax assets				
Temporary differences	42.179	3.618.325	248.733	3.909.237
Tax loss carryforwards	940.484	5.242.810	-	6.183.294
Tax credits	727.336	29.982	-	757.317
Offsetting of deferred tax assets and deferred tax liabilities (**)	*(1.517.984)*	*(5.188.790)*	-	*(6.706.774)*
	192.015	**3.702.327**	**248.733**	**4.143.075**
Deferred tax liabilities				
Temporary differences - depreciation and amortisation	1.334.783	-	-	1.334.783
Temporary differences - inventories (*)		5.638.548	-	5.638.548
Other temporary differences	274.382	275.940	316.159	866.481
Offsetting of deferred tax assets and deferred tax liabilities (**)	*(1.517.984)*	*(5.188.790)*	-	*(6.706.774)*
	91.181	**725.698**	**316.159**	**1.133.038**
Net balance	**100.834**	**2.976.629**	**(67.426)**	**3.010.037**

(*) These temporary differences arose due to the depreciation taken on the plants in 2017 the Group companies classified the individual plants as "Property, Plant and Equipment", whereas they were recognised under "Inventories" at consolidated level, according to the accounting policy described in Note 2.5, so they were not subject to depreciation

(**) Offsetting of deferred tax assets and deferred tax liabilities (see Note 3.9)

The total net changes in "Deferred Tax Assets" were as follows:

	Euros	
	30 June 2018	31 December 2017
Beginning balance	4,143,075	971,317
Additions to / (exclusions) from the scope of consolidation (Note 2.8)	-	(2,981)
(Charge) / Credit to profit or loss (Note 19)	(77,053)	3,175,486
Transfers and reclassifications	-	(747)
Ending balance	**4,066,022**	**4,143,075**

The total net changes in "Deferred Tax Liabilities" were as follows:

	Euros	
	30 June 2018	31 December 2017
Beginning balance	1,139,620	1,657,657
Additions to / (exclusions) from the scope of consolidation (Note 2.8)		
(Charge) / Credit to profit or loss (Note 19)	819,524	(524,619)
Other changes	46,940	-
Ending balance	**2,006,084**	**1,133,038**

In application of the measurement bases indicated in Note 3.9, for presentation purposes certain Group companies offset their deferred tax assets and liabilities at 30 June 2018 and 31 December 2017.

Several Group companies are involved in the construction of the solar power plants that the Group has recognised mainly under property, plant and equipment (see Note 6) and inventories at 31 December 2017 (see Note 10), as the case may be. The unrealised gains on these transactions are eliminated, thereby giving rise to a tax effect on these unrealised gains that are mainly recovered in the reporting period when the sale occurs of the ownership interests of the subsidiaries who own these solar PV farms or from their depreciation. At 30 June 2018, the Company recognised deferred tax assets In this connection amounting to EUR 2,272 thousand (31 December 2017: EUR 2,839 thousand).

Tax loss carryforwards and other unused tax assets are recognised to the extent that it is probable that such tax losses and assets are realised through the availability of future tax benefits.

The Group did not recognise deferred tax assets amounting to EUR 720 thousand (31 December 2017: EUR 574 thousand). In relation to losses to be offset against the taxable profit of future reporting periods relating to subsidiaries amounting to EUR 2,689 thousand (31 December 2017: EUR 2,146 thousand), EUR 1,623 thousand relate to Solarpack Development, Inc. (31 December 2017: EUR 1,435 thousand).

The recoverability of the tax asset arising from the tax loss carryforwards and tax credits of the Group at 30 June 2018 amounting to EUR 6,938 thousand (31 December 2017: EUR 6,941 thousand) is reasonably certain within 15 years.

The tax loss carryforwards and the tax credits generated in the tax group have a limit on offset of 15 years from the year of generation, however, for those generated prior to 1 January 2014 the limitation period will run from that date.

The Chilean companies through which the Group owns solar power plants recognised tax loss carryforwards at 30 June 2018 amounting to EUR 5,286 thousand (31 December 2017: EUR 5,243 thousand), for the most part they do not have a limitation period and are generated by temporary differences stemming from the deductibility for tax purposes of certain costs incurred in the construction of plant. They also gave rise to deferred tax liabilities amounting to EUR 5,040 thousand (2017: EUR 4,947 thousand). The Group expects to recover these assets within 15 years.

19. Income tax

The Parent files consolidated tax returns, Beraunberri, S.L. being parent of that tax group in Vizcaya (see Note 12), with the subsidiaries listed below:

- Acrux Uno, S.L.U.
- Antlia Dos, S.L.U.
- Andromeda Veintiséis, S.L.U.
- Cruz del Sur Cuarentainueve, S.L.U.
- Orión Setentaicuatro, S.L.U.
- Solarpack Promo2007 Treintaitres, S.L.U.
- Solarpack Promo2007 Treintaicinco, S.L.U.
- Solarpack Promo2007 Cincuentaisiete, S.L.U.
- Solarpack Promo2007 Sesentaitres, S.L.U.
- Solarpack Promo2007 Setentaidos, S.L.U.
- Solarpack Promo2007 Ochentaidos, S.L.U.
- Solarpack Monclova, S.L.
- Spk. Alvarado, S.L.
- Pedroso Solar, S.L.

The other Solarpack Group companies file individual tax returns in accordance with the legislation in force in their respective jurisdictions.

The detail of the income tax relating to the six-month periods ended 30 June 2018 and 2017 is as follows (in euros):

	Euros	
	Six-month period ended 30 June 2018	Six-month period ended 30 June 2017
Current tax (expense) / benefit	(25,506)	2,941,533
Change in net deferred taxes	896,577	(2,302,628)
Total tax expense / (benefit) from continuing operations	871,071	638,905

The reconciliation of the consolidated accounting profit to aggregate income tax is as follows:

	Euros	
	30/06/18	30/06/17
Consolidated profit before tax	**3,778,163**	**5,415,498**
Increases (decreases) due to permanent differences		
- Company dividends accounted for using the equity method (Note 7)	(367,051)	-
Group company dividends (consolidation adjustment) (*)	(105,925)	(7,207,068)
Other adjustments to profit before tax on consolidation (**)	(1,661,941)	13,914,086
Adjusted accounting profit	**1,643,246**	**12,122,516**
Gross tax calculated excluding "Other consolidation adjustments"	373,996	2,125,005
Adjustments to prior years' profits or losses	(31,415)	333,129
Tax expense (tax benefit) associated with consolidation adjustments (**)	473,976	(1,819,229)
Recognised income tax (expense)/benefit	**816,557**	**638,905**
Adjustment of tax rates	**54,514**	**-**
Income tax on earnings from continuing operations	**871,071**	**638,905**

(*) In 2018 the dividend distributed by the Spanish companies was adjusted, in 2017 it related to the adjustment to the dividend corresponding to Solarpack Singapur.

(**) Mainly, corresponding to the consolidation adjustments in relation to the net value of the solar PV plants registered as Inventories and Property, plant and equipment

The theoretical tax rates vary according to the various locations, the main rates being as follows:

	Nominal rate	
	2018	2017
Vizcaya	26%	28%
Rest of Spain	25%	25%
Chile	27%	28%
Peru	28% / 30%	28% / 30%
India	27.55%	27.55%
Singapore	17%	17%

In general terms the years open for review are those that are not statute-barred pursuant to the various laws applicable to each of the Group companies, the period of which is established at four years from when the obligation becomes due and payable and the period for the filing of the tax expires.

The legislation applicable for the 2018 income tax return of the Parent is Vizcaya Regulation 11/2013, of 5 December.

On 27 March 2018, the Vizcaya Official Gazette published the Vizcaya Regulation 2/2018, of 21 March, characterising certain European long-term investment funds for tax purposes and amending the Vizcaya regulations on personal income tax, property tax, corporation tax, capital transfer tax and stamp duty, inheritance and gift tax, the tax framework of cooperatives and the Vizcaya General Tax Regulation. This tax reform came into force the day following its publication on 28 March 2018 and is effective for the tax periods beginning on or after 1 January 2018.

In relation to the reform of income tax, significant amendments were introduced, including, among others, the reduction of the tax rate, which falls from 28% in 2017 to 26% in 2018 and 24% from 2019, the establishment of a 50% limit on the offset of tax loss carryforwards, the reduction of the limits of deduction of tax credits in tax payable and the establishment of limits on deduction of tax credits that were previously unlimited. Also, a minimum tax rate and an instalment payment method is established. In the six-month period ended 30 June 2018 the adjustment for the change of tax rate amounted to EUR 55 thousand.

20. Operating income and expenses of continuing operations

20.1 Revenue

The breakdown of revenue for the six month periods ended 30 June 2018 and 2017, is as follows (in euros):

	Euros	
	30 June 2018	30 June 2017
Power sales	8,626,672	1,157,369
Plant development and construction sales	1,764,839	380,336
Solar power plant sales	-	220,722
Services	2,039,510	2,221,929
Revenue	**12,431,021**	**3,980,356**

The change in the power sales relates, on the one hand, to the inclusion of the sales of power generated by the solar PV plants of Calama Solar 1, SpA, Calama Solar 2, SpA and the solar PV plants of the subsidiaries located in India that began operations in October and November 2017. Plant development and construction sales relate to the revenue based on the stage of completion, mainly of the project situated in Colombia (see Note 3.10).

Of total revenue, the amounts billed in currencies other than the euro are as follows:

	Euros	
	30 June 2018	30 June 2017
Indian rupee	6,097,798	361,806
Chilean peso	2,145,646	772,053
Colombian peso	1,015,470	-
US dollar	1,765,599	1,465,941
Other	-	
Total	**11,024,513**	**2,599,800**

20.2 Other operating income

The detail of "Other Operating Income" in the accompanying consolidated statements of profit or loss for the six-month periods ended 30 June 2018 and 2017 is as follows (in euros):

	Euros	
	30 June 2018	30 June 2017
Non-core and other current operating income	47,853	1,684,294
Income-related grants transferred to profit or loss	46,711	-
Total	**94,564**	**1,684,294**

In the first six months of 2017 the amount recognised under "Non-Core and Other Current Operating Income" relates mainly to the income arising from the ruling on a proceeding with a supplier which was in the Group's favour.

20.3 Staff costs

The detail of "Staff costs" in the accompanying consolidated statements of profit or loss for the six-month periods ended 30 June 2018 and 2017 is as follows (in euros):

	Euros	
	30 June 2018	30 June 2017
Wages and salaries	2,654,610	2,570,011
Employer social security costs	595,213	565,615
Total	**3,249,823**	**3,135,626**

Of the staff costs for the six-month period ended 30 June 2018, EUR 2,028 thousand correspond to direct costs related to projects (six-month period ended 30 June 2017: EUR 2,243 thousand)

The average number of employees in the six-month period ended 30 June 2018 and 2017, by category and gender, was as follows:

Professional category	30 June 2018	30 June 2017
Other executive personnel (*)	10	3
Professionals, line personnel and similar	88	96
Clerical staff and similar	20	19
Total	**118**	**118**

(*) One member of the Company's Board of Directors is also an executive of the Group.

Also, the number of employees at 30 June 2018 and 31 December 2017, by category and gender, was as follows:

	30 June 2018			31 December 2017		
	Men	Women	Total	Men	Women	Total
Other executive personnel (*)	7	3	10	2	1	3
Professionals, line personnel and similar	81	12	93	84	13	97
Clerical staff and similar	6	16	22	5	14	19
Total	**94**	**31**	**125**	**91**	**28**	**119**

(*) One member of the Company's Board of Directors is also an executive of the Group.

In 2018 the definition of executive personnel was modified and the members of the Executive Committee are now considered as such, as well as all employees that report directly to the CEO.

20.4 Other operating expenses

The detail of "Other Operating Expenses" in the accompanying consolidated statements of profit or loss for the six-month periods ended 30 June 2018 and 2017 is as follows (in euros):

	Euros	
	30 June 2018	30 June 2017
Rent and royalties	409,196	358,429
Repairs and maintenance	68,937	158,490
Independent professional services	1,049,016	719,284
Transport	28,570	9,485
Insurance premiums	106,981	55,755
Bank fees	206,512	531,551
Advertising, publicity and public relations	24,017	20,634
Utilities	22,483	18,236
Other operating expenses	745,028	743,541
Taxes other than income tax	117,579	113,621
Losses on and write-down of trade receivables and changes in provisions for commercial transactions	(83,784)	-
Total	**2,694,535**	**2,729,026**

The main changes under "Other Operating Expenses" correspond, on the one hand, to the increase in the cost of the independent services due to the decisions taken by the directors aimed at raising funds (see Note 12.1). On the other, the cost of bank fees decreased due to the completion of the construction of the solar power plants in India.

Of the other operating expenses for the six-month period ended 30 June 2018, EUR 1,387 thousand relate to direct costs related to projects (six-month period ended 30 June 2017: EUR 1,700 thousand).

20.5 Other income and expenses

The detail of "Other Income and Expenses" in the accompanying consolidated statements of profit or loss for the six-month periods ended 30 June 2018 and 2017, is as follows (in euros):

	Euros	
	30 June 2018	30 June 2017
Income from penalties	480,990	-
Donations	-	(5,000)
Total	**480,990**	**(5,000)**

Of the other income and expenses for the six-month period ended 30 June 2018, EUR 481 thousand correspond to direct costs related to projects (six-month period ended 30 June 2017: EUR 0)

21. Finance income, finance costs and exchange differences

The detail of the finance income and finance costs in the six-month period ended 30 June 2018 and 2017 is as follows (in euros):

	Euros	
	30/06/18	30/06/17
Finance costs		
On debts to third parties-		
Interest on bank loans	4,017,487	440,533
Other finance costs	221,572	13,603
	4,239,059	**454,136**
Finance income		
From investments in financial instruments-		
From investments in equity instruments	-	120,044
On marketable securities and other financial instruments-		
Interest on loans to related parties (Note 24)	227,577	-
Other finance income	117,244	9,673
	344,821	**129,717**

The finance costs with banks increased significantly due to the completion of the construction of the solar PV farms in India at the end of 2017 (costs previously capitalised in the construction phase). The financial costs capitalised at 30 June 2017 amounted to EUR 508 thousand.

"Other Financial Costs" relates mainly to the revaluation of the loans for concessions of land.

Also, "Finance Income from Marketable Securities and Other Financial Instruments - Interest on Loans to Related Parties" relates to interest income earned on agreements regarding financing granted to the companies listed in Note 24.2. Also, "Finance Income from Marketable Securities and Other Financial Instruments - Other Finance Income" relates mainly to the interest earned on short-term deposits.

Exchange differences

The breakdown of exchange differences for the six-month periods ended 30 June 2018 and 2017, is as follows:

	Euros	
	First half of 2018	First half of 2017
US dollar	663,391	(1,088,554)
Indian rupee	(416,777)	(146,297)
Chilean peso	188,961	(148,176)
South African rand	(83,230)	-
Uruguayan peso	(16,324)	20,470
Peruvian nuevo sol	(11,771)	(898)
Malaysian ringgit	(364)	8
TOTAL	**323,886**	**(1,363,447)**

22. Earnings (or losses) per share:

22.1 Basic

The basic earnings (or losses) per share from continuing operations for the six-month periods ended 30 June 2018 and 2017, are as follows (in euros):

	Euros	
	30 June 2018	30 June 2017
Profit attributable to shareholders of the Parent	2,448,649	4,267,766
Weighted average number of ordinary shares outstanding	426,650	426,650
Basic earnings per share	**5.74**	**10.00**

Basic earnings per share are calculated by dividing the profit attributable to the Parent's shareholders by the weighted average number of ordinary shares outstanding during the year (see Note 12.1).

22.2 Diluted

There are no agreements that give rise to a dilution of earnings per basic share calculated as described in the previous paragraph.

23. Commitments, guarantees and other disclosures

23.1 Asset purchase commitments and leases

At the end of the reporting periods there were no investment commitments.

23.2 Obligations under operating leases

The Group leases offices and land (on which solar power plants are installed) under non-cancellable operating leases (see Note 6). These leases have a term of between five and thirty years, most of which are renewable when they expire under market conditions. The total future minimum lease payments for non-cancellable operating leases, taking into account that the expiry of the land lease agreements is the useful life of the land and, therefore, excluding additional renewals, are as follows:

	Euros	
	30 June 2018	31 December 2017
Within one year	296,836	358,180
Between one and five years	930,522	930,522
After five years	2,347,601	2,460,627
Total	**3,574,959**	**3,749,329**

23.3 Other disclosures

The Group had provided guarantees or surety bonds as security for construction work or services rendered to clients and commercial guarantees amounting to approximately EUR 25,905 thousand at 30 June 2018 (31 December 2017: EUR 25,809 thousand).

These guarantees, issued through various entities, are mainly delivered as a commitment, to the satisfactory completion of the construction contracts, coverage of the warranty periods and support for bids or tenders. The breach of these commitments would entail the enforcement of these guarantees with cash outflows, the probability of which is considered remote.

24. Transactions with related parties

All material balances between consolidated companies at the end of the reporting period and the effects of the transactions performed between them during the period were eliminated on consolidation.

However, the Group has material balances in the consolidated statement of financial position as at 30 June 2018 and 31 December 2017 with related parties. Related parties are considered to be direct shareholders of the Group (including minority shareholders) and the Parent's directors and the Group's key management personnel and close family members and entities related to them, and those investees accounted for using the equity method or subsidiaries or joint ventures that the Parent's directors did not include in the interim consolidated financial statements and the related explanatory notes thereto (see Note 2.8).

24.1 Balances and transactions with companies with related parties

The detail at 30 June 2018 and 31 December 2017 of the Group's main balances receivable from and payable to related parties (excluding those derived from financing agreements), and the transactions performed in those periods, were as follows (in euros):

Balances at 30 June 2018 and 31 December 2017

	Euros	
	30 June 2018	30 June 2017
Balances:		
Accounts receivable from related parties	414,901	498,222
Accounts payable to related parties	-	-

The accounts receivable from / accounts payable to related parties include balances for commercial transactions relating to transactions performed during the period, mainly involving the outstanding balances for provision of O&M and AMS services (see Note 5) to companies over which control is not exercised, located in Spain, Chile and Peru.

Also, the Group has an account payable to the parent of the tax group, Beraunberri, S.L., amounting to EUR 1 thousand (approximattely) in relation to consolidated income tax (see Note 19).

Transactions in the first six months of 2018 and 2017

	Euros	
	30 June 2018	30 June 2017
Transactions performed:		
Sales	812,707	855,608
Finance costs	78,517	5,904
Finance income	227,577	-

In 2018 and 2017, the Group provided O&M and AMS services to related companies in Spain, Chile and Peru, and has accounts receivable from related companies (see Notes 8 and 24.2), the interests on which amount to EUR 220 thousand.

24.2 Financing agreements

The detail of the financing agreements entered into is as follows:

	Euros			
	Balances receivable (Note 8)		Balances payable	
	30/06/18	31/12/17	30/06/18	31/12/17
Entity:				
Solarpack Promo2007 Ciento Veintiuno, S.L.	689,936	858,163	-	-
Kabi Solar Energy Limited (*)	554,241	608,372	-	-
Solarges Perú, S.L.	19,184	19,184	-	-
Ataca Solar Holdco, SpA	2,083,837	2,079,905	-	-
Itok Solar Incorporated, S.L.	(45)	669	-	-
Ekialde Solar Private Limited	-	-	-	-
Arica Solar 2	2,241	-	-	-
Tamarugal Solar 1, S.A.	4,140	-	-	-
Diego Almagro Solar 2, S.A.	13	-	-	-
Diego Almagro Solar 3, S.A.	1,963	-	-	-
Taltal Solar, S.A.	13	-	-	-
Moquegua FV, SAC	-	-	121	161
Total	**3,355,523**	**3,566,293**	**121**	**161**

(*) Recognised net of impairment losses amounting to EUR 442 thousand (31 December 2017: EUR 335 thousand), and including interest receivable.

24.3 Remuneration and other benefits of directors and senior executives

Remuneration paid to members of the Board of Directors

In the first six-months of 2018, the members of the managing body of the Parent and companies related thereto received remuneration for the discharge of their executive functions totalling EUR 92 thousand (six-month period ended 30 June 2017: EUR 136 thousand). This remuneration is included Note 20.3. No loans or other employee benefits were granted.

In addition, in the first six-months of 2018, the Parent's directors received remuneration totalling EUR 89 thousand for the discharge of their functions (six-month period ended 30 June 2017: EUR 81 thousand).

Also, in 2018 the directors received a three-year bonus amounting to EUR 581 thousand that was payable at the end of 2017 (see Note 16).

The Parent's Board of Directors considers only the members of the Board of Directors to be senior executives and does not consider that there are additional senior executive personnel.

24.4 Information regarding situations of conflict of interest involving the directors (Article 229 of the Spanish Limited Liability Companies Law)

As part of their duties to avoid conflicts with the Parent's interests, the directors holding positions on the Board of Directors in the first six-months of 2018 complied with the obligations provided for in Article 229 of the Consolidated Spanish Limited Liability Companies Law. Furthermore, neither the directors nor the persons related to them have been involved in any of the situations of conflict of interest provided for in Article 229 of the aforementioned Law, and during the period there were no notifications of any direct or indirect conflict of interest to be considered by the Company's Board of Directors.

25. Joint ventures

The Group has a 60% ownership interest in Kabi Solar (PTY) Ltd., which, by virtue of an agreement entered into with another shareholder, is considered to be a joint venture and is accounted for using the equity method, since despite the Group holding the 60% ownership interest, per the shareholders' agreement, many activities related to the Company's business activities must be approved by 75% of the share capital (Clause 10.4 of the Shareholders' Agreement). Also, the managing body is composed of four members and there is a situation of parity, with each shareholder appointing two directors. Also, the removal and appointment of directors is subject to the aforementioned qualified majority of 75%.

Also, the Group holds a 50% interest, in Ecuador Solar Holdco, S.L., Solargés Perú, S.L. and Gestión Solar Perú, S.A.C.

The detail of the ownership interest (value) and of the assets and liabilities of joint ventures accounted for using the equity method is disclosed in Note 7.

26. Unincorporated temporary joint ventures ("UTEs")

The Solarpack Group has interests in various UTEs, created in order to construct certain solar PV plants outside Spain. The quantitative contribution of these companies is as follows:

Interim reporting period ended 30 June 2018

	Euros			
Category	Assets	Liabilities	Equity	Profit for the year
UTE Tacna Solar	2,400	-	2,400	-
UTE Moquegua	-	7,849	(7,849)	
UTE Panamericana Solar	2,400	-	2,400	-
UTE Chile Solar 2	8,000	-	8,000	-
UTE Proyecto PMGD	177,194	111,787	52,424	12,983
Total	**189,994**	**119,636**	**57,375**	**12,983**

Interim reporting period ended 30 June 2017

	Euros			
Category	Assets	Liabilities	Equity	Profit for the year
UTE Tacna Solar	2,400	-	2,400	-
UTE Moquegua	-	7,849	(5,274)	-
UTE Panamericana Solar	2,400	-	2,400	-
UTE Chile Solar 2	8,000	-	8,000	-
UTE Proyecto PMGD	1,156,551	228,783	188,973	916,619
Total	**1,169,351**	**236,632**	**196,499**	**916,619**

27. Other disclosures

27.1 Fees paid to auditors

In the first six-months of 2018 and 2017, the fees for financial audit and other services provided by the auditors of the Group's interim consolidated financial statements (Deloitte, S.L. for the first six months of 2018 and Auren Auditores SP, SL.P. for the first six months of 2017), and by companies belonging to the same network were as follows (in euros):

	Services provided by the principal auditor (euros)	
	First six months of 2018	First six months of 2017
Audit services	110,000	9,613
Other attest services	-	-
Total audit and related services	**110,000**	**9,613**
Tax counselling services	24,500	-
Other services	-	-
Total professional services	**134,500**	**9,613**

27.2 Environmental matters

All payments related to protection of the environment are recognised in profit or loss in the reporting period in which they are incurred. The investments in infrastructure construction projects in order to meet environmental requirements are capitalised following the general accounting policies for property, plant and equipment, in accordance with IAS 16.

28. Events after the reporting period

During the months of July and August 2018, the Group reached agreements with third parties for the acquisition of ownership interests equal to 100% of the various companies that owned 88 100 kWAC solar power plants, located at Isla Mayor, Lebrija and Llerena (Spain). Also, in the same period, the Group reached agreements with third parties for the acquisition of shares in order to achieve a total stake of 96.5% of the associate "Solarpack Promo2007 Cientoveintuno, S.L.", owner of a solar power plant located at Guijo de Coria (Spain). These ownership interests currently secure the specific borrowings related to their construction. At the date of these interim consolidated financial statements, this purchase is conditional, inter alia, upon the obtainment, before 31 March 2019 of (a) the approval from the lender banks of the aforementioned financing and the transfer of these ownership interests, which at the date of these interim consolidated financial statements had been obtained, and (b) the obtainment of additional financing by the Group (see Note 12-a.). The purchase price of these ownership interests will amount to approximately EUR 20,639 thousand.

Also, the sellers of these ownership interests will be able to receive an additional amount if, as envisaged in the Spanish Electricity System Law 24/2013, the new reasonable return of these plants for the period 2020 - 2025 exceeds 5.184%. The maximum of this additional amount, which would be achieved if the maximum reasonable return exceeded 7.398% would be approximately EUR 4.335 thousand.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to further review and consideration by the Company and the timing of such transaction would be subject to general market and business conditions.

On 17 September 2018, the statement of financial position of Solarpack Corporación, S.A. as at 30 June 2018 and the explanatory notes thereto were authorised for issue for its conversion from a private limited company to a Joint Stock Company.

On 2nd November 2018, parent Company has agreed a capital increase of share capital in amount of 7.599.999 euros till 8.000.000 euros, through the creation of new shares charged to free disposal reserves. Simultaneously, in unity with the act, has agreed to modify face value of the shares, which become forty cents of euro, being created 2,5 new shares by each existing share.

No significant events occurred in addition to those indicated in this Note or in the notes to the consolidated financial statements as at 30 June 2018 that could have an impact on the interim consolidated financial information for the six-month period ended 30 June 2018.

29. Explanation added for translation to English

These interim consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I: LIST OF SUBSIDIARIES AND ASSOCIATES

Company	Parent	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación		Consolidation method
				Direct	Indirect	
Acrux Uno, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Antia Dos, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Andromeda Veintiséis, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Cruz del Sur Cuarentainueve, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Orion Setentaicuatro, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Solarpack Promo2007 Treintaitres, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Solarpack Promo2007 Treintaicinco, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Solarpack Promo2007 Trentaisiete, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Solarpack Promo2007 Sesentaitres, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Solarpack Promo2007 Setentaisiete, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	C/ Cristóbal Colón, 8B Getxo, Vizcaya	100%		Fully consolidated
Solarpack Ingeniería, S.L.U.	Solarpack Corporación Tecnológica, S.A.	Design, development and construction of facilities for electricity generation plants	Avda. Astronomía, 1 Torre 1, 9º módulo 5 ,Seville	100%		Fully consolidated
Solarpack Perú, S.A.C.	Solarpack Corporación Tecnológica, S.A.	Design, development, construction and maintenance of facilities for electricity generation plants	Avda. ,Manuel Olgui, 335 of 905 Urb. Monterrico Chico, Lima	100%		Fully consolidated
Solarpack Uruguay, S.A.	Solarpack Corporación Tecnológica, S.A.	Design, development, construction and maintenance of facilities for electricity generation plants	Hermano Damasceno 1678 Bis-Montevideo	100%		Fully consolidated
Solarpack Asia SDN. BHD.	Solarpack Corporación Tecnológica, S.A.	Design, development, construction and maintenance of facilities for electricity generation plants	8-1 & 8-2, Level 8, Menara CIMB, No.1, jalan Stesen Sentral 2, Kuala Lumpur Sentra 50470 Kuala Lumpur	100%		Fully consolidated
Spk Services Singapore Pte. Ltd.	Solarpack Corporación Tecnológica, S.A.	Development of renewable energy projects	Wallich Street, 14-01, Guoco Tower, Singapore 078881	95%		Fully consolidated

Company	Parent	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación		Consolidation method
				Direct	Indirect	
Solarpack India LLP.	Solarpack Corporación Tecnológica, S.A.	Promotion, development and construction of solar PV plants	First Floor, Southern Park, D 2 District Centre, Saket, New Delhi, South Delhi, 110017, Delhi, India	99.99%	-	Fully consolidated
Padmajiwadi Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.64%	-	Fully consolidated
Renjal Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.62%	-	Fully consolidated
Gummadidala Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.66%	-	Fully consolidated
Ghanpur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.66%	-	Fully consolidated
Thukkapur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.66%	-	Fully consolidated
Achampet Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.64%	-	Fully consolidated
Solarpack Chile, Ltda.	Solarpack Corporación Tecnológica, S.A.	Design, development and construction of facilities for electricity generation plants	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Fully consolidated
Arica Solar 1, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Fully consolidated
Amunche Solar SpA	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Fully consolidated
María Elena Solar (1)	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Fully consolidated
PMGD Holdco, Spa	Solarpack Chile, Ltda.	Holding company	Avenida Algorta 16, 3º Getxo, Vizcaya	-	80%	Fully consolidated
PMGD Holdco Chile, Spa	PMGD Holdco, S.L.	Holding company	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80%	Fully consolidated
Pozo Almonte Solar 1, Spa	PMGD Holdco, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80%	Fully consolidated

Company	Parent	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación Direct	Indirect	Consolidation method
Calama Solar 1, Spa	PMGD Holdco, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80%	Fully consolidated
Calama Solar 2, Spa	PMGD Holdco, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80%	Fully consolidated
Solarpack Development, Inc. (1)	Solarpack Corporación Tecnológica, S.A.	Development and management of solar PV projects	3730 Mt. Diablo Boulevard, Suite 120 Lafayette, CA 94549 USA	100%	-	Fully consolidated
Solarpack Colombia, SAS (1)	Solarpack Corporación Tecnológica, S.A.	The study, research, development and provision of all manner of advisory, assistance and technical counselling services in the field of renewable energies.	Bogotá D.C.	100%	-	Fully consolidated
SPK Energías Renovables México 1, S.A. de C.V. (1)	Solarpack Corporación Tecnológica, S.A.	Design, development and construction of facilities for electricity generation plants	Ángel Urraza Nº 314 del Valle Benito Juarez, Mexico, C.P. 03100 Mexico City	100%	-	Fully consolidated
Spk Alvarado, S.L. (1)	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Vizcaya	100%	-	Fully consolidated
Solarpack Monclova, S.L. (1)	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Vizcaya	100%	-	Fully consolidated
Peñaflor Solar, S.L.U. (1)	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Vizcaya	100%	-	Fully consolidated
Pedroso Solar, S.L.U. (1)	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Vizcaya	100%	-	Fully consolidated
Sol De Alvarado, S.L.U. (1)	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Vizcaya	100%	-	Fully consolidated
Ekialde Solar Private Limited (1)	Solarpack Corporación Tecnológica, S.A.	Promotion, development and construction of solar PV plants	4th Floor, Rectangle One District Centre Saket New Delhi, Delhi	100%	-	Fully consolidated
Eureka Energías Renovables, S.L.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Vizcaya	100%	-	Fully consolidated
Suvan Solar SpA	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Fully consolidated
Apolo Solar SpA	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Fully consolidated
Astro Solar SpA	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Fully consolidated

Company	Parent	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación		Consolidation method
				Direct	Indirect	
Cuenca Solar SpA	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities		100%	-	Fully consolidated
Yala Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Fully consolidated
Alpur Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Fully consolidated
Nanj Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Fully consolidated
Ekialde Sun Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	-	100%	Fully consolidated
Holen Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Fully consolidated
Diego Almagro Solar 2, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Fully consolidated
Diego Almagro Solar 3, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Fully consolidated
Taltal Solar, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Fully consolidated
Tamarugal Solar 1, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Fully consolidated
Ataca Solar Holdco SpA (4)	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	19%	-	Equity method
Calama Solar 3, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Estoril 50 - Of. 1013 Las Condes, Santiago, Chile	-	19%	Equity method
Pozo Almonte Solar 2, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	19%	Equity method
Pozo Almonte Solar 3, S.A.	Solarpack Chile, Ltda.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	19%	Equity method
Pampul Holdco, S.L. (5)	Solarpack Corporación Tecnológica, S.A.	Holding company	Avda. Algorta, 16, 3º Getxo, Vizcaya	19%	-	Equity method
Moquegua FV, SAC	Pampul Holdco, S.L.	Operation of solar PV facilities	Jr. Huáscar 205, Jesús María, Lima, Peru	-	19%	Equity method
Solarpack Promo 2007 Ciento Veintiuno, S.L.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avda. Algorta, 16, 3º Getxo, Vizcaya	48.76%	-	Equity method

Company	Parent	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación Direct	Indirect	Consolidation method
Kabi Energy Limited	Solarpack Corporación Tecnológica, S.A.	Development of electricity generating plants	21 7th Avenue, Parktown North 2193, Johannesburg	60%	-	Equity method
Solarpack, SARL	Solarpack Corporación Tecnológica, S.A.	Development and management of solar PV projects	62, Avenue du 8 mai 1945, 64100 Bayonne	100%	-	Fully consolidated
Gestión Solar Perú, S.A.C.	Solarpack Perú, S.A.C.,	Development, management and administration of companies and projects engaging in the production and generation of renewable energies	AV. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima	-	50%	Equity method
Solargés Perú, S.L.	Solarpack Corporación Tecnológica, S.A.	Development of renewable energy, mainly solar PV, projects	C/ Ombú 3, 2ª Planta, Madrid	50%	-	Equity method
Energía Regional, S.A. de C.V.	Solarpack Corporación Tecnológica, S.A.	Power production, generation and retailing	San Salvador District	90%	-	Fully consolidated
Tricahue Solar, SpA.	Solarpack Chile, Ltda.	Development of renewable energy projects	Av. Vitacura 2939 Oficina 2701	-	100%	Fully consolidated
Los Libertadores Solar, SpA.	Solarpack Corporación Tecnológica, S.A.	Operation of solar PV facilities	Avda, Vitacura nº2909 oficina nº306 Ciudad de Santiago (Chile)	20%	80%	Fully consolidated

(1) Companies included in the scope of consolidation in 2017.

(2) Parent of the investees that appear in the in the following table (located in Chile).

(3) (4) Parent of the investees that appear in the in the following table (located in Chile).

(5) Parent of the investees that appear in the in the following appendix (located in Peru).

APPENDIX II: FINANCIAL INFORMATION OF COMPANIES WITH NON-CONTROLLING INTERESTS (Note 12):

	Euros												
	30/06/18												
	PMGD Holdco, S.L.	PMGD Holdco Chile, S.L.	Padmajiwadi Solar Pte, Ltd.	Gummadidala Solar Pte, Ltd.	Thukkapur Solar Pte, Ltd.	Renjal Solar Pte, Ltd.	Ghanpur Solar Pte, Ltd.	Ghanpur Solar Pte, Ltd.	Spk Services Singapure Pte, Ltd.	Calama Solar 1, S.A.	Calama Solar 2, S.A.	Pozo Almonte Solar 1, S.A.	Total
Non-current assets	5,663,673	11,171,005	9,365,412	16,096,436	14,347,476	13,960,330	13,978,908	9,065,117	-	15,361,447	15,620,687	15,437,800	140,068,291
Current assets	850	553	2,035,611	2,889,986	1,854,360	2,658,961	1,588,247	1,765,492	1,500,134	1,206,190	1,202,350	1,385,476	18,088,210
Equity	5,664,278	11,128,664	1,511,196	2,640,183	2,195,156	2,250,598	2,008,744	1,462,613	819,356	3,140,824	2,986,493	4,559,631	40,367,736
Non-current liabilities	-	-	8,203,553	12,167,739	11,809,402	12,066,305	11,541,124	7,874,638	-	11,997,235	12,444,264	10,705,235	98,809,495
Current liabilities	245	42,894	1,686,274	4,178,500	2,197,278	2,302,388	2,017,287	1,493,358	680,778	1,429,578	1,392,280	1,558,410	18,979,270
Revenue	-	-	806,171	1,063,298	1,140,062	1,170,851	1,114,267	803,148	-	721,194	722,026	702,426	8,243,443
Other operating income and expenses	(606)	(5,386)	(168,195)	(203,304)	(221,663)	(228,355)	(221,569)	(161,447)	(28,863)	(425,624)	(442,582)	(438,541)	(2,546,135)
Profit (loss) from operations	(606)	(5,386)	637,976	859,994	918,399	942,496	892,698	641,701	(28,863)	295,570	279,444	263,885	5,697,308
Financial profit (loss)	19	192	(451,510)	(687,704)	(673,201)	(666,281)	(657,141)	(434,679)	548,802	(197,585)	(184,447)	(169,169)	(3,572,704)
Income tax benefit (expense)	-	25,509	(51,743)	(47,540)	(67,945)	(76,650)	(65,229)	(57,534)	(94,317)	(26,457)	(25,649)	(25,573)	(513,128)
Profit (loss) for the year	(587)	20,315	134,723	124,750	177,253	199,565	170,328	149,488	425,622	71,528	69,348	69,143	1,611,476

	Euros												
	31/12/17 (*)												
	PMGD Holdco, S.L.	PMGD Holdco Chile, S.L.	Padmajiwadi Solar Pte, Ltd.	Gummadidala Solar Pte, Ltd.	Thukkapur Solar Pte, Ltd.	Renjal Solar Pte, Ltd.	Ghanpur Solar Pte, Ltd.	Ghanpur Solar Pte, Ltd.	Spk Services Singapore Pte Ltd.	Calama Solar 1, S.A.	Calama Solar 2, S.A.	Pozo Almonte Solar 1, S.A.	Total
Non-current assets	5,785,761	11,385,881	6,988,236	9,903,465	9,936,584	10,390,267	9,987,891	7,406,971	-	15,991,819	16,144,860	16,245,323	120,167,058
Current assets	6,925	(15,478)	1,276,362	2,372,066	2,246,121	1,699,519	1,512,640	796,800	1,728,706	1,738,330	1,549,361	1,565,267	16,476,619
Equity	5,786,431	11,370,491	1,258,351	1,944,396	1,929,659	1,895,330	1,916,206	1,252,634	99,202	3,297,947	3,150,627	4,802,269	38,703,543
Non-current liabilities	-	-	6,693,430	10,077,389	9,814,422	9,909,726	9,342,871	6,369,390	-	11,518,331	4,975,101	12,348,170	81,048,830
Current liabilities	6,254	(88)	312,817	253,747	438,625	284,730	241,454	581,748	1,629,504	2,913,872	9,568,491	660,150	16,891,304
Revenue	-	(64)	-	-	-	-	-	-	10,723,556	129,687	-	642,365	11,495,544
Other operating income and expenses	-	(64)	(14,716)	(5,772)	(18,451)	(21,936)	(22,719)	(19,937)	(1,265,092)	(38,716)	(32,232)	(557,296)	(1,996,931)
Profit (loss) from operations	-	(128)	(14,716)	(5,772)	(18,451)	(21,936)	(22,719)	(19,937)	9,458,464	90,971	(32,232)	85,069	9,498,613
Financial profit (loss)	-	-	624	951	926	(4,216)	951	626	(2,049)	(142,532)	(149,118)	(463,234)	(757,071)
Income tax benefit (expense)	-	-		-	-	-	-	-	(1,593,037)	13,913	48,965	102,104	(1,428,055)
Profit (loss) for the year	-	(128)	(14,092)	(4,821)	(17,525)	(26,152)	(21,768)	(19,311)	7,863,378	(37,648)	(132,385)	(276,061)	7,313,487

(*) The data relates to the "Consolidated Statement of Profit or Loss" for the six-month period ended 30 June 2017.

APPENDIX III: FINANCIAL INFORMATION ON ASSOCIATES:

	Euros							
	30/06/18							
	Solarpack Promo2007 Ciento Veintiuno, S.L.	Kabi Solar PTY Ltd.	Ataca Solar Holdco, SpA	Ecuador Solar Holdco, S.L.	Pampul Holdco, S.L.	Solargés Perú, S.L.	Gestión Solar Perú, S.A.C.	Total
Non-current assets	23,161,425	8	65,548,829	958,929	29,659,404	-	92,387	119,420,982
Current assets	1,931,523	426,507	4,133,622	895,480	5,560,427	45,299	824,972	13,817,829
Equity	3,355,361	(667,367)	2,582,930	1,854,409	4,576,943	-	676,370	12,378,646
Non-current liabilities	20,459,952	-	53,613,768	-	30,546,397	45,299	-	104,665,415
Current liabilities	1,277,636	1,093,882	13,485,752	-	96,491	-	240,988	16,194,749
Revenue	1,397,423	-	3,555,248	-	1,837,317	-	461,489	7,251,477
Other operating income and expenses	(838,542)	(71,936)	(2,309,244)	(4)	(1,130,237)	(31)	(379,133)	(4,729,126)
Profit (loss) from operations	558,881	(71,936)	1,246,004	(4)	707,081	(31)	82,356	2,522,351
Financial profit (loss)	(236,500)	(32,812)	(1,938,330)	51,105	(643,408)	-	(3,721)	(2,803,665)
Income tax benefit (expense)	(154,222)	-	186,931	-	(86,321)	-	(25,536)	(79,147)
Profit (loss) for the year	168,159	(104,748)	(505,394)	51,101	(22,648)	(31)	53,100	(360,462)

	Euros							
	31/12/17							
	Solarpack Promo2007 Ciento Veintiuno, S.L.	Kabi Solar PTY Ltd.	Ataca Solar Holdco, SpA	Ecuador Solar Holdco, S.L.	Pampul Holdco, S.L.	Solargés Perú, S.L.	Gestión Solar Perú, S.A.C.	Total
Non-current assets	24,594,501	8	57,522,174	949,175	30,515,864		91,321	113,673,044
Current assets	2,402,629	710,329	5,592,539	854,133	5,900,954	45,334	824,693	16,330,610
Equity	3,882,185	(556,190)	3,040,187	1,803,308	4,468,060	35	608,890	13,246,475
Non-current liabilities	21,684,890	-	45,622,418	-	29,731,763	45,299	-	97,084,370
Current liabilities	1,430,054	1,266,527	14,452,103	-	2,216,994	-	307,125	19,672,804
Revenue	2,858,232	381,618	7,301,122	-	4,171,578	-	1,889,174	16,601,723
Other operating income and expenses	(1,680,722)	(308,451)	(4,477,069)	(38)	(2,247,393)	-	(1,018,851)	(9,732,524)
Profit (loss) from operations	1,177,510	73,166	2,824,053	(38)	1,924,185	-	870,323	6,869,200
Financial profit (loss)	(518,531)	(81,256)	(3,942,871)	(492,679)	(1,526,543)	-	(9,007)	(6,570,887)
Income tax benefit (expense)	(184,514)	-	285,552	-	(127,940)	-	(264,508)	(291,410)
Profit (loss) for the year	474,465	(8,089)	(833,266)	(492,717)	269,702	-	596,809	6,903

DIRECTORS' REPORT - CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

1. Situation of the entity

1.1. Organisational structure

Solarpack Corporación Tecnológica, S.A. ("**Solarpack**") has a Board of Directors made up of four directors: Chairman, CEO and two directors, in addition to a non-director secretary.

The Board of Directors of Solarpack is the highest governing body of the Company, to which the shareholders of Solarpack delegate their responsibility. It is the place where decisions are made that affect all areas of the Company and that shape the operating guidelines of the Solarpack executive team.

The Chairman of Solarpack chairs Board of Directors meetings. The Board of Directors delegates to the Chairman, inter alia, the responsibilities of establishing the Company's strategies, approving management team appointments and taking charge of the institutional representation of Solarpack where this corresponds to the position of Chairman, including the Company's external communications.

The Board of Directors delegates to the CEO of Solarpack the executive functions of the Board and the powers required to exercise them. The CEO participates directly in the management and supervision of the Company. He or she is responsible for proposing the Company's strategies and for ensuring that the resolutions adopted by the Board of Directors are implemented through functional measures. The CEO also plays a fundamental role in creating the culture of the organisation.

In addition to the Board of Directors, the Company operates with the following committees and additional bodies:

Audit committee:

This committee of the Board of Directors of Solarpack meets on a quarterly basis and assesses corporate risks. It is also responsible for analysing, inter alia, the insurance programme and issues relating to health and safety at a global Company level.

Coordination committee:

This committee, which meets fortnightly, monitors all the projects in progress. All the functional areas involved in the performance of the projects sit on this committee, where the progress of the development and construction of the projects is analysed and potential risks and related solutions are identified in order to ensure that the projects are successfully completed.

Executive committee:

This committee holds meetings quarterly attended by all those responsible for the functional areas of Solarpack and at which the Company's CEO presents the objectives and budget for the year and follow-up reports. The objective of this committee is to establish objectives common to all areas of the Company so that all the people who form part of the organisation can work together towards their achievement.

On August 9 2018, General Shareholders Meeting wide the management board composition to six, and appointed new directors. The new six directors with tittle in force have formulated this consolidated financial statements consolidated. Also, the management board has constituted an auditing commission and a retribution and appointment commission, with date of entry into force simultaneous to the capital increase which the company is working

Solarpack and its subsidiaries ("the **Solarpack Group**") are structured into 43 legal entities, included in the scope of consolidation of the Solarpack Group, as well as the temporary joint ventures ("UTEs") in which they are venturers.

There are two types of subsidiary:

- Operating companies: those through which the Solarpack Group carries on (i) development and construction of projects; and (ii) service activities.
- Project vehicle companies: those through which solar PV electricity generation ("**PV**") assets are operated.

The following section, "Operations" describes in detail the activities carried on by the Solarpack Group. The most common administrative structure at the subsidiaries is that of a sole director, although many subsidiaries have a board as their governing body, due either to (i) the existence of non-controlling interests; or (ii) the fact that the regulations in the countries in which the companies are located make it advisable or essential for there to be a board of directors.

In addition to the companies included in the scope of consolidation, the Solarpack Group has non-controlling ownership interests in other companies.

Note 2.9 and Appendix I to the consolidated financial statements as at 30 June 2018 ("the **consolidated financial statements**") provide a description of the Solarpack Group's corporate structure.

1.2. Operations

The Solarpack Group is a multinational group focused on the development of solar PV energy. It specialises in the promotion, financing, construction operation and maintenance of solar PV plants and in asset management and the provision of advisory services relating to such plants.

The Solarpack Group was born and exists as a group to:

- Generate attractive "products and services" for its customers (governments, companies, private individuals) in the renewable energies field.
- With an attractive business culture for talent, which generates an environment where its people can give their best, working contentedly.
- With attractive business and financial results that reflect the success in the management of the resources used and that contribute to the prosperity of society, wherever the Group acts.

Its activities are channelled through three operating segments, which are the generators of value and cash flows for the Company:

- Development and Construction (DEVCON), which harnesses business opportunities and builds solar PV plants.
- Services (SVCS), which provides solar PV plant O&M and asset management services.
- Power generation (POWGEN), where the investments in solar PV electricity generation assets are grouped.

Solarpack was founded in 2005, since when it has followed a constant path of organic growth in which the generation of value has made it possible to create what is today a benchmark multinational group in the solar PV energy industry.

The Solarpack Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the US, South Africa, India and South East Asia.

This geographical dispersion and growth has been achieved on the basis of a culture and values that are present in the performance of all the Solarpack Group's employees, wherever they may be. Specifically:

Quality: we are obsessed with a job well done. A job well done the first time of asking does not take up any more time than a job poorly done.

Integrity: honesty in our work and in our relationships with others as the basis for the confidence we instil.

Agility: sense of anticipation, sense of urgency, essential in the changing times in which we are living and for our corporate profile.

Open mind: open-mindedness, knowledge sharing, teamwork, as the foundations for a strong and self-confident organisation.

Effort and dedication: essential in a highly competitive environment.

Results: our good work is confirmed by sound economic results.

In summary, the activity of the operating segments is as follows:

- Development and Construction (DEVCON): Our DEVCON division focuses mainly on the development and construction of solar PV plants, which convert solar radiation directly into electricity. The development phase of a solar PV project begins with the selection of suitable land, taking into account various factors, such as the solar radiation in the location, the proximity to the transmission/distribution grid, the impact on the local community, the electricity sale alternatives and, depending on the size of the project, negotiations with possible co-investors. After obtaining the necessary internal approvals and administrative permits and licences, we structure the financing of the project. Once this has been achieved, we carry out our engineering, principal equipment supply and construction (EPC) activities on a turnkey basis. Some of the solar plants that we develop and build we sell to third parties (Build&Sell) and others we retain for operation by our POWGEN division (Build&Own). Also, and where the opportunity arises, the DEVCON division provides EPC services to third parties in projects in whose development the Group has not had any involvement. The DEVCON division is the main generator of the Company's future business and drives its growth.
- Services (SVCS): Our SVCS division provides (i) technical O&M services; and (ii) administrative and asset management services for solar PV plants developed by both the Solarpack Group and third parties. This division provides a wide range of services and solutions to maximise the output and useful life of the solar PV systems it operates and manages. Specifically, we provide technical monitoring and supervision services, inspections, preventative maintenance of plants, repair and replacement of plant equipment and incident response services. At 30 June 2018, we were providing technical O&M services at 13 solar PV plants (of which eight are majority owned by third parties) with a total installed capacity of 160 MW. Our O&M services are monitored from our remote control centre ("ROC") located in Getxo (Vizcaya), and are performed by our operators in the field. In addition, as part of our asset management activities, we offer a wide range of commercial, accounting, financial, tax and corporate services for solar PV plants in service, with a view to maximising the cash available for distribution to the owners of these assets. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising customers on how to optimise plant performance, refinancing senior debt and daily management and optimisation of PPAs. At 30 June 2018, we were providing asset management services of this nature to 23 solar PV plants (owned by the Group or by third parties) representing a total installed capacity of 330 MW.
- Power Generation (POWGEN): When our DEVCON division completes the construction of a solar PV plant and the plant comes into service, our POWGEN division generates revenue by selling the electricity produced by our solar PV plants under a PPA or some other type of sale agreement. The amount of revenue generated depends mainly on the production level of the plant and the electricity selling price. We generate revenue from sales to solvent buyers, including a combination of government entities or central and state services, such as the national electricity systems of Spain, Chile, Peru and the Southern/Northern Power Distribution Company of Telangana (Indian power distribution companies), as well as private companies such as Collahuasi and Codelco (Chilean mining companies). In general, we enter into long-term electricity sale agreements with these energy buyers who pay a fixed price, in certain cases subject to adjustments for inflation, for the electricity generated by our solar PV plants. At 30 June 2018, we had equity investments in eleven solar PV projects with a total installed capacity of 252 MW (of which 128 MW are attributable to our proportional share in those projects). These projects are structured with project vehicle companies (SPVs) in which the assets and liabilities of each project are located on an isolated basis. This makes it possible to obtain project finance borrowings, which are secured only by the project itself.

In summary, our competitive edge is based on the following five pillars:

- Vertically integrated project performance platform with a presence in highly attractive and high-growth solar PV markets.
- Solid track record in the performance of quality solar PV projects.

- Attractive portfolio of projects under development that provide good revenue and earnings visibility for the future.
- Diversified geographical presence in ten international markets, which cushions the effects of a possible drop in any given market.
- Management team with extensive experience in the industry, led by the founding partners with a long-term focus on sustainable value creation.

1.3. Business model

Historically, the Solarpack Group has implemented a vertically integrated business model with high asset turnover. This rotation was due to insufficient financial resources to be able to retain ownership interests in the solar PV plants in the long term. For this reason, the Group sold majority ownership interests in solar PV plants in service and used the proceeds to finance the construction and start-up of the next plants in the pipeline, i.e. Build&Sell arrangements.

In the first half of 2018 the Group decided to change this strategy and to retain, in the medium-long term, title to most of the assets it develops, builds and brings into operation, i.e. Build&Own arrangements. This requires contributions of new capital, as indicated in Note 28 to the consolidated financial statements, and will facilitate the Group's growth and provide it with recurring revenue and operating profits.

Approximately one-third of the projects that the Group has under development and that it aims to bring into service at short term will be under a Build&Own arrangement.

Also, the Group plans to perform EPC work for third parties, in cases where the opportunity arises for it to create synergies with its development of Build&Own and Build&Sell projects.

2. Business performance and results

2.1. Key financial and non-financial indicators

Operating income

In the first half of 2018 operating income was EUR 12,747 thousand, down 37% on the EUR 20,378 thousand of the first half of 2017. This decrease was due to the falloff in activity of the DEVCON division, which was partially offset by an increase in activity of the POWGEN division.

Revenue

Revenue increased by EUR 8,451 thousand to EUR 12,431 thousand in the first half of 2018, compared to EUR 3,980 thousand in the first half of 2017, due mainly to increased activity in the POWGEN division, in which revenue increased to EUR 8,627 thousand in the first half of 2018 compared to EUR 1,157 thousand in the first half of 2017. This growth was mainly a result of additional revenue generated at our Telangana (India) and Calama and Pozo Almonte (Chile) plants compared to the first half of 2017, as none of them were operational in the first half of 2017. In relation to the DEVCON division, revenue of EUR 1,765 thousand was recognised from third party EPC construction activities in Chile and Colombia in the first half of 2018, whereas EUR 380 thousand revenue were registered in the First Half of 2017.

Other operating income

"Other Operating Income" decreased by EUR 1,590 thousand (-94%) to EUR 94 thousand in the first half of 2018, compared to EUR 1,684 thousand in the first half of 2017. This decrease was primarily due to insurance indemnity income in the Chile and Uruguay projects in the first half of 2017, which were not repeated in the first half of 2018.

Changes in inventories of finished goods and work in progress

Changes in inventories decreased by EUR 14,510 thousand (-98.6%) to EUR 203 thousand in the first half of 2018, from EUR 14,713 thousand in the first half of 2017. This decrease was due mainly to the fact that in the first half of 2017 inventories increased as a result of recognising the construction costs of the available-for-sale solar PV plants classified as inventories in connection with the final development of the construction projects in Calama (Chile).

Operating expenses

"Operating Expenses" decreased by EUR 14,148 thousand (-69.5%) to EUR 6,220 thousand in the first half of 2018, from EUR 20,368 thousand in the first half of 2017. This decrease was due mainly to the fact that the construction activities related to the Calama (Chile) plants in the first half of 2017 were not repeated in the first half of 2018.

Procurements

Procurements decreased by EUR 14,335 thousand. This decrease was due mainly to the fact that the construction activities related to the Calama (Chile) plants in the first half of 2017 were not repeated in the first half of 2018.

Staff costs

"Staff Costs" increased by EUR 114 thousand (+3.6%) to EUR 3,250 thousand in the first half of 2018, from EUR 3,136 thousand in the first half of 2017.

Depreciation and amortisation charge

The depreciation and amortisation charge increased by EUR 593 thousand to EUR 799 thousand in the first half of 2018, from EUR 206 thousand in the first half of 2017. This increase was due to the fact that in the first quarter of 2018 there were more solar PV plants classified as operating fixed assets than in the first half of 2017, specifically the Telangana and Calama (Chile) projects.

Other operating income and expenses

"Other Operating Income and Expenses" decreased by EUR 486 thousand to EUR 5 thousand in the first half of 2017, from EUR 481 thousand in the first half of 2018. This decrease is due mainly to income related to the Telangana project in connection with compensatory amounts for loss of profit in the first half of 2018.

Finance income and finance costs

In the first half of 2018, the financial loss amounted to EUR 3,076 thousand, a decrease of EUR 8,493 thousand, from a net financial profit of EUR 5,417 thousand in the first half of 2017. This decrease in net financial profit was due to (i) finance income of EUR 8,431 thousand linked to the Telangana (India) project in the first half of 2017 in connection with a foreign currency hedge, (ii) a higher interest expense in the first half of 2018 due to the increased volume of bank borrowings drawn down in the first half of 2018 and (iii) exchange losses of EUR 1,363 thousand in the first half of 2017 compared to exchange gains of EUR 324 thousand in the first half of 2018.

Income tax

In the first half of 2018 the Solarpack Group recognised income tax of EUR 871 thousand, up 36% on the EUR 639 thousand recognised in the first half of 2017.

Profit for the year

As a result of all the foregoing, profit for the year fell to EUR 2,907 thousand in the first half of 2018, from EUR 4,777 thousand in the first half of 2017.

Segment reporting

Note 5 to the consolidated financial statements explains in detail business performance in terms of the amount of operating income, gross margin and consolidated profit from operations, segmenting the information by each of the three divisions, as well as the way in which this information is prepared and its reconciliation to the figures under IFRSs through adjustments and eliminations, the details of which are provided in the aforementioned note. The reasons for and use of this segmented information are also explained in Note 5.

These same data are shown below in comparison with those for the first half of 2017:

(Thousands of euros)	From 01/01/18 to 30/06/18							
	Dev Con (A)	SVCS (B)	Overheads (C)	Aggregate total (A+B+C=D)	PowGen (E)	Aggregate total of divisions (D+E=F)	Eliminations (G)	Total (F+G)
Operating income (a)	2,496	2,218	0	4,714	10,131	14,845	-2,099	12,747
Direct costs (b)	-1,721	-1,389		-3,110	-995	-4,105	1,214	-2,891
Gross margin (a – b = c)	775	829	0	1,604	9,136	10,740	-885	9,856
% gross margin (c/a)	31.1%	37.4%		34.0%	90.2%	72.3%		-77.3%
SGA (d)	-2,079	-159	-292	-2,530	0	-2,530	0	-2,530
EBITDA (c – d = e)	-1,304	760	-292	925	9,136	8,211	-885	7,326
% EBITDA margin (e/a)	52.2%	30.2%		-19.6%	90.2%	55.3%		57.5%
Depreciation and amortisation charge (f)	-5	-14		-18	3,136	-3,156	2.357	-799
EBIT (e - f = g)	-1,308	656	-292	-944	5,996	5,055	1,472	6,527
% EBIT margin (g/a)	-52.4%	29.6%	N.A.	-20.0%	59.2%	34.0%	70.1%	51.2%

(Thousands of euros)	From 01/01/17 to 30/06/17							
	Dev Con (A)	SVCS (B)	Overheads (C)	Aggregate total (A+B+C=D)	PowGen (E)	Aggregate total of divisions (D+E=F)	Eliminations (G)	Total (F+G)
Operating income (a)	33,112	1,978	0	35,090	3,619	38,710	-18,332	20,378
Direct costs (b)	-17,634	-1,194		-18,528	-709	-19,538	1,303	-18,235
Gross margin (a – b = c)	15,478	784		16,262	2,910	19,172	-17,029	2,143
% gross margin (c/a)	46.7%	39.6%		46.3%	80.4%	49.5%		10.5%
SGA (d)	-1,615	-182	-150	-1,947	0	-1,947	21	-1,926
EBITDA (c – d = e)	13,863	602	-150	14,315	2,910	17,224	-17,008	216
% EBITDA margin (e/a)	41.9%	30.4%		40.8%	80.4%	44.5%		1.1%
Depreciation and amortisation charge (f)	-14	-14		-27	-1,485	-1,513	1,306	-206
EBIT (e - f = g)	13,849	588	-150	14,287	1,425	-15,712	-15,702	10
% EBIT margin (g/a)	41.8%	29.7%	N.A.	40.7%	39.4%	40.6%	85.7%	0.0%

The first half of 2018 analysed by segment was characterised by:

- A low level of activity in the DEVCON segment, which, in comparison with the same period in 2017, is the main cause for the decline in operating income. This was due to the fact that the Solarpack Group is concentrating the start-up of the activity of the DEVCON division in the second half of 2018 and in 2019. The main activity in the first half of 2018 relates to the commencement of work on an EPC turnkey construction contract in Colombia.
- A very significant increase in the operating income of the POWGEN division, since in the first half of 2018 the projects brought into service in the second half of 2017 were generating power and operating income from January onwards. This made it possible to offset a significant part of the reduction in operating income of the DEVCON division.
- Significant growth in SVCS activity, specifically 12% in terms of operating income and 11.6% in EBIT terms.
- Overheads increased significantly, from EUR 150 thousand in the first half of 2017 to EUR 292 thousand in the first half of 2018. This was due to the commencement of implementation of the measures to raise financing approved on 4 April 2018 by the Board of Directors, as indicated in Note 12.1 to the consolidated financial statements.

2.2. Matters relating to the environment and employees

At the Solarpack Group, as in many industrial and advanced technology activities, matters relating to the environment and its employees are key to its future success and development.

Both areas, employees and the environment, are well identified in our mission as a business organisation (shown in bold):

- Generate attractive "products and services" for its customers (governments, companies, private individuals) in the renewable energies field.
- With an **attractive business culture for talent**, which generates an environment where its people can give their best, working contentedly.
- With attractive business and financial results that reflect the success in the management of the resources used and **that contribute to the prosperity of society**, wherever the Group acts.

These commitments have recently been made public, as in December 2017 the Board of Directors of Solarpack approved (i) a Quality, Environment and Health and Safety Policy; and (ii) a Corporate Social Responsibility Policy.

These two policies can be found on our website (www.solarpack.es) so that they are accessible to any person or entity connected to us in any way or on whom our activity has an effect.

The information included in this section also includes that needed to be able to understand the performance, results and situation of the Group, and the impact of its activity in relation to, at the very least, environmental and social issues, as well as those concerning employees, respect for human rights and the fight against corruption and bribery; all in accordance with the principles established in Royal Decree-Law 18/2017, of 24 November, amending the Spanish Commercial Code, the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July, and Spanish Audit Law 22/2015, of 20 July, in relation to non-financial information and diversity.

In this regard, the basic pillars of our Quality, Environment and Health and Safety Policy are as follows:

1. **Quality.** Prioritise Quality, understood as the fulfilment of the customer's needs and the satisfaction of a job well done, being able to understand their needs and expectations and pre-empt possible changes, working at all times with professionalism, ethics and transparency.
2. **Management systems.** Establish management systems based on continuous improvement and the establishment of adequate objectives in order to optimise performance.
3. **Mitigate risks.** Identify, evaluate, prioritise and mitigate Health and Safety risks associated with the activities carried on and the workplaces where they are carried on, with emphasis on prevention.
4. **Health and safety.** Prioritise and give high visibility to Health and Safety practices at SOLARPACK, informing employees adequately about the risks to which they may be subject.
5. **Environment.** Prevent pollution and protect the environment, with the identification and minimisation of the environmental impact arising from our activities, with sustainable use of resources and the best available technologies and practices.
6. **Compliance.** Ensure compliance with the applicable legislation, customer requirements and other minimum requirements that the Company must meet in each of the countries in which SOLARPACK carries on its activities.
7. **Committed employees.** Achieve the active and responsible involvement of all the employees of SOLARPACK, promoting personal development, teamwork and adequate training to facilitate their performance and participation in the continuous improvement of the management of the Company.
8. **Committed contractors.** Integrate our contractors in our commitment to quality, the environment and health and safety, as part of the project performance process.
9. **Commitment.** Perform specific monitoring of this Policy through the Audit Committee of the Board of Directors of SOLARPACK.

The basic pillars of our Corporate Social Responsibility Policy are as follows:

1. **Compliance.** Comply with current legislation in the countries in which we operate, adopting, in a complementary manner, international standards and guidelines where there is no adequate legal framework. Employees will neither consciously collaborate with third parties in the violation of any law, nor participate in any action that compromises respect for the principle of lawfulness.
2. **Human rights.** Respect the Declaration of Human Rights and, especially, those whose violation degrades the employee collective, rejecting child and forced or compulsory labour.
3. **Favourable employment framework.** Develop a favourable framework for labour relations based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and facilitating communication among the members of SOLARPACK's team of professionals.
4. **Integrity.** Reaffirm Integrity as one of the main principles of SOLARPACK's corporate culture.
5. **Ethics.** Act with ethical behaviour in all our internal and external relationships. Avoid conflicts of interest, dealing with them appropriately when they arise.
6. **Development.** Contribute to the development of the social environments in which we operate, respecting the identity of local communities and maintaining ongoing dialogue with all stakeholders, incorporating their expectations into our projects.
7. **Social welfare work.** Focus our Social Welfare Work on meeting needs and in promoting our values in the environments where our workplaces, facilities and offices are located.
8. **Participation.** Involve external partners in all the practices arising from these values and commitments, communicating, teaching and demanding compliance in all the activities carried on at SOLARPACK.

2.2.1. Environment

The environmental impact of the Solarpack Group is minimal, since it engages in the generation of solar PV projects. As is widely known, this technology makes it possible to generate significant volumes of electricity using a renewable resource that is free from emissions that are harmful to the environment. Therefore, our activity is in the forefront of the fight against climate change, by guiding the energy matrix of countries towards non-polluting sources.

However, when planning and building a new solar PV generation project, environmental considerations are of major importance and form a significant part of the decision-making process at all times. Solarpack must pass strict environmental controls by public authorities prior to the commencement of construction work on all its solar PV projects.

On a voluntary basis, the Company applies in projects located in developing countries a methodology called "IFC Performance Standards" as a tool for controlling and monitoring environmental and social risks in the construction of new solar PV plants. This tool is universally known in the project finance world and overcomes the regulatory deficiencies that exist in many developing countries to ensure in all cases the correct environmental and social management of projects.

The capabilities and experience of Solarpack in this area are supported by project financing that has been provided by rigorous multilateral institutions such as the IADB, CAF and Proparco.

2.2.2. Employees

The Solarpack Group has a positive working environment and the vast majority of its employees are highly motivated. Note 20.3 to the consolidated financial statements details the structure of the staff costs and provides a breakdown of the headcount.

At 30 June 2018, the Solarpack Group had 126 employees. Most of the employees work in technical areas, specifically 74% of the professionals, which include engineering, construction, operation and maintenance activities.

This led to an increase of 5.9% in the average number of people employed in 2017, due to growth in all the activities of the Company and, in particular, to the configuration of structures in such a way as to cater for the strong growth in DEVCON that is expected over the next 18 months. The average cost per employee in the first six months of 2018 was EUR 27,309, including both salaries and social security costs.

The Solarpack Group strives to ensure it has a cohesive group of employees spread across ten different countries, to which end various measures are implemented:

- Existence of a unified employee manual, so that all Company's employees have the same values and corporate culture, as well as similar operating rules, respecting the employment legislation of each country at all times.
- A corporate communication platform that allows easy interconnection from any device connected to the Internet, with any Company employee in his or her workplace, as well as videoconferences and audio conferences in a simple and economical fashion.
- Regular Company meetings at which a large majority of the employees have the opportunity to meet personally, exchange experiences and identify with business objectives.

The employee manual contains a Code of Integrity and Conduct that is assumed by all the employees when they join the Solarpack Group. This code raises four simple questions to assess whether or not behaviour is acceptable. Also, a specific e-mail address is available as a whistleblowing channel.

Occupational risk prevention is a highly important issue in the construction and O&M activities. Therefore, in the performance of these activities, the Company provides significant training and employee awareness activities, and the employees are responsible for their own safety, as well as that of other subcontractors that carry out their work in the facilities owned by the Solarpack Group. Access control, induction talks and the adequate supply of protective equipment are all part of the day-to-day reality of the Group's operations.

The Audit Committee of Solarpack's Board of Directors monitor and review all occupational health and safety incidents and accidents on a quarterly basis. In 2017 and the first six months of 2018 there were no accidents or incidents classified as fatal or serious, serious meaning that the employee has had to miss work as a result.

3. Liquidity and capital resources

3.1. Liquidity

Prudent management of liquidity risk entails the maintenance of sufficient cash and the availability of financing through a sufficient level of credit facilities. In this connection, the Solarpack Group's strategy is to maintain, through its financial department, the required financing flexibility by means of available credit lines.

Note 4.1 to the consolidated financial statements shows the Solarpack Group's liquidity reserve at 30 June 2018 and the comparative figures at 31 December 2017. This liquidity amounts to EUR 32,148 thousand, down by EUR 2,536 thousand with respect to the end of 2017, due mainly to a decrease in cash and cash equivalents, offset by an increase in other current financial assets and credit lines not yet drawn down.

However, a portion of this liquidity, EUR 12,838 thousand at 30 June 2018, corresponds to various SPVs of the POWGEN division. This cash cannot be used for needs other than those of each project or SPV, as a result of the obligations that govern the long-term financing agreements of the aforementioned plants. It should be noted that priority in the use of this liquidity will be given to settling operating expenses and, afterwards, to project finance debt servicing. This liquidity can be used by the DEVCON and SVCS divisions when the conditions permitting cash distributions from the projects to the related shareholders have been met. That said, the directors consider that the liquidity reserves that can be used by the DEVCON and SVCS divisions, specifically EUR 17,670 thousand at 30 June 2018, are sufficient for their operating needs.

However, the Solarpack Group has in mind an ambitious investment plan for its POWGEN division, as described in section 6 of this report, which entails new liquidity needs that require financing to be raised, as indicated in Note 12.1 to the consolidated financial statements.

Note 4.1 to the consolidated financial statements also shows the Solarpack Group's working capital position at 30 June 2018 and the comparative figures at 31 December 2017. In this regard, the working capital position was significantly affected by the Solarpack Group's decision to reclassify several solar PV plants as no longer held for sale due to a change of strategy, as indicated in the Note 2.5 to the consolidated financial statements. This means that the working capital associated with the solar PV plants that had been held for sale at 31 December 2017 was reclassified to long term, thereby reducing working capital significantly. Specifically, working capital fell from EUR 43,151 thousand at 31 December 2017 to EUR 12,257 thousand at 30 June 2018.

Although the size of the working capital considered in isolation is not a key parameter required to understand the Group's interim consolidated financial statements and related explanatory notes, the Group actively manages the working capital through the net operating working capital and the current and non-current net financial debt, on the basis of the solidity, quality and stability of relationships with its customers and partners with which it has made investments in other countries, as well as an exhaustive monitoring of its situation in conjunction with the banks.

Note 14 to the consolidated financial statements shows the Solarpack Group's debt at 30 June 2018 and the comparative figures at 31 December 2017. The composition of the Group's debt was also affected by the decision not to hold assets for sale, with the concomitant impact on working capital. One example was the reclassification from "Current Liabilities" to "Non-Current Liabilities" of the long-term loans arranged by the Chilean and Indian solar PV plants.

Also, the shares owned by the shareholder ACE Renewable Holding USD, S.A. were classified as new debt, amounting to EUR 5,437 thousand, for the reasons indicated in Note 12.1 to the consolidated financial statements.

As a result of all the foregoing, total debt increased slightly by EUR 2,355 thousand from EUR 97,467 thousand at 31 December 2017 to EUR 99,822 thousand at 30 June 2018.

However, the directors consider that there is no significant liquidity risk.

3.2. Capital resources

The Group's capital management objectives are to safeguard its ability to continue as a going concern, generate returns for the shareholders and maintain an optimum capital structure while reducing the cost thereof.

The POWGEN division has the greatest influence on the capital structure. This is due to the significant level of investment it requires and the high visibility of the long-term cash flows it offers. Therefore, it is habitual for investments in the POWGEN division to be around 75% financed with non-current borrowings with limited guarantees. These non-current borrowings are more than sufficiently secured by the solar PV plants that they are financing, and in general terms guarantees are not provided by the shareholders ("**project finance borrowings**"). Therefore, most of the Solarpack Group's borrowings are arranged in "watertight compartments", and any repayment problems affecting one project finance arrangement would not affect Solarpack Group assets other than those associated with the solar PV plant that is experiencing the repayment difficulties.

Capital resources are monitored by the Solarpack Group on the basis of the leverage ratio. Note 4.3 to the consolidated financial statements shows the leverage ratio, which is calculated as the net financial debt divided by the total capital employed in the business. Thus, the leverage ratio grew from 0.58 at 31 December 2017 to 0.61 at 30 June 2018. The main reason for the rise was the reclassification of the shares held by the shareholder ACE Renewable Holding USD, S.A. as financial debt, for EUR 5,437 thousand. Disregarding this reclassification, the leverage ratio would have dropped slightly to 0.57.

This leverage ratio is below the usual leverage ratio of 0.75 at the POWGEN division, which indicates that the DEVCON and SVCS divisions have additional capital resources.

3.3. Analysis of contractual obligations and off-balance sheet transactions

Note 23 to the consolidated financial statements shows the main items relating to these matters. It should be noted in this regard that there were no investment commitments at 30 June 2018, although the information contained in Note 28 to the consolidated financial statements and section 5 of this report should be considered in connection with the acquisition of certain ownership interests in solar PV plants.

As regards its contractual lease obligations, the Solarpack Group leases most of the land on which its solar PV plants are located, with the exception of that corresponding to its assets in Telangana, India. These leases are long-term leases, but most can be terminated by the lessee in the event of the discontinuation of power generation activities. Before the solar PV plants are built and brought into service the leases arranged are essentially lease options for the lessee and, accordingly, they do not give rise to any material contractual obligations.

The great majority of the off-balance sheet transactions relate to guarantees and surety bonds associated with the various activities of the Solarpack Group's divisions. Note 23 to the consolidated financial statements includes information on the amount of these obligations. The division that requires the most guarantees for its activities is the DEVCON division. In this regard, it is customary to have to provide guarantees or surety bonds in electricity supply tenders in order to obtain new PPAs. Also, the construction activity requires guarantees that we provide as a turnkey constructor, to secure the obligations to which we commit ourselves within the framework of EPC contracts.

4. Main risks and uncertainties

4.1. Operational risks

4.1.1. Regulatory risk

The electricity generation activity is regulated in all the jurisdictions in which the Solarpack Group operates. Therefore, regulation can have a direct impact on the Group's earnings. Note 1.2 to the consolidated financial statements contains an overview of the most relevant regulatory frameworks affecting the Group.

Regulatory risk can arise in the following ways:

- At the POWGEN division
    - It can impact the power generation revenue of the power generation assets subject to regulated selling prices. This is the case of the generation assets in Chile (small distributed generation means ("PMGDs")) and in Spain. Unfavourable changes in the regulations in either market could affect the average selling price of these assets.
    - New technical requirements or new taxes on generation could give rise to an increase in the operating costs of any asset that is adversely affected by regulatory changes of this nature.
- At the DEVCON division
    - If the regulations make the process of obtaining permits and licences for a project more expensive, for example by demanding greater investments in electricity interconnection work, the margins of our DEVCON division could be reduced.
    - In addition, any regulatory change that makes the use of solar PV technology in the generation market less attractive could result in lower growth possibilities for the industry and a lower volume of future business for our DEVCON division.
- There are not expected to be any significant regulatory risks affecting the SVCS division.

4.1.2. Operational risk

Operational risk in the Solarpack Group's activities exists to the extent that the Group carries on industrial power generation activities at its POWGEN division, and construction activities when the process of developing a project at its DEVCON division has been completed.

The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. In order to minimise these risks, the Solarpack Group takes the following measures:

- Insurance: the vast majority of the aforementioned operational risks can be insured. Thus, during both the operation and the construction of the solar PV solar plants the Group designs a complete insurance programme with insurers of acknowledged solvency in order to adequately cover these risks.
- Quality processes: the Group develops adequate O&M processes so that uninsurable power generation outages are kept to a minimum. Also, the Group keeps certain spare parts at plant so that generation outages can be resolved rapidly.

4.1.3. Customer concentration

The Solarpack Group operates at its POWGEN division with PPAs for the sale of electricity or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). As regards its DEVCON division, when the Group performs "Build&Sell" projects, high customer concentrations arise as a result of the volume of EPC contracts signed. The SVCS division generally generates less revenue, has greater customer dispersion than the other two divisions and is more stable from one period to the next and, therefore, it is not significant for the purpose of analysing the concentration of the Solarpack Group's customers.

In the first half of 2018 the volume of business under "Build&Sell" projects dropped and, therefore, the degree of customer concentration was determined by the POWGEN division. Specifically, in the first six months of 2018 49% of the Solarpack Group's billings were concentrated at two customers, specifically the Indian state electric utilities Southern Power Distribution Company of Telangana, Ltd. and Northern Power Distribution Company of Telangana, Ltd. Conversely, the two most significant customers of the DEVCON division accounted for 14% of the Solarpack Group's billings in the first six months of 2018.

This high concentration of customers is mitigated by the fact that PPAs are long term and oblige the buyer to purchase power during the whole term of the agreements and, therefore, after a PPA has been signed, any loss of business in the future would only arise in the event of the insolvency of the buyer and not as a result of commercial decisions of the latter In other words, in this case of customers of this nature the risk is more financial and not so much operational, since these two customers that account for a significant percentage of our sales will continue to acquire, for the next 25 years, the electricity that we generate due to the firm obligations provided for in the related PPAs.

The EPC contracts that are usually signed in "Build&Sell" projects are also binding for the buyer and generally have a construction period of less than one year.

4.2. Financial risks

4.2.1. Market risk

4.2.1.1. Interest rate risk

The existence at the Group of bank borrowings tied to a floating interest rate, as part of the financial debt, means that the Solarpack Group is exposed to the risk of interest rate fluctuations, which directly affect profit or loss and the generation of cash flows. This is made even more significant by the fact that the average term of the Solarpack Group's borrowings is high, due to the relative importance of project finance borrowings.

The objective of the Solarpack Group in this area is to arrange hedging financial instruments, mainly interest rate derivatives (IRSs), which eliminate a substantial portion of this risk. The complete elimination of risk in project finance arrangements is also undesirable because it introduces barriers to future refinancing or early partial repayments of the debt.

The specific policies that the Solarpack Group seeks to apply in this regard are:

- No IRS hedging for floating-rate loans or credit lines with maturity of three years or less.
- IRS hedging for up to 74% of the term and 75% of the outstanding balance in the case of financing with a term longer than three years.

Note 15 to the consolidated financial statements shows the IRSs that the Solarpack Group had arranged at 30 June 2018.

Also, there are some currencies, for example the Indian rupee, for which it is difficult to arrange effective IRS hedging and in liquid markets the Solarpack Group seeks to arrange fixed-rate borrowings with the longest term possible. Therefore, the borrowings in Indian rupees indicated in Note 14, with an equivalent euro value of EUR 55,774 thousand, bear interest at a fixed rate for a period of ten years from the date on which they were arranged.

In addition to the interest rate risk associated with borrowings, given the nature of its business, the Solarpack Group must manage interest rate risk from the date on which it signs a PPA or is awarded a tender for the long-term sale of power under any regulatory framework and the date on which it is able to conclude a financing agreement. In this case, having used interest rate assumptions when bidding for the PPA or tendering some kind of other bid, there is an interest rate risk that can make the project unfeasible when interest rates have been increased when concluding the financing. As a result, and when there are periods of longer than 18 months between the signing of the PPA and the conclusion of the financing agreement, the sensitivity of the interest rate risk in the operation is analysed and derivative instruments such as swaptions or IRS forwards are arranged where necessary. This is the case of the Granja Solar (Chile) project on which the Solarpack Group intends to start construction work at the end of 2018.

4.2.1.2. Foreign currency risk

The activity of the Solarpack Group is highly international and, therefore, subject to the influence of various currencies. These currencies include most notably the US dollar and the Indian rupee.

The foreign currency risk is different for each of the Solarpack Group's divisions.

- POWGEN: In this case, the foreign currency risk arises when the revenue from the sale of electricity is denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
  - The project finance borrowings must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, repayments of project finance borrowings must be hedged with a long-term foreign currency risk hedging instrument.
  - The EPC turnkey construction contract for each new solar PV plant must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, the payments under the EPC contract must be hedged with a short-term foreign currency risk hedging instrument with a maximum term of one year.
  - Equity investments in SPVs owning solar PV plants whose long-term revenue is denominated in currencies other than the euro or the US dollar must be hedged by foreign currency hedges with a minimum term of one year, and these must be renewed on expiry if the Solarpack Group has retained its ownership position. These foreign currency hedges only cover the risk relating to the capital invested in the SPV, and not the latter's profit or loss or dividends.
- DEVCON: The foreign currency risk arises when the development and construction contracts for a project are denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
  - When the EPC turnkey construction contract is entered into, any supply of equipment or construction and assembly contract denominated in a currency other than that of the EPC must be analysed and, depending on the term, amount and currency risk, a foreign currency derivative must be arranged.
- SVCS: In this case, the main risk arises when the currency in which staff costs are denominated is different from that in which the related SVCS contract is denominated. The Solarpack Group applies the following policies for managing this risk:
  - For contracts (i) with a term of more than four years; (ii) whose selling price is not indexed to inflation; and (iii) in which the staff costs exceed 40% of the selling price, the foreign currency risk must be hedged.

Note 15 to the consolidated financial statements shows the foreign currency hedging instruments that the Solarpack Group has arranged.

Specifically:

- a Colombian peso-euro foreign currency hedge to hedge the foreign currency risk relating to several inputs denominated in euros in an EPC construction contract denominated in Colombian pesos and;
- an Indian rupee-euro foreign currency hedge to hedge the foreign currency risk relating to the equity invested in the solar plants located in Telangana, India, whose long-term power sale contracts are denominated in Indian rupees.

4.2.1.3. Financial instrument price risk

The Solarpack Group's exposure to equity security price risk is close to zero because it does not hold any investments classified in the consolidated balance sheet as available for sale or as at fair value through profit or loss.

4.2.1.4. Commodity price risk

Within the POWGEN division and given the renewable nature of the Solarpack Group's power generation business, there is no exposure to commodity price risk relating to raw materials used in the production process.

The DEVCON division does have slight exposure to commodity price risk relating to raw materials such as steel or zinc, in the supply of metallic structures and profiles in the construction of its projects, but it is not material and the contracts for the supply of these materials are generally negotiated at fixed prices.

The SVCS division is not exposed to any input that might have an impact on the risk of the activity due to changes in raw material prices.

4.2.2. Credit risk

Note 9 to the consolidated financial statements shows the balances of "Trade and Other Receivables". Note 11 to the consolidated financial statements shows the balances of "Cash and Cash Equivalents".

The credit risk that arises in relation to cash and cash equivalents and bank deposits is considered to be immaterial due to the credit ratings of the banks with which the Group operates and the instruments in which the cash equivalents are invested.

The credit risk relating to accounts receivable is not considered to be high because the customers are leading companies in each of the countries in which these plants operate, with high credit ratings and, therefore, no specific hedges are arranged to hedge this risk. The accounts receivable are concentrated mainly at the companies in the POWGEN division, since 61% of the balance of the trade receivables relates to this division. These companies are mostly public and private electricity distributors.

The main credit risks relate to asset operation, maintenance and management activities in Spain, since the customers of these activities are companies affected by the reduction in the remuneration of solar power producers. However, all these customers have stable cash flows and their long-term, non-recourse senior debt agreements stipulate that the payment of operating expenses takes priority over the payment of the debt, in order to keep the assets running and to generate cash.

At 30 June 2018, the Group had recognised write-downs of EUR 53 thousand on accounts receivable and cash in accordance with the policies indicated in Note 2.2. (1) based on the credit analysis of its positions in these assets.

4.2.3. Liquidity risk

Liquidity risk is addressed in detail in section 3.1, Liquidity.

5. Significant events after the reporting period

As detailed in Note 28 to the consolidated financial statements, in July and August 2018 Solarpack entered into various agreements for the purchase of shares of companies owning solar PV plants located in Spain.

All these agreements are subject to conditions precedent, including the obtainment of financing by the Group and, therefore, these transactions do not give rise to any liquidity risk for the Group. See Note 12.1. to the consolidated financial statements for information on the obtainment of financing by the Group.

The purpose of entering into these agreements is to strengthen our POWGEN division and increase the volume of electricity sold in order to shore up the Group's ability to achieve its growth targets. These are quality assets, and the Group has been operating them for more than ten years in some cases, meaning that it has extensive experience in this regard.

Also, Note 12.1 to the consolidated financial statements indicates that on 9 August 2018 the shareholders at an Extraordinary General Meeting approved a capital reduction and reimbursement of contributions to the shareholder ACE Renewable Holding USD, S.A. amounting to USD 5,880 thousand, equal to EUR 5,067 thousand. The retirement of these shares reduced the ownership interest of ACE Renewable Holding USD, S.A. in Solarpack to one share. This capital retirement, together with the arrangement of a loan, as also described in the aforementioned Note 12.1, was performed on the basis of the automatic capital retirement and loan arrangement mechanisms included in the agreements entered into on 24 June 2016 with the parent of ACE Renewable Holding USD, S.A. and was based on the fact that the successful completion of the measures initiated by Solarpack to obtain financing would be incompatible with the shareholders agreements signed with ACE Renewable Holding USD, S.A.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to further review and consideration by the Company and the timing of such a transaction would be subject to general commercial and market conditions.

6. Outlook for the entity

In May 2018 the Solarpack Group decided to change its business model, shifting from a strategy based on the high rotation of solar PV assets to one where there will be a greater degree of subsequent ownership of these assets under Build&Own arrangements. This change in business model will have two fundamental effects:

- Higher levels of investment and asset growth.
- Increased revenue recurrence due to the increase in the relative importance of the POWGEN and SVCS divisions in the obtainment of revenue.

The Solarpack Group is working intensively on two fronts towards the successful implementation of this new business model:

- A process to obtain financing, as detailed in Note 12.1 to the consolidated financial statements.
- The consolidation of a portfolio of projects ready for construction in the coming months.

The successful completion of these two processes will lead to a significant transformation at the Group in terms of both volume of business and the growth of its power output.

As regards the latter, in 2018 the Group has achieved a volume of Build&Own and Build&Sell contracts that offers very good prospects for landing new business over the coming 18 months.

The Group's objectives for the period from July 2018 to December 2019 are based on the following milestones:

- Continuous improvements in the operation of (i) the assets in service of POWGEN; and (ii) existing SVCS contracts.
- Completion of the construction of
    - A solar PV plant currently under construction in Colombia, with an installed capacity of 10.5 MW, under an EPC arrangement.
    - Two solar PV plants in Spain with a total installed capacity of 100 MW under a Build&Sell arrangement, for which EPC contracts and share purchase agreements have already been entered into with a third party. These contracts are subject to the condition precedent that the permits and authorisations required for the commencement of construction can be obtained.
    - Three solar PV plants in Spain with a total installed capacity of 111 MW under a Build&Own arrangement. These solar PV plants will benefit from the rights obtained by Solarpack in the renewable energy auction organised by the Spanish Government in July 2017 in which Solarpack was awarded rights for an installed capacity of 100 MW.

  - A solar PV plant located in Chile with a total installed capacity of 124 MW under a Build&Own arrangement. This solar PV plant will benefit from the PPAs that the Solarpack Group has signed with the regulated electricity distributors in Chile, after the award to Solarpack in the renewable energy auction called by the Chilean Government of Chile in 2016 of rights for the sale of an annual volume of power of up to 280 GWh for a period of 20 years commencing on January 1, 2021.
  - Six solar PV plants in Chile with a total installed capacity of 66 MW under a Build&Sell arrangement, for which EPC contracts and purchase and sale agreements have already been entered into with a third party. These contracts are subject to the condition precedent that the permits and authorisations required for the commencement of construction can be obtained.
  - Five solar PV plants located in India with a total installed capacity of 130 MW under a Build&Own arrangement. These solar PV plants will benefit from the PPAs that the Solarpack Group has signed with three public electric utilities companies in the state of Karnataka (India), after the award to Solarpack in the renewable energy auction called by the Government of the State of Karnataka in 2018 of rights to sell the power produced by these facilities for a period of 25 years.
- Completion of the purchase and sale of shares of the companies owning solar PV plants in Spain, as indicated in section 5 of this directors' report.

The achievement of these objectives will:

- give rise to a significant cash inflow from the activities of DEVCON, from both Build&Sell projects and Build&Own projects.
- lead to a significant investment in the equity required by the SPVs owning the new Build&Own facilities.
- make it possible to start 2020 with an installed capacity attributable to Solarpack's POWGEN division of 507 MW.

This directors' report of the Solarpack Group contains certain prospective information that reflects the plans, forecasts or estimates of the Group's directors which are based on assumptions that are considered reasonable by them. However, the users of this report must bear in mind that forward-looking information should not be considered as a guarantee of the entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that mean that the future performance of the entity will not necessarily be as initially planned. Those risks and uncertainties are described in this directors report, principally, albeit not exclusively, in the section that addresses the main risks and uncertainties that the entity is facing.

7. R&D+i activities

The Solarpack Group has placed value on knowledge of new technologies in the solar PV generation and complementary activities. The Group does not engage in manufacturing, but it does engage in systems integration. In this regard, it attempts to gain know-how in the innovative technologies that can make its future projects more competitive, to thus guarantee the Group's future growth.

In the first six months of 2018 the Parent focused its efforts on the following R&D+i projects.

- Engineering work and procurements for a pilot facility to be located at the Pozo Almonte Solar 1 solar PV plant in Chile (already in service) in order to test new PV solar module technologies, such as PERC or bifacial technologies, and an electricity storage device with batteries to operate in conjunction with the solar PV modules. This pilot facility will be built in the third quarter of 2018.
- Storage committee. Electricity storage systems using batteries represent a new technology that can bring about significant changes in the way the solar PV plants of the future are designed on an industrial scale. This committee meets every month to analyse the new developments in the battery market, evaluate business models in the field of battery system uses and propose R&D+i expenditure as indicated in the preceding point.
- Work is being performed at the DEVCON division on the processing of permits and licences for two projects, on an industrial scale, for the integration of battery systems with solar PV generation, in order to:
  - Construct one of them as a pilot facility with a total installed capacity of 3 MW.
  - Prepare the second to bid for PPAs that exceed the generation time limitations to which the solar PV facilities are subject.
- At the SVCS division the Group continued with the improvement and fine-tuning of its control centre computer system (ROC) for monitoring technical O&M activities.

- Also at the SVCS division a new computerised system for reporting and recording the activities of the entire team of operators has been implemented, the aim of which is to improve the traceability of activities and the performance and design of maintenance plans.

8. Acquisition and disposal of treasury shares

Not applicable.

9. Other salient information

9.1. Dividend policy

Solarpack intends to reinvest the cash generated by it in new project developments that enable the Parent's business to grow in the medium/long term, thereby increasing the value of the equity interests of its shareholders. Therefore, Solarpack does not plan to pay any dividends in the next three years. Once that period of foreseeable growth has ended, Solarpack will analyse the growth opportunities at that time and reassess the dividend policy

Appendix I: Alternative Performance Measures

			Reconciliation of Alternative Performance Measures (APMs)		
APM	**Unit**	**Definition**	**30.06.2018**	**30.06.2017**	**Use Relevance**
Direct costs	kEUR	Procurements + Direct staff costs + Other direct operating expenses + Other direct income and expenses	(2891 k€) = 42 k€ + (2.028 k€) + (1.387 k€) + 480 k€	(18.235 k€) = 14.292 k€ + (2.243 k€) + (1.700 k€)	Profitability indicator used by the Management to estimate the operating expenses directly attributable to each project, thus assessing its evolution
Gross margin	kEUR	Operating income + Direct costs	9.856 m€ = 12.747 k€ + (2.891 k€)	2.143 m€ = 20.378 k€ + (18.235 k€)	Profitability indicator use by Directors to assess income generation disregarding those costs not directly attributable to the projects.
% gross margin	%	Gross margin / Operating income	77,32% = 9.856 k€/ 12.747 k€	10,53% = 2.147 k€/ 20.378 k€	Performance indicator used by Directors to estimate the operating performance percentage excluding direct operating expense
SGA	kEUR	Procurements + Staff costs + Other operating expenses + Other direct income - Direct costs	(2.530 k)= 42m€ + (3.250 k€) + (2.695 k€)+(480 k€)+2.891 k€	(1.926 k)= (14.292 k€) + (3.136 k€) + (2.729 k€)+(5 k€)+18.235 k€	Indicator for general, administrative and business expenses not directly attributable to the projects
EBITDA	kEUR	Operating income + Procurements + Staff costs + Other operating expenses + Other income and expenses	7.326 k€= 12.747m€ + 42 k€ + (3.250 k€)+(2.695 k€) + 480 k€	216 k€= 20.378 m€ + (14.292 k€) + (3.136 k€)+(2.727 k€) + 5 k€	Operating performance indicator disregarding interest, taxes and depreciations used by Directors to assess the operating cash flow generation capacity of the projects
% EBITDA	%	EBITDA / Operating income	57,5%=7.326/12.747	57,5%=7.326/12.747	% Operating performance indicator disregarding interest, taxes and depreciations related to the operating income
EBIT	kEUR	EBITDA / Depreciation and amortisation charge	6.257 k € = 7.326 k€ + (799 k€)	10 k € = 216 k€ + (206 k€)	operating performance disregarding interest and taxes
% EBIT	%	EBIT / Operating income	51,2% = 6.257 k€ / 12.747 k€	0% = 10k€ / 20.378 k€	% Operating performance indicator disregarding interest and taxes related to operating income.
APM	**Unit**	**Definition**	**30.06.2018**	**30.06.2017**	
Net financial debt	kEUR	Non-current payables + Current bank borrowings and other liabilities - Cash and cash equivalents - Current payables - Other current financial assets	79.413 k € = 92.697 k€ + 7.124 + (13.064 k€) + (815 k€) + (6.530 k€)	73.183 k € = 3.352 k€ + 94.115 + (19.529 k€) + (1.086 k€) + (3.670 k€)	Performance indicator used by the Directors to assess the net asset value
Borrowings	%	Net financial debt / (Equity + Net financial debt)	60,4% = 79.413 k€ / 51.970 k€ + 79.413 k€)	58% = 73.183 k€ / 51.960 k€ + 73.183 k€)	Performance indicator that reflects the gearing or leverage ratio of the business

Audited Consolidated Financial Statements of Solarpack Corporación Tecnológica, S.A. and its subsidiaries as of and for the year ended December 31, 2017

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
and Subsidiaries

Consolidated annual accounts for
the fiscal year finishing on
31 December 2017

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AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.:

Opinion

We have audited the consolidated annual accounts of SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A. (the Parent Company, formerly SOLARPACK CORPORACIÓN TECNOLÓGICA, S.L.), and its Subsidiaries (the Group), which include the balance sheet on 31 December 2017, the profit and loss account, the statement of global performance, the statement of changes in equity, the statement of cash flow and the report, all consolidated, corresponding the the fiscal year ended on that date.

In our opinion, the attached consolidated annual accounts express, in all significant aspects, the true image of the equity and financial situation of the Group on 31 December 2017, as well as its performance and cash flows, all consolidated, corresponding to the fiscal year ended on that date, in accordance with the International Financial Reporting Standards, adopted by the European Union (UE-IFRS), and all other provisions of the regulatory framework for financial reporting applicable in Spain.

Basis of opinion

We have carried out our audit in accordance with the rules on the activity of accounts audit existing in Spain. Our responsibilities in accordance with these standards are described later in the Auditor's Responsibilities section in relation to the audit of the consolidated annual accounts in our report

We are independent from the Group in accordance with all ethical requirements, including those of independence, applicable in Spain to our audit of the consolidated annual accounts, as required by the regulatory framework for accounts auditing. In this sense, we have not provided services other than the accounts audit, and no situations or circumstances have concurred that, under the provisions of the aforementioned regulatory framework, may have affected and compromised the necessary independence.

We consider that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, according to our professional judgment, are deemed to be the most significant material misstatement risks in our audit of the consolidated annual accounts for the current period. These risks have been addressed in the context of our audit of the consolidated annual accounts as a whole, as well as during the formation of our opinion thereon, and we do not state a separate opinion on those risks.

[left margin:] AUREN AUDITORES SP, SLP. C.I.F.: B-87352357 registered at the Mercantile Register of Madrid, on volume 33.829 sheet 89, Section 8, Page number M-60879, 1st entry, ROAC. S2347, Avda. General Perón, 38 28020 MADRID

Member of
Antea

c/Rodriguez Arias 14-4th floor – 48008 BILBAO
Tel. +34 94 415 56 99
www.auren.com

AUDIT AND ASSURANCE

Stock valuation

The main activity of the Group is the design, construction and sale of photovoltaic parks. The magnitude of the inventory heading at year-end is determined by the number of parks that the Group is developing and the stage in which they are at that date. The Group evaluates the recoverable value of the costs incurred in each park, in order to identify and determine possible impairment, based on the estimation of the value of cash flows derived from it, while considering also existing acquisition offers, if any. The estimation of cash flows requires the use of significant judgements by the Group's management. This fact together with the relative importance of these assets has led us to consider stock valuation as a significant aspect in our audit.

Our audit procedures to address this issue have included an understanding of the criteria of cost allocation to stock valuation implanted by the Group, as well as the judgements by the management to estimate its recoverable value. Additionally, we have carried out substantive procedures for, among others, verifying reasonableness and correct imputation, to each of the parks, of the costs incurred. We have also evaluated the reasonableness of the criteria used by the Group to estimate possible impairment, by reviewing and analysing the reasonableness of future cash flows, the discount rate used and the main key assumptions used in its determination, and by comparing projected annual flows with those actually obtained in fiscal year 2017.

Likewise, we have evaluated that the information disclosed in the consolidated annual accounts complies with the requirements of the regulatory framework for financial reporting applicable to the company.

Other issues

As indicated in Note 1.1 of the accompanying report, the consolidated annual accounts for fiscal year 2017 were drawn up by the Board of Directors of Solarpack Corporación Tecnológica, S.A. on 4 April 2018 and approved by the General Meeting on 29 June 2018. Subsequent to this date, the Board of Directors drew up consolidated interim financial statements for the six-month period ended on 30 June 2018. In this process, certain issues that have required the modification of certain amounts for the year 2017 were revealed, as it was deemed convenient to include certain information and additional breakdowns. As a result of the aforementioned situation, on 6 October 2018 the Board of Directors proceeded to the reformulation of the accompanying consolidated annual accounts and consolidated management report for 2017, which completely replace those initially formulated by the Board of Directors on 4 April 2018. Likewise, this audit report completely replaces the audit report we issued on 4 June 2018, in relation to the initial consolidated annual accounts.

As indicated in Note 1.1 of the accompanying report, the accompanying consolidated reformulated annual accounts for fiscal year 2017 include amendments from previous years. Given this circumstance, on the the one hand, the figures for the years 2016 and 2015, included for comparative purposes in these consolidated annual accounts, do not coincide with those corresponding to the annual accounts for 2016 and 2015, formulated by the Board of Directors on 31 March 2017 and 31 March 2016, respectively, and on the other hand, under the International Financial Reporting Standards, they include the the opening balance for fiscal year 2015.

Further information: Consolidated management report

The other information comprises exclusively the consolidated management report for the year 2017, the formulation of which is the responsibility of the directors of the Parent Company and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the consolidated management report, under the requirements of the regulating framework regulatory framework for accounts auditing, is evaluating and reporting on the consistency of the consolidated management report with the consolidated annual accounts, based on our knowledge of the Group obtained while preparing the audit for the aforementioned accounts and without including other information than that obtained as evidence during the audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the consolidated management report are in accordance with the applicable regulations. If, based on the work we have done, we conclude that there are material misstatements, we are obliged to report it.

Based on the work carried out, as described in the previous paragraph, the information contained in the consolidated management report agrees with the consolidated annual accounts for fiscal year 2017 and both the content and presentation in accordance with the applicable regulations.

Responsibility of the directors of the Parent Company in relation to the consolidated annual accounts

The Directors of the Parent Company are responsible for formulating the accompanying consolidated annual accounts, in such a way that they express a true and fair view of the equity, the financial situation and consolidated performance of the Group, in accordance with the UE-IFRS and other provisions of the regulatory framework on financial information applicable to the Group in Spain, and with the internal control deemed necessary to enable the preparation of consolidated annual accounts without material misstatement due to fraud or error.

In the preparation of the consolidated annual accounts, the directors of the Parent Company are responsible for assessing the Group's ability to continue as a going concern, revealing, as appropriate, the issues related to the going concern and using the accounting principle of going concern unless the directors of the parent company intend to liquidate the Group or cease operations, or there is no other realistic alternative.

Responsibilities of the auditor in relation to the audit of the consolidated annual accounts

Our purpose is to obtain reasonable assurance that the consolidated annual accounts as a whole are free from material misstatement, due to fraud or error, and issue an audit report that contains our opinion.

Reasonable security is a high degree of security, but it does not guarantee that an audit carried out in accordance with the regulatory framework for accounts auditing in force in Spain will always detect any material misstatement when they exist. Misstatements may be due to fraud or error and are considered material if, individually or in an aggregate manner, they can reasonably be expected to influence the economic decisions that users make based on the consolidated annual accounts.

As part of an audit in accordance with the regulatory framework for accounts auditing in force in Spain, we apply our professional judgement and maintain an attitude of professional scepticism throughout the audit. Additionally:

- We identify and assess the risks of material misstatement in the consolidated annual accounts, due to fraud or error, we design and apply audit procedures to respond to such risks and we obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate whether the accounting policies applied are adequate as well as the reasonableness of accounting estimates and the corresponding information disclosed by the directors of the Parent Company.

- We make conclusions on whether the utilisation by the directors of the Parent Company of the principle of going concern is adequate and, we conclude whether or not there is material uncertainty related to events or conditions that may generate significant doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the consolidated annual accounts or, if such disclosures are not adequate, we are required to express an amended opinion. Our conclusions are based on the evidence obtained to date from our audit report. However, future events or conditions may cause the Group to cease to be a going concern.

- We evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosed information, and whether the consolidated annual accounts represent the underlying transactions and events in a way that is able to express a true image.

- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and preparation of the Group's audit. We bear full responsibility for our audit opinion.

We communicate with the directors of the Parent Company regarding, among other matters, the planned scope and timing of the audit and the significant findings of the audit, as well as any significant internal control deficiencies that we identified during the course of the audit.

Among the significant risks that have been reported to the directors of the Parent Company, we determine those that have been of the greatest significance in the audit of the consolidated annual accounts for the current period as they are, consequently, the most significant risks.

We describe these risks in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

AUREN AUDITORES SP, SLP
Registered in ROAC No. S2347

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Juan Ignacio Irigoras Olabarría
Registered in ROAC No. 18810
8 November 2018

[Corporate stamp of the Institute of Sworn Indepdenten Accountants of Spain, stating it is subject to the Spanish and International Audit Law]
AUREN AUDITORES SP, SLP
2018 No. 03/18/03675

I, Enrique Íñiguez Rodríguez, Sworn Translator of the English language, certified by the Spanish Ministry of Foreign Affairs, do hereby certify this is a full and faithful translation of a certificate written in the Spanish language. Witness my hand and seal on this 20th day of November, 2018.

Don Enrique Íñiguez Rodríguez, Traductor-Intérprete Jurado de inglés nombrado por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Bristol, 20 de noviembre de 2018

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
y sociedades dependientes

Informe de auditoría independiente, Cuentas anuales consolidadas a 31 de diciembre 2017 e Informe de Gestión consolidado del ejercicio 2017

ENRIQUE IÑIGUEZ RODRÍGUEZ
Traductor - Interprete Jurado de INGLÉS
Nº 7926

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CONSOLIDATED BALANCE AS OF 31 DECEMBER 2017, 2016, 2015 AND 1 JANUARY 2015
(In Euros)

CLASE 8.ª

	Note	As of 31 December 2017	2016 (*)	2015 (*)	As of 1 January 2015 (*)
ASSETS					
Non-current assets					
Tangible fixed assets	6	5.196.459	5.572.208	5.568.950	5.896.684
Fixed assets material-photovoltaic solar plants		4.767.131	5.086.536	5.451.734	5.725.341
Tangible fixed assets-rest		429.328	485.673	117.216	171.343
Goodwill		0	0	714.027	0
Other intangible assets		85.762	2.592	277	2.400
Non-current financial assets	7	4.485.072	2.710.440	2.454.123	2.400.797
Investments in associates	7	2.115.409	3.107.769	975.815	1.408.773
Deferred tax assets	20	4.143.075	2.342.859	7.557.531	9.368.062
Other non-current assets	8	453.247	1.009.826	1.266.470	1.607.146
		16.479.024	**14.745.695**	**18.537.193**	**20.683.861**
Current assets					
Inventories	10	117.958.115	34.069.549	136.097.971	84.084.310
Inventories-photovoltaic solar plants		117.958.115	34.069.549	135.078.460	84.084.310
Inventories-rest		0	0	1.019.512	0
Trade and other receivables	9	6.105.008	2.807.635	3.394.007	2.212.463
Other current assets	9	357.237	3.217.943	664.087	357.972
Derived financial instruments	7 & 17	267.516	0	0	0
Current tax assets		2.186.940	1.174.061	3.379.675	3.960.618
Other non-current financial assets	7	4.647.917	6.494.953	4.916.271	12.018.507
Cash and cash equivalents	11	19.528.750	16.473.715	16.337.510	30.505.027
		151.051.482	**64.237.855**	**164.789.523**	**133.138.897**
Total assets		**167.530.506**	**78.983.550**	**183.326.716**	**153.822.759**

(*) Figures restated for comparative purposes.

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SOLARPACK CORPORACION TECNOLOGICA, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE AS OF 31 DECEMBER 2017, 2016, 2015 AND 1 JANUARY 2015
(In Euros)

		As of 31 December			As of 1 January
	~~Note~~	2017	2016 (*)	2015 (*)	2015 (*)
EQUITY					
Net equity attributable to the owners of the dominant					
Share capital	12	426.650	426.650	4.000	4.000
Share premium	12	5.213.067	5.213.067	100.000	100.000
Accumulated profit	13	46.595.744	45.174.491	41.857.454	40.239.690
Accumulated exchange rate difference	13	-3.033.277	259.312	1.183.387	656.427
Interim dividend		-262.900	0	0	0
Non-controlling interests	15	**4.020.259**	**5.299.949**	**5.757.811**	**3.947.605**
Total equity		**52.959.542**	**56.373.468**	**48.902.652**	**44.947.721**
Deferred income		0	0	0	
LIABILITIES					
Non-current liabilities					
Non-current provisions	21	324.645	168.441	1.365.093	1.102.846
Long-term external resources	16	3.352.146	3.664.313	3.943.664	4.283.533
Long-term external resources-photovoltaic solar plants		3.352.146	3.663.936	3.942.915	4.282.823
Long-term external resources-rest		0	377	749	710
Derived financial instruments	17	0	576.012	0	0
Deferred tax liabilities	20	1.133.037	1.657.657	3.654.562	5.447.183
Other current liabilities	19	161	409.424	328.193	399.263
		4.809.989	**6.475.846**	**9.291.511**	**11.232.825**
Current liabilities					
Short-term external resources	16	88.842.815	358.378	109.156.944	81.338.284
Short-term external resources-photovoltaic solar plants		85.098.029	327.214	90.778.633	81.192.365
Short-term external resources-rest		27.569	31.164	18.378.312	145.918
Subordinated debt with minority s. rel. to inventories		3.717.217	0	0	
Trade and other payables	18	9.874.150	6.314.444	6.497.553	7.736.108
Derived financial instruments	17	780.461	0	0	0
Other non-current financial liabilities	17	5.271.994	5.155.815	6.912.549	5.314.553
Current tax liabilities	19	2.448.758	3.419.551	1.531.535	1.977.446
Current provisions	21	332.104	212.740	516.103	551.362
Other current liabilities	19	2.210.693	673.307	517.868	724.460
		109.760.975	**16.134.236**	**125.132.552**	**97.642.213**
Total liabilities		**114.570.964**	**22.610.082**	**134.424.063**	**108.875.037**
Total equity and liabilities		**167.530.506**	**78.983.550**	**183.326.716**	**153.822.759**

(*) Figures restated for comparative purposes.

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CLASE 8.ª TRES CENTIMOS

CONSOLIDATED PROFIT AND LOSS ACCOUNT CORRESPONDING TO FISCALS YEARS ENDED ON 31 DECEMBER 2017, 2016 & 2015
(In Euros)

	Note	Fiscal year ended on 31 December 2017	2016 (*)	2015 (*)
OPERATING INCOME		**32.286.419**	**42.300.111**	**58.288.731**
Net sales figure	23	13.159.714	152.933.781	16.987.577
Other operating income	23	1.959.372	628.458	38.483
Change in inventory finished and semi-finished products	23	17.167.332	(111.262.128)	41.262.671
Change in inventory		17.167.332	(111.262.128)	41.262.671
OPERATING EXPENSES		**(27.007.713)**	**(19.922.152)**	**(48.415.881)**
Consumption of raw and secondary materials	10	(14.157.722)	(7.412.616)	(37.563.606)
Employee benefits expenses	24	(7.621.598)	(5.433.745)	(4.515.104)
Depreciation and impairment		(415.834)	(367.321)	(361.994)
Other operating income/(expense)	22	(4.812.559)	(6.708.470)	(5.975.177)
OPERATING PROFIT		**5.278.705**	**22.377.959**	**9.872.850**
Financial income	25	539.291	447.161	542.796
Financial expense	25	(2.370.891)	(4.652.686)	(6.415.539)
Variation in fair value of financial instruments	25	7.326.368	(652.220)	()
Net differences on exchange	25	(3.575.700)	2.715.773	4.200.801
Equity in income of associates	7	(1.214.846)	131.021	690.855
PERFORMANCE BEFORE TAXES	26	**5.982.928**	**20.367.009**	**8.891.763**
Income taxes	26	(622.552)	(5.358.168)	(1.494.273)
PROFIT FOR CONTINUED ACTIVITIES AFTER TAXES		**5.360.376**	**15.008.841**	**7.397.490**
PROFIT FOR THE YEAR		**5.360.376**	**15.008.841**	**7.397.490**
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**634.799**	**1.342.200**	**1.230.810**
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY	27	**4.725.578**	**13.666.641**	**6.166.680**
Profits from the equity in discontinued activities attributable to the shareholders of the Parent Company (expressed in Euros per share)				
Basic	27	11	32	1.542
From continued operations				

(*) Figures restated for comparative purposes.

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CONSOLIDATED COMPREHENSIVE INCOME CORRESPONDING TO FISCAL YEARS ENDED ON 31 DECEMBER 2017, 2016 & 2015
(In Euros)

	Fiscal year ended on 31 December		
	2017	2016 (*)	2015 (*)
PROFIT FOR THE YEAR	**5.360.376**	**15.008.841**	**7.397.490**
OTHER COMPREHENSIVE INCOME			
Items that can be subsequently classified			
Foreign currency translation differences	(3.835.226)	937.393	373.313
COMPREHENSIVE INCOME FOR THE YEAR NOT OF TAX	**1.525.151**	**15.946.234**	**7.770.804**
Attributable to:			
Owners of the parent	1.615.845	14.415.437	6.404.426
Non-controlling interests	(90.694)	1.530.798	1.366.378
COMPREHENSIVE INCOME FOR THE YEAR NOT OF TAX	**1.525.151**	**15.946.234**	**7.770.804**

(*) Figures restated for comparative purposes

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STATEMENT OF CHANGES IN CONSOLIDATED EQUITY CORRESPONDING TO FISCAL YEARS ENDED ON 31 DECEMBER 2017, 2016 & 2015
(In Euros)

	Share capital (Note 12)	Share premium (Note 12)	Accumulated exchange rate difference	Accumulated profit (Note 13)	Profit for the year	Interim dividend	Non-controlling interests (Note 15)	Total equity
Balance as of 1 January 2015 (*)	**4.000**	**100.000**	**656.427**	**39.251.579**	**988.111**	**-**	**3.947.605**	**44.947.721**
Total comprehensive income for 2015	-	-	237.745	-	6.166.680	-	1.366.378	7.770.804
Distribution of the income of 2014	-	-	-	988.111	(988.111)	-		-
Dividends (Note 13.b))	-	-	-	(4.514.134)	-	-	-	(4.514.134)
Changes in the consolidation perimeter (Note 1)	-	-	289.215	(28.698)	-	-	1.189.332	1.449.849
Other movements (**)	-	-	-	(6.084)	-	-	(745.504)	(751.587)
Balance as of 31 December 2015 (*)	**4.000**	**100.000**	**1.183.387**	**35.690.774**	**6.166.680**	**-**	**5.757.811**	**48.902.652**
Total comprehensive income for 2016	-	-	748.796	-	13.666 641	-	1.530.798	15 946.234
Distribution of the income of 2015	-	-	-	6.166.680	(6.166.680)	-	-	-
Capital increase (Note 12)	422.650	5.113.067	-	(296.000)	-	-	-	5.239.717
Dividends (Note 13.b))	-	-	-	(10.055.549)	-	-	-	(10.055.549)
Changes in the consolidation perimeter (Note 1)	-	-	(1.674.381)	(5.126)	-	-	(1.990.186)	(3.669.693)
Other changes	-	-	1.510	7.071	-	-	1.526	10.108
Balance as of 31 January 2016 (*)	**426.650**	**5.213.067**	**259.312**	**31.507.850**	**13.666.641**	**-**	**5.299.949**	**56.373.468**
Total comprehensive income for 2017	-	-	(3.109.733)	-	4 725.578	-	(90.694)	1.525.151
Distribution of the income of 2016	-	-	-	13.666.641	(13.666.641)	-	-	-
Dividends (Note 13.b))	-	-	-	(349.905)	-	-	-	(349.905)
Changes in the consolidation perimeter (Note 1)	-	-	(326.063)	(1.251.286)	-	-	1.420.905	(156.445)
Other changes in Equity (Note 13)	-	-	52.296	(1.703.133)	-	-	(460.049)	(2.110.886)
Other movements (***)	-	-	90.911	-	-	(262.900)	(2.149.851)	(2.321.841)
Balance as of 31 January 2017	**426.650**	**5.213.067**	**(3.033.277)**	**41.870.166**	**4.725.578**	**(262.900)**	**4.020.259**	**52.959.542**

(*) Figures restated for comparative purposes.

(**) Essentially, they correspond to the distribution of dividends to non-controlling interests in fiscal year 2015.

(***) Essentially, they correspond to the distribution of dividends to non-controlling interests in fiscal year 2017 and to the contributions made by non-controlling interests in subsidiaries in 2017.

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CONSOLIDATED CASHFLOW CORRESPONDING TO FISCAL YEARS ENDED ON 31 DECEMBER 2017, 2016 & 2015
(In Euros)

	~~Note~~	Fiscal year ended on 31 December 2017	2016 (*)	2015 (*)
Cash flows from operating activities				
Cash generated by continued and discontinued operations	28	(71.563.411)	(5.442.237)	(30.617.648)
Interest paid		(2.875.393)	4.125.937	(5.836.539)
Interest collected		212.919	118.702	428.809
Tax paid		(92.037)	(1.171.963)	(375.223)
Net cash generated by operating activities		(74.317.922)	(2.369.560)	(36.400.601)
Cash flows from investment activities				
Acquisition/withdrawal of subsidiaries, net of cash acquired	1 & 7	(5.783.945)	21.554.079	(548.040)
Acquisition of material assets	6	(63.209)	(369.764)	(36.663)
Acquisition of intangible assets		(85.162)	(2.666)	
Acquisition of shares from minority shareholders	1	-	-	
Acquisition/withdrawal of investments in companies of the group and :	7	84.639	(49.605)	769.789
Acquisition/withdrawal of financial assets	7 & 8	482.626	331.301	5.269.295
Net cash used in investment activities		(5.365.052)	21.463.345	5.454.382
Cash flows from financing activities				
Income from the issue of ordinary shares		-	5.239.716	-
Income from granted external resources	16 &19	92.109.606	3.994.554	20.963.547
Income (net of refunds) from external resources with high turnover		-	(18.380.396)	-
Amortisation of loans	16 &19	(4.043.225)	(271.848)	(1.880.719)
Dividends paid to Parent Company partners	13	(349.905)	(10.055.549)	(4.514.134)
Other payment/income to/from non-controlling interests	15	(4.151.254)	-	(745.504)
Net cash used in financing activities		83.565.222	(19.473.524)	13.823.190
Differences on cash exchange and other cash equivalents		(827.214)	515.944	2.955.512
Net (decrease)/increase of cash, cash equivalents and bank overdrafts		3.055.035	136.204	(14.167.517)
Cash, cash equivalents and bank overdrafts at the start of the year	11	**16.473.715**	**16.337.510**	**30.505.027**
Cash, cash equivalents and bank overdrafts at the end of the year	11	**19.528.750**	**16.473.715**	**16.337.510**

(*) Figures restated for comparative purposes.

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1. General information and regulatory framework

1.1 Solarpack Group and activity

Line of business

Solarpack Corporación Tecnológica, S.A., hereinafter the Parent Company, was incorporated on 1 April 2005 as a limited company for an indefinite period. Its Tax Identification Code is B-95.363.859. Its registered office is located in Avenida Algorta, 16 3º in Getxo, Biscay, wherein its activity is developped.

Solarpack Corporación Tecnológica, SA and Subsidiaries (hereinafter, the "Group" or "Solarpack Group"), have as their corporate purpose and main activity the promotion, management and administration of renewable energy producers, including the supply, installation and assembly of equipment and installations for energy-producing plants and the construction and sale of photovoltaic parks, as well as the production and sale of photovoltaic solar energy from solar parks owned by the Group.

Solarpack Corporación Tecnológica, SA is 75% owned by Beraunberri, SL, thus forming, together with other companies, a group in accordance with the provisions of article 42 of the Code of Commerce. However, the directors of Solarpack Corporación Tecnológica, SA, in compliance with the regulations in force, formulate consolidated annual accounts for the subgroup they control, in order to present a true and fair view of the financial situation and the income thereof, which they present, voluntarily, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRS-EU), approved by the Regulations of the European Commission and in force as of 31 December 2017.

The Solarpack Group develops its activities in the photovoltaic solar energy sector.

The operational geographical area of the Group at present is mainly Spain and Latin America (Chile, Peru, Uruguay and Colombia mainly), the United States of America, the Republic of South Africa, as well as India and Southeast Asia.

On 17 September 2018 the Board of Solarpack Corporación Tecnológica SA decided in a Extraordinary General Meeting the transformation from a Limited Company to a Public Corporation, which was made public on 25 October 2018 and was registered in the Mercantile Registry of Biscay on 30 October 2018.

None of the Group Companies is listed on the Stock Exchange.

Group structure

The list of all subsidiaries, associates and joint agreements as of 31 December 2017 and the information relating thereto, as well as the method whereby they have been integrated in the consolidation perimeter, is detailed in Appendix I to these consolidated annual accounts.

The parent company has direct or indirect holding in certain companies that have been excluded from consolidation. The main magnitudes of these companies as of 31 December 2017, 2016 and 2015, as well as the reasons wherefore they have been excluded are the following:

[initialled]

31 December 2017

Company:	Country	Net book value of the investment (Note 7)	Direct %	Indirect %	Total asset	Total liabilities	Equity	Theoretical Asset value	
Solarpak, SARL	France	0	1,00	-	8.608	87.493	(78.885)	(78.885)	(1)
Gestión Solar Perú, S.A.C.	Peru	49.943	(*)	0,50	916.015	307.125	608.890	304.445	(1)
Solarges Perú, S.L.	Spain	1.503	0,50		43.079	39.071	4.009	2.004	(1)
Ecuador Solar Holdco, S.L.	Spain	901.654	0,50	-	1.803.308	-	1.803.308	901.654	(2)
Itok Solar Incorporated, S.L.	Spain	(*)	(*)	0,38	1.796.832	842.392	954.440	357.915	(2)
Generación de Energia Solar Sol	Ecuador	(*)	(*)	0,38	392.362	46.984	345.378	129.517	(2)
Condorsolar, S.A.	Ecuador	(*)	(*)	0,38	1.368.156	341.940	1.026.216	384.831	(2)
Energia Regional, S.A. de C.V.	El Salvador	0	0,90		40.919	2.710	38.209	34.388	(3)
Tricahue Solar. SpA,	Chile	0	(*)	1,00	657	2.258	(1.602)	(1.602)	(1)
Tamarugal Solar 1, S.A.	Chile	0	(*)	1,00	1.258	4.164	(2.906)	(2.906)	(1)
Taltal Solar, S.A.	Chile	0	(*)	1,00	257		257	257	(1)
Diego Almagro Solar 2, S.A.	Chile	0	(*)	1,00	255	-	255	255	(1)
Diego Almagro Solar 3, S.A.	Chile	0	(*)	1,00	583	1.407	(824)	(824)	(1)
Los libertadores Solar, SpA.	Chile	0	0,20	0,80	389	963	(573)	(573)	(1)
		953.099							

(1) The company is not included into the consolidation because it is inactive and/or largely irrelevant

(2) In January 2014, 50% of the holdings in Ecuador Solar Holdco SL was disposed of to a third party without generating any income in the operation These companies are not integrated given that these companies have had activity until mid-2014, although they have not started their operating activity, having been taken on that date the decision not to continue their activity in Ecuador and to dispose of said companies. These investments have been subject to impairment (Note 7) and if they were included into the consolidation perimeter, since this is a joint venture, its fundamental impact would have involved to reclassify the holdings whereby Ecuador Solar Holdco SL is assigned to Investments and move them to Associates.

(3) The company is in the development phase and does not represent a significant interest.

(*) Shareholding in these companies is indirect and, therefore, the value of the investment in them is shown in the companies that are direct shareholders.

(Figures obtained from the Financial Statements of the unaudited companies).

[initialled]

31 December 2016

Company:	Country	Net book value of the investment (Note 7)	Direct %	Indirect %	Total asset	Total liabilities	Equity	Theoretical Asset value	
Solarpak, SARL	France	-	100,00%		17.297	94.807	-77.510	-77.510	(1)
Solarpack Development, Inc.	USA	-	100,00%		99.412	54.249	45.163	45.163	(1)
Gestión Solar Perú, S.A.C.	Peru	56.822	(*)	40,00%	1.236.639	634.081	602.558	241.023	(1)
Solarges Perú, S.L.	Spain	1.503	50,00%		43.079	39.071	4.009	2.004	(1)
Ecuador Solar Holdco, S.L.	Spain	1.053.573	50,00%		2.286.398	3.467	2.282.931	1.141.465	(2)
Itok Solar Incorporated, S.L.	Spain	(*)	(*)	37,50%	2.741.124	304.587	2.436.538	913.702	(2)
Generación de Energía Solar Sol	Ecuador	(*)	(*)	37,50%	903.123	140.185	762.938	286.102	(2)
Condorsolar, S.A.	Ecuador	(*)	(*)	37,50%	1.710.540	133.646	1.576.894	591.335	(2)
Energia Regional, S.A. de C.V.	El Salvador	27.629	90,00%		40.919	2.710	38.209	34.388	(3)
SpK Energías Renov. Mexico	Mexico	160	100,00%		845	22.273	-21.428	-21.428	(3)
Alvarado SL	Spain	3.000	100,00%		3.000	0	3.000	3.000	(1)
Solarpack Monclova SL Spk	Spain	3.000	100,00%		3.000	0	3.000	3.000	(1)
Tricahue Solar, SpA,	Chile	-	(*)	80,00%	589	2.039	-1.450	-1.450	(1)
Tamarugal Solar 1, S.A.	Chile		(*)	80,00%	1.317	4.362	-3.044	-3.044	(1)
Taltal Solar, S.A.	Chile	-	(*)	80,00%	129	415	-286	-286	(1)
Maria Elena Solar, S.A.	Chile	709	(*)	80,00%	95.994	98.094	-2.100	-2.100	(1)
Diego de Almagro Solar 2, S.A.	Chile	-	(*)	80,00%	129	415	-286	-286	(1)
Diego de Almagro Solar 3, S.A.	Chile		(*)	80,00%	522	1.873	-1.351	-1.351	(1)
Los libertadores Solar, SpA.	Chile	-	(*)	80,00%	142	0	142	142	(1)
		1.146.396							

(1) The company is not included into the consolidation because it is inactive and/or largely irrelevant

(2) In January 2014, 50% of the holdings in Ecuador Solar Holdco SL was disposed of to a third party without generating any income in the operation. These companies are not integrated given that these companies have had activity until mid-2014, although they have not started their operating activity. having been taken on that date the decision not to continue their activity in Ecuador and to dispose of said companies. These investments have been subject to impairment in fiscal year 2014 (Note 7) and if they were included into the consolidation perimeter, since this is a joint venture, its fundamental impact would have involved to reclassify the holdings whereby Ecuador Solar Holdco SL is assigned to Investments and move them to Associates

(3) The company is in the development phase and does not represent a significant interest.

(*) Shareholding in these companies is indirect and, therefore, the value of the investment in them is shown in the companies that are direct shareholders.

(Figures obtained from the Financial Statements of the unaudited companies).

[initialled]

31 December 2015

Company:	Country	Net book value of the investment (Note 7)	Direct %	Indirect %	Total asset	Total liabilities	Equity	Theoretical Asset value	
Solarpak, SARL	France	-	100,00%		474	9.490	-9.016	-9.016	(1)
Solarpack Development, Inc.	USA	-	100,00%		99.412	54.249	45.163	45.163	(1)
Gestión Solar Perú, S.A.C.	Peru	54.933	(*)	40,00%	832.458	487.767	344.692	137.877	(1)
Solarges Perú, S.L.	Spain	1.503	50,00%		43.079	39.071	4.009	2.004	(1)
Ecuador Solar Holdco, S.L.	Spain	1.009.217	50,00%		2.029.863	11.429	2.018.435	1.009.217	(2)
Itok Solar Incorporated, S.L.	Spain		(*)	37,50%	3.920.635	1.666.625	2.254.010	845.254	(2)
Solarconnection, S.A.	Ecuador		(*)	37,50%	941.674	111.863	829.811	311.179	(2)
Condorsolar, S.A.	Ecuador		(*)	37,50%	1.801.080	99.216	1.701.864	638.199	(2)
Energia Regional, S.A. de C.V	El Salvador	27.629	90,00%		40.919	2.710	38.209	34.388	(3)
SpK Energías Renov. Mexico	Mexico	160	100,00%		160	0	160	160	(3)
		1.093.443							

(1) The company is not included into the consolidation because it is inactive and/or largely irrelevant
(2) In January 2014, 50% of the holdings in Ecuador Solar Holdco SL was disposed of to a third party without generating any income in the operation. These companies are not integrated given that these companies had activity until mid-2014, although they did not start their operating activity, having been taken on that date the decision not to continue their activity in Ecuador and to dispose of said companies. These investments have been subject to impairment as of 31 December 2015 (Note 7) and if they were included into the consolidation perimeter, since this is a joint venture, its fundamental impact would have involved to reclassify the holdings whereby Ecuador Solar Holdco SL is assigned to Investments and move them to Associates.
(3) The company is in the development phase and does not represent a significant interest.
(*) Shareholding in these companies is indirect and, therefore, the value of the investment in them is shown in the companies that are direct shareholders.
(Figures obtained from the Financial Statements of the unaudited companies).

Had these companies been included in the consolidation perimeter in fiscal year 2017, their approximate effect, with the figures of their unaudited Financial Statements, in the main magnitudes of the Financial Statements of the Consolidated Annual Accounts would have been a variation of around 0.3% in total assets, 0.2% in total liability and 0.4% in total consolidated equity, which would mean a variation of around 0.25% on the profit for the fiscal year.

Had these companies been included in the consolidation perimeter in fiscal year 2016, their approximate effect, with the figures of their unaudited Financial Statements, in the main magnitudes of the Financial Statements of the Consolidated Annual Accounts would have been a variation of around 1.0% in total assets, 2.1% in total liability and 0.4% in total consolidated equity, which would mean a variation of around 0.6% on the profit for the fiscal year.

Had these companies been included in the consolidation perimeter in fiscal year 2015, their approximate effect, with the figures of their unaudited Financial Statements, in the main magnitudes of the Financial Statements of the Consolidated Annual Accounts would have been a variation of around 0.3% in total assets, 0.3% in total liability and 0.2% in total consolidated equity, which would mean a variation of around 0.2% on the profit for the fiscal year.

Changes in the scope of consolidation

Fiscal year 2017

In fiscal year 2017, the subsidiaries Solarpack Colombia SAS, Ekialde Solar Private Limited, Pedroso Solar SL, Sol de Alvarado SL and Peñaflor Solar SL were incorporated and the Parent Company subscribed 100% of the share capital. These are included in the consolidation perimeter in this fiscal year.

Nonetheless, although the companies Spk Alvarado SL, Solarpack Monclova SL and Maria Elena Solar SA were incorporated during 2016 and the Group controlled them, they were not included in the consolidation perimeter until fiscal year 2017.

Likewise, two foreign companies (Spk Energías renovables México 1 and Solarpack Development, Inc.) incorporated in previous years have been added to the consolidation perimeter in fiscal year 2017, the parent company subscribing 100% of their share capital. These companies have been inactive until fiscal year 2017 and they have not been included in the consolidation perimeter until this period. Their inclusion has not had a significant effect on the consolidated figures for fiscal year 2017.

In January 2017, the Group made contributions to equity capital in the following subsidiaries: Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd, located in India. These generated a variation in the percentages of holding thereon lower than 3% in all cases, based on the capital contributed. The contributions made amounted to a total of 356 245 Indian rupees, equivalent to approximately 4 929 thousand euros. As a result of this contribution and those of the other associates of these subsidiaries, there has been a 3.36% reduction in the percentage of the group's holding in these companies.

In March 2017, the Group made capital contributions to its subsidiary Solarpack India LLP for a total amount of 17 200 thousand Indian rupees (equivalent to approximately 234 thousand euros) and during the second half of 2017 the Group made new capital contributions for a total amount of 772 thousand US dollars (equivalent to 656 thousand euros, approximately).

Between 1 January 2017 and 30 June 2017, the Group made capital contributions in foreign subsidiaries, located in Chile, without variation of the percentage of holding in them for a total amount of 8613 thousand US dollars, and an increase in non-controlling interests, amounting to 1121 thousand euros, mainly originated by the contributions made in the subsidiary PMGD Holdco Chile SpA. (Note 15).

In April 2017 the subsidiary Solarpack Chile Ltda sold Diego Almagro Solar SpA. Its exit from the perimeter has not had any significant impact on the consolidated figures.

Additionally, during fiscal year 2017 there were certain operations that have led to variations in the percentage of holdings in the subsidiaries Solarpack Chile Ltda and Solarpack Perú SAC, companies wherein the Group has gone on to hold 100% of the capital, which has also involved variations in the percentages of holdings in their subsidiaries. The operations performed are summarised below:

- On 23 October 2017, through an extraordinary shareholders' meeting, it was agreed to convert the company into a limited liability company whose name was "Solarpack Chile Ltda".

- On 5 December 2017 the Group acquired the shares of Solarpack Chile Ltda that belonged to non-controlling interests.

- On 5 December 2017 the capital was reduced to carry on the partial exit from the Group of non-controlling interests, reducing to 99.5% the share they held in Solarpack Chile Ltda, equivalent to a 19.9% of the total share capital of Solarpack Chile Ltda at face value, i.e. 20 915 thousand Chilean pesos (equivalent to approximately 26 thousand euros).

- On 5 December 2017 the Group acquired 20% of shares in Solarpack Peru SA. that belonged to non-controlling interests, for an amount of 65 thousand US dollars (equivalent to approximately 55 thousand euros). This operation has not generated any results in the consolidation, since the amount paid corresponded to equity values at that date

Fiscal year 2016

On 29 January 2016 the parent company acquired from a third party 86% of the shares of the companies Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd, domiciled in India at its face value of 516 thousand rupees, whose equivalent value in euros amounted to 7 thousand euros. As of 31 December 2015, these investments were pending disbursement. Since these subsidiaries in fiscal year 2015 were only incorporated, they were not included in the consolidation perimeter. During 2016, the Company made successive contributions to them that have been disbursed, with a slight variation in the percentage of holdings and, given that the companies have started their activity, they were included in the consolidation perimeter in the current fiscal year

On 1 April 2016 the parent company acquired 100% of the share capital of Solarpack Asia SDN BHD, for an amount of 100 Malaysian ringgit, whose equivalent value in euros amounted to 23.42 euros, being incorporated to the consolidation perimeter on that date. On 21 April 2016, the parent company subscribed 499 900 shares through a capital increase amounting to 500 thousand Malaysian ringgit, whose equivalent value in euros amounted to 117 thousand euros.

On 28 February 2016, the parent company incorporated Solarpack India LLP, subscribing 99.99% of the share capital amounting 100 000 thousand rupees (equivalent value in euros: 1321 thousand euros). As of 31 December 2016, the company disbursed 230 thousand US dollars, whose equivalent value in euros amounted to 204 thousand euros. This company was included into the consolidation perimeter on the date of incorporation.

On 20 September 2016 the parent company incorporated Spk Services Singapore Pte Ltd, subscribing 100% of the share capital for an amount of 40 thousand dollars, whose equivalent value in euros amounted to 36 thousand euros and was included on that date into the consolidation perimeter.

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On 29 April 2016, the company PMGD Holdco Chile SpA was incorporated, with the parent company subscribing the entire share capital at its nominal value. This subsidiary was included into the consolidation perimeter on said date. During the second half of 2016, the subsidiaries Solarpack Chile SA and PMGD Holdco SL made several contributions, now owning 84% and 16% of said subsidiary, respectively.

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Dated 17 August 2015 Amunche Solar SpA was incorporated, the subsidiary Solarpack Chile SA subscribing 100% of the shares at their nominal value, whose equivalent value in euros amounted to 1 thousand euros. Since the subsidiary in fiscal year 2015 was only incorporated, it was not included in the consolidation perimeter, and it was included into the consolidation perimeter in fiscal year 2016.

In fiscal year 2008, the subsidiaries Calama Solar 1 SpA and Calama Solar 2 SpA were incorporated. They have been inactive until fiscal year 2016, and therefore they have not been included in the consolidation perimeter for the previous years. As of 31 December 2016, the shareholder PMGD Holdco Chile SpA holds 100% of the share of both companies, amounting to a total of 2324 thousand euros.

The companies Diego Almagro Solar SpA and Arica Solar 1 SA were incorporated on 1 September 2009 and 2 February 2011, respectively, the subsidiary Solarpack Chile SA subscribing 50% of the share capital of both companies at their nominal value. On 23 January 2015 the parent company acquired the remaining 50% of the share capital of both companies. In the second half of fiscal year 2016, Solarpack Chile SA has made capital contributions to them, now owning 99.97% of each of them. These companies were only incorporated, therefore they were not included in the consolidation perimeter, and were included into the consolidation perimeter in fiscal year 2016.

On 8 April 2016, the parent company sold its entire stake in the subsidiary Alto Cielo SA, losing control over it, which left the consolidation perimeter. This change, in turn, has led to the removal from the balance sheet of all its assets and liabilities, which has meant, fundamentally, the removal of the photovoltaic plant classified under inventories (Note 10) held by the company.

Additionally, during fiscal year 2016, the Group partially disposed its holdings in the subsidiaries Ataca Solar Holdco Spa y Pampul Holdco SL, in 61% and 36% respectively, retaining a stake in the share capital of both amounting to 19%. This change implies the loss of control over them, therefore in fiscal year 2016 are consolidated using the equity method instead of the method of global integration (Note 7.c)). This disposition is part of the agreement reached in 2016 with an external investor, which has acquired a stake in the equity of the parent company in the fiscal year, as indicated in Note 11. Ataca Solar Holdco Spa owns 99% of the companies Calama Solar 3 SA, Pozo Almonte Solar 2 SA and Pozo Almonte Solar 3 SA, and Pampul Holdco SL owns 99.99% of the company Moquegua FV SAC, therefore this operation has caused the loss of control by the Group over these companies, wherein the Group maintains significant influence. As a result, this fact causes the removal of all the assets and liabilities of these companies: essentially, plants registered in Inventories (Note 10) and the external resources guaranteed thereby (Note 16).

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Fiscal year 2015

On 23 February 2015, the subsidiary PMGD Holdco, S.L. was incorporated, the parent company subscribed 80% of the share capital and the subsidiary was included into the consolidation perimeter on said date. In April 2015, the parent company made contributions to the subsidiary, without changing the percentage of holding.

The parent company of the Group, on 6 March 2015, acquired 100% of the capital of Solarpack Uruguay SA at the nominal value of the shares, for a value of 20 thousand Uruguayan pesos (amount in euros: 735.46). This subsidiary was included into the consolidation perimeter on said date.

On 17 December 2015 the parent company acquired 80% of shares in the company Ataca Solar Holdco SpA at face value (1 thousand euros) and on 23 December 2015 the subsidiary Solarpack Chile SA sold and transferred its holdings in the subsidiaries Calama Solar 3 SA, Pozo Almonte Solar 2 SA and Pozo Almonte Solar 3 SA, all of them already included in the consolidation perimeter in fiscal year 2014.

On 9 October 2014, the parent company acquired 100% of the share capital of Alto Cielo SA for a total amount of 825 thousand US dollars, recording as of 31 December 2014 only the investment for the amount disbursed at that date (166 thousand euros). In fiscal year 2015, the parent company disbursed the amount of the pending investment, which generated a goodwill on consolidation amounting to 714 thousand euros (Note 2.7 (c)).

On 13 April 2009, Pozo Almonte Solar 1 SA was incorporated, the subsidiary Solarpack Chile SA subscribing 80% of the shares for a value of 572.07 euros. This company was inactive until fiscal year 2015, therefore it was not included in the consolidation perimeter in fiscal year 2014. On 15 April 2015, the subsidiary Solarpack Chile SA, holder of the shares of this company, sold and transferred them to the also subsidiary PMGD Holdco SL, without this transaction generating any income for the Group. Pozo Almonte Solar 1 SA was included into the consolidation perimeter on said date.

As of 31 December 2014, under the consolidated balance sheet Non-Current Financial Assets, there was recorded the investment on 60% of the company Kabi Energy Limited for an amount of 14.33 euros, which the parent company did not include into the consolidation perimeter on said date, and which was incorporated in 2015. Given that it was a joint agreement, the Group evaluated the nature of this joint agreement, determining that it was a joint venture and incorporating it, under the provisions of IFRS 11 (Note 2.3.d)), using the equity method (Note 7.c)). Their fact did not have a significant effect on the consolidated figures for fiscal year 2015.

Formulation of accounts

The Board of Directors of the Parent Company held on 4 April 2018, formulated the consolidated annual accounts of the Group as of 31 December 2017, which were approved by the General Shareholders' Meeting on 29 June 2018, and have not been published since they were not deposited in the Mercantile Registry. Subsequent to this date, the Board of Directors drew up consolidated interim financial statements for the six-month period ended on 30 June 2018. In this process, certain issues that have required the modification of certain amounts for the year 2017 included in the Group's consolidated annual accounts as of 31 December 2017 were revealed, as it was deemed convenient to restate the comparative figures and to include certain information and additional breakdowns, such as segment information (Note 5). As a result of the situation described, the Parent Company's directors have restated the Group's Consolidated Annual Accounts as of 31 December 2017, on 6 November 2018, which completely replace those initially formulated by the Board of Directors on 4 April 2018, wherein the modifications indicated in Note 2.2 are made, in certain amounts for fiscal year 2017, restating the comparative figures for 2016, as well as those for fiscal year 2015 presented in the consolidated annual accounts in order to include more complete comparative information.

1.2 Regulatory Framework

Both Solarpack Corporación Tecnológica SA and some of the subsidiaries consolidated by the global integration method or equity method carry out photovoltaic activities in Spain and abroad (see Annex I to these Consolidated annual accounts), heavily influenced by regulatory schemes. This is the fundamental regulatory framework that affects the Solarpack Group:

Sectoral Regulation in Spain

On 27 December 2012, Law 15/2012 on tax measures for energy sustainability was issued, coming into force on 1 January 2013, and establishing, among other measures, a tax on the value of electricity: 7% on activities of production and incorporation of electric power into the electrical system.

On 2 February 2013, Royal Decree-Law 2/2013, of 1 February, on urgent measures in the electricity system and in the financial sector, was issued. It automatically, with effect from 1 January, changed the energy sale option chosen by the special regime facilities as all facilities went to the tariff option, at the same time it abolished the reference premiums and the limits that were applied in the put to market option and it introduced, for compensation, tariff and premium updates, the Consumer Price Index with constant taxes without unprocessed food or energy products.

On 13 July 2013, Royal Decree-Law 9/2013, of 12 July, on urgent measures to guarantee the financial stability of the electricity system was issued. This Royal Decree-Law abolished the regulations that, to date, governed the legal and economic regime applicable to existing installations for the production of electric energy from renewable energy sources, cogeneration and waste with a premium, while mandating the Government so that, on the proposal of the Minister of Industry, Energy and Tourism, approve a Royal Decree establishing the new remuneration model of these facilities, in order to adjust it to the principles established in the new wording given to article 30.4 LSE, namely (i) participation in the market, (ii) reasonable profitability and (iii) efficient and well-managed company. For these purposes, it was established that for facilities that, at the date of entry into force of Royal Decree-Law 9/2013, were entitled to a premiumed economic regime, the reasonable profitability shall be based, before taxes, on the average performance of the Obligations of the State in the secondary market in the ten years prior to the entry into force of said Royal Decree-Law, increased by 300 basis points, and revisable every six (6) years.

The starting point for the compensation of electric power production facilities in the special regime is the definition of standard facilities that shall serve, for each technology, as a model for the calculation of that compensation.

This remuneration shall take into account: (i) the standard revenues from the sale of generated energy valued at the market price, (ii) a compensation to the investment composed of a term per unit of installed power that may, if necessary, hedge investment costs that are not recovered in the market for the sale of energy, compared to the standard value of the initial investment and (iii) a compensation to the operation that may hedge, if applicable, the difference between the standard operating costs and the income from the market share of said standard installation.

The regulations provided for the automatic assignment of each specific installation to the standard installation applicable.

The new tariff model for these facilities was applicable since the entry into force of Royal Decree-Law 9/2013, i.e. from 14 July 2013. However, until the approval of the necessary provisions for the full application of the Royal Decree on the new legal and economic regime applicable to the installations, the regulations repealed by said Royal Decree-Law continued to be applied, with the revenues during this transitory period being considered as received on account.

On 27 December 2013 the Law 24/2013, of 26 December, on the Electricity Sector was issued. After multiple and continuous regulatory changes distorting the normal functioning of the sector, it provided the necessary regulatory stability while rushing structural reforms to ensure the sustainability of the system in the long term. The law, among others, introduced generally the concepts of temporary imbalances in closing settlements and temporary deviations in monthly settlements, as well as adjustment mechanisms in the event that the revenues of the system are lower than their costs. For the purposes of renewable energy production facilities, the law reflects what had already been approved in the aforementioned Royal Decree-Law 9/2013, clarifying aspects related to the regularisation of income received on account.

In February 2014, the National Commission for Markets and Competition sent a draft Ministerial Order that developed the regulations contained in said Royal Decree Law, and established the new allowances for these facilities from 14 July 2013. At the date of preparation of the consolidated annual accounts for fiscal year 2013, this Ministerial Order, together with other regulatory developments, were pending approval, but the Group considered them when estimating their impacts on the consolidated balance sheet and on the consolidated Profit And Loss Account for the consolidated annual accounts as of 31 December 2013.

On 6 June 2014 the Council of Ministers approved Royal Decree 413/2014 on the production of electricity from renewable energy sources. cogeneration and waste. This Royal Decree developed the economic regime that was established by Royal Decree-Law 9/2013 of 12 July. On 20 June 2014, the Order IET/1045/2014, of 16 June, on the allowances for standard installations applicable to certain facilities of electricity production from renewable energy sources, cogeneration and waste was issued, applicable from the first regulatory half-period ending on 31 December 2016. From this moment, new compensation and regularisation of the income received on account began to be applied, although the general liquidation procedure is still pending approval.

On 7 July 2014, Order IET/1168/2014, of 3 July, on the date of automatic registration of certain facilities in the register of specific remuneration regime provided for in Royal Decree 413/2014, of 9 July, was issued.

Sectoral Regulation in Peru. Electricity Concession Law Peru- Decree Law No. 25844

In Peru, the electric power sector is governed by the Electricity Concessions Law, under Decree Law No. 25844, Supreme Decree No. 009-93-EM and the amendments and extensions thereof. According to this law, the electric power sector in Peru is divided into three main segments: generation, transmission and distribution. As of October 2000, the Peruvian electricity system comprises the National Interconnected Electric System - SEIN, as well as other related systems. The Group supplies renewable electricity in the segment belonging to the SEIN. In 2006, Law No. 28832, which ensures the efficient development of electric power generation, introduced important changes in the sectoral regulation.

In accordance with the Electricity Concessions Law, the operation of power generation plants and transmission systems is subject to the regulation of the National Economic Operation Committee - COES-SEIN, so that their operations can be coordinated at a minimum cost, thus ensuring the safe supply of electricity, as well as the best use of energy resources. The COES-SEIN regulates the prices of electricity and transmission between power generators and the compensation for the owners of the transmission systems.

Regulatory Framework in Chile

With regard to the subsidiaries located in Chile, Pozo Almonte Solar 1 SpA, Calama Solar 1 SpA and Calama Solar 2 SpA, the sale of energy is made directly to the Interconnected System of Norte Grande (SING) under a Stabilised Node Price associated with Small Means of Distributed Generation (PMGD), set by the National Energy Commission on a semi-annual basis.

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With respect to the subsidiary Arica Solar 1 SA, the Group's management will seek to commercialise the energy produced by the photovoltaic solar plant via a power purchase agreement (PPA) with a free consumer of the electricity system.

Regarding the companies, located in Chile, which are valued from the year 2016 by the equity method, Calama Solar 3 SA, Pozo Almonte Solar 2 SA and Pozo Almonte Solar 3 SA, they have established agreements for the supply of the energy produced by the photovoltaic solar plants for the period of their estimated useful life with sales prices agreed in US dollars, subject to an indexation formula based on the variation of the consumer price index of the United States of America. In addition, the agreements contemplate mechanisms to define the charges that must be borne by the parties in the event that extra costs may arise as a result of the application of binding regulatory requirements established in the future by competent authorities. Therefore, the effect of the regulatory framework in Chile to date has a limited impact.

With regard to the company Diego Almagro Solar SpA, the sale of energy is made directly to the Interconnected Central System (SIC) under a Stabilised Node Price associated with Small Means of Distributed Generation (PMGD), set by the National Energy Commission on a semi-annual basis.

Regulatory Framework in India

As regards the subsidiaries located in India: Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private have established agreements for the supply of the energy produced by the photovoltaic solar plants for the period of their estimated useful life with sale prices agreed in Rupees (India), fixed for the whole life of the agreement.

2. Summary of the main accounting policies

The main accounting policies adopted in the preparation of these consolidated annual accounts are described below. Except as provided in Note 2.1.1 below, the accounting policies have been applied consistently for all the years presented.

2.1 Basis of presentation

The Group's consolidated annual accounts as of 31 December 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (IFRS-EU) and approved by the Regulations of the European Commission, effective as of 31 December 2017.

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The consolidated annual accounts of the Solarpack Group as of 31 December 2014 were the first consolidated annual accounts that the Group led by Solarpack Corporación Tecnológica, S.A. presented under IFRS-EU, with the transition date on 1 January 2013. Until the fiscal year ended on 31 December 2013, inclusive, the consolidated annual accounts of the Group had been prepared in accordance with the provisions of the current commercial legislation, contained in the amended Code of Commerce according to Law 16/2007, of 4 July, on the reform and adaptation of commercial legislation in accounting matters for its international harmonisation based on European Union regulations, Royal Decree 1514/2007, of 20 November, approving the General Accounting Plan, and Royal Decree 1159/2010, of 17 September, establishing the regulations for the formulation of consolidated annual accounts, in everything that does not contradict the provisions of the aforementioned mercantile reform. In the fiscal year ended on 31 December 2014, the Group's management evaluated the differences in criteria between these standards and the IFRS, and restated, if necessary, the figures for fiscal year 2013 for the purpose of presenting comparative information under IFRS. The Group in its consolidated annual accounts for 2014 included information about the transition from the previous PGC to IFRS, meeting the requirements of IFRS 1 in this regard.

The consolidated annual accounts have been prepared under the historic cost approach.

The preparation of consolidated annual accounts in accordance with IFRS-EU requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Note 4 discloses the areas that imply a higher degree of judgement or complexity or the areas where the hypotheses and estimates are significant for the consolidated annual accounts.

With the entry into force on1 January 2017 of certain International Financial Reporting Standards, the Company has adapted its consolidated annual accounts to these standards. The rules that have come into force are detailed below.

The consolidated annual accounts are not affected by any aspect that may contravene the applicable basis of presentation.

2.1.1. Relation and summary of standards, amendments to standards and interpretations published to date

a) <u>Standards, amendments and mandatory interpretations for all fiscal years from 1 January 2016</u>

<u>IAS 7 (Amendment) "Disclosure Initiative"</u>

Any entity is required to disclose information that allows users to understand changes in liabilities arising from financing activities. This includes changes arising from:

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- Cash flows, such as provisions and loan repayment; and
- Non-monetary changes, such as acquisitions, disposals and unrealised exchange differences.

The liabilities arising from financing activities are liabilities for which the cash flows were, or will be, classified in the statement of cash flows as cash flows from financing activities. In addition, changes in financial assets should also be included under the new disclosure requirement if the cash flows of those financial assets are included in the cash flows from financing activities.

The amendment suggests the inclusion of reconciliation between the initial and final balances in the balance sheet for the liabilities arising from financing activities would meet the information requirement, although it does not establish any specific format.

This modification has been considered in the breakdown included in these consolidated annual accounts.

IAS 12 (Amendment) "Recognition of deferred tax assets for unrealised losses"

The amendments to IAS 12 clarify the requirements to recognise assets for deferred tax on unrealised losses. The amendments clarify the accounting treatment of deferred tax when an asset is valued at fair value and this fair value is lower than the tax base of the asset. It also clarifies other aspects of the accounting for deferred tax assets.

The application of this amendment to IAS 12 did not had a significant effect on the Group

b) Standards, amendments and interpretations that have not yet entered into force, but can be adopted in advance.

At the date of the signing of these consolidated annual accounts, the IASB and the IFRS Interpretation Committee had published the standards, amendments and interpretations detailed below, although the Group has not adopted them in advance.

IFRS 4 (Amendment) "Application of IFRS 9 "Financial instruments" with IFRS 4 "insurance contracts"

Given the Group's activity, this amendment has not affected its consolidated annual accounts.

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IFRS 9 "Financial Instruments"

It addresses the classification, valuation and recognition of financial assets and financial liabilities. The full version of IFRS 9 was published in July 2014 and replaces the guidance in IAS 39 on classification and valuation of financial instruments. IFRS 9 is kept, although simplifying the mixed valuation model and establishing three main categories of valuation for financial assets: amortised cost, at fair value through profit or loss, and at fair value with changes in other comprehensive income. The classification basis depends on the business model of the entity and the characteristics of the contractual cash flows of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at the beginning of presenting changes in fair value in other non-recyclable comprehensive income, provided that the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented through profit or loss. Regarding financial liabilities, there have been no changes with respect to classification and valuation, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. Under IFRS 9 there is a new model for impairment loss, the model of expected credit losses, which replaces the impairment loss model incurred in IAS 39 and which will result in an acknowledgment of losses before than it was commonly done under IAS 39. IFRS 9 relaxes the requirements for the effectiveness of hedge. Under IAS 39, a hedge must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this by requiring an economic relationship between the hedged item and the hedging instrument and that the hedged ratio be the same as the one actually used by the entity for risk management.

Finally, extensive information is required, including a reconciliation between the initial and final amounts of the provision for expected credit losses, assumptions and data, and a reconciliation in the transition between the categories of the original classification under IAS 39 and the new ones under IFRS 9.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, and the Group has not applied it in advance. The Group has opted not to restate previous fiscal years and recognise the effect of the application of IFRS 9 at the beginning of the year 2018, the date of initial application, in the opening balance of the reserves for accumulated profit for this fiscal year, and whose amount is deemed not significant. The expected impact of the application of the new standard on 1 January 2018 may be summarised in the following aspects:

The Group does not expect the new standard to have a significant effect on the valuation of its financial assets that are valued at amortised cost. However, certain amounts now presented under the denomination of financial assets held to maturity may have to be classified as loans and receivables, without any effect on their valuation.

No significant effect is expected in the accounting for financial liabilities by the Group given that the same requirements only affect financial liabilities that are designated at fair value through profit or loss.

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Deregistration regulations have not changed with respect to those established in the previous IAS 39.

On the other hand, although the new hedge accounting rules could result in certain hedge situations where the hedge accounting criteria were not applied after the conclusion of their analysis, but can be deemed to allow application of such hedge accounting under this new regulations, the amounts of the derivative instruments related are not significant in any case, and therefore their potential effect would also be not significant.

The new impairment model is based on expected losses instead of just credit losses incurred (model of the current IAS 39). This impact mainly affects the financial assets and the assets of agreements under IFRS 15 (commercial debtors) held by the Group at year-end

Given that investments in financial assets are mostly in the short term and with financial institutions with a full credit guarantee rating or, as the case may be, they are already allocated to the total non-recoverable portion (Note 7), there is no expected significant effect in this section.

In relation to the credit risks of commercial debtors, it is not expected that the application of the new standard will result in a significant increase in impairment provisions since in all cases they are short-term receivables related to companies of very high credit quality, or else collection is guaranteed by credit institutions of such total guarantee.

Of all the points described above, the Group has estimated the amount to be recorded against the initial balance of accumulated profit for fiscal year 2018, amounting to 76 thousand euros.

IFRS 15 "Revenue from agreements with customers"

In May 2014, IASB and the FASB jointly issued a convergent standard in relation to the recognition of ordinary income from agreements with customers. Under this rule, income is recognised when a customer takes control of the goods or service sold, i.e. when it has both the capacity to direct the use and to obtain the benefits from the goods or service. This IFRS includes a new guide to determine if income should be recognised over time or at a specific time. The 15 IFRS requires information both recognised revenues and revenues expected to be recognised in the future in relation to existing agreements. Likewise, it requires quantitative and qualitative information on the significant judgements made by the management to determine the income recognised, as well as on the changes in these judgements.

Subsequently, in April 2016, IASB published amendments to this standard that, although do not modify the fundamental principles, clarify some of the more complex aspects.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, and the Group has not applied it in advance.

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The Group intends to adopt the standard by using the modified retrospective approach, which means that the cumulative impact of the adoption will be recognised in the accumulated profit as of 1 January 2018 and that the comparative figures will not be restated.

The Group's management is currently evaluating the possible effects of the application of the new standard, considering the different lines of activity and types of agreement with existing customers.

The Group. for the time being, does not expect significant effects in its consolidated financial statements derived from the application of IFRS 15.

IFRS 15 (Amendment) "Clarification to IFRS 15 "Revenue from agreements with customers"

IASB has amended IFRS 15 in order to:

- Clarify the guide for the identification of performance obligations, the accounting for industrial property licenses and principal versus agent evaluation (presentation of net ordinary income versus gross income)
- Include new illustrative examples and modifications for each of these areas of the guide.
- Provide additional practical resources related to the transition to the new standard.

These changes do not change the fundamental principles of IFRS 15, but they do clarify some more complex aspects of this standard.

This amendment will be effective for annual periods beginning after 1 January 2018.
The impacts of this change have been analysed together with the application of the IFRS 15.

IFRS 16 "Leasing"

In January 2016, IASB published this new standard, the result of a joint project with FASB, which repeals IAS 17 "Leases".

IASB and FASB have reached the same conclusions in many areas related to agreements of lease accounting, including the definition of a lease, the requirement, as a general rule, reflect the leases in the balance sheet and the valuation of liabilities for leases. Under the new standard, an asset (right of use) and a financial liability for the payment of rentals are recognised, except in short-term or low-value agreements.

There are still differences between IASB and FASB regarding the recognition and presentation of expenses related to leasing in the income statement and in the statement of cash flows.

This standard will be effective for annual periods beginning after 1 January 2019. Its application is allowed in advance if at the same time IFRS 15 "Ordinary income from agreements with customers" is also adopted.

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At present, the Group does not intend to adopt the standard in advance and deems that it will apply the simplified approach in the transition and will not restate the comparative figures for the year prior to the first adoption.

Management is currently analysing the main existing operating lease agreements in order to carry out a preliminary assessment of the impacts that the future application of this standard could have on its consolidated financial statements. Note 29 discloses the non-cancellable operating lease commitments (which correspond mainly to leases of land whereon solar plants are installed in Spain, with maturities between 2031 and 2046). This preliminary assessment indicates that these agreements will comply with the definition of lease in accordance with IFRS 16, and, therefore, the Group will recognise an asset for right of use and the corresponding liability.

c) **Standards, amendments and interpretations to existing standards that cannot be adapted in advance or have been adopted by the European Union.**

At the date of the signing of these consolidated annual accounts, the IASB and the IFRS Interpretation Committee had published the standards, amendments and interpretations detailed below, although the Group has not adopted them in advance.

IFRS 10 (Amendment), and IAS 28 (Amendment) "Sale or contributions of assets between an investor and its associates or joint ventures"

These amendments clarify the accounting treatment of the sales and contributions of assets between an investor and its associates and joint ventures that will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". The investor will recognise the full profit or loss when the non-monetary assets constitute a "business". If the assets do not meet the "business" definition, the investor recognises the profit or loss to the extent of the interests of other investors. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture.

At present, a broader review is being considered that may result in the simplification of the accounting for these transactions and other aspects of the accounting of associates and joint ventures.

Given the situation of the Group with respect to these situations, it is not expected that the amendments may, in any case, have a significant effect for the Group.

IFRS 2 (Amendment) "Rating and valuation of transactions with share-based payments"

The amendment to IFRS 2, developed through the IFRS Interpretations Committee, clarifies how to account for certain types of transactions with share-based payments. In this sense, it provides requirements for the accounting of:

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- The effects of the conditions for irrevocability and of the non-determinant conditions for irrevocability of the concession in the valuation of share-based payments settled in cash;
- Transactions with share-based payment with a net settlement feature for tax withholding obligations; and
- A modification of the terms and conditions of a share-based payment that changes whether the transaction is classified as settled in cash or liquidated through equity.

The amendment is effective for annual periods beginning on or after 1 January 2018, although it may be adopted in advance.

The Group does not have, and does not expect to have, share-based payment transactions, so no effect is expected for the Group when this IFRS is adopted by the European Union.

Annual Improvements to IFRS. Cycle 2014-2016

The amendments affect IFRS 1, IFRS 12 and IAS 28 and will apply to annual periods beginning as of 1 January 2018 in the case of amendments to IFRS 1 and IAS 28 and 1 January 2017 for the amendments to IFRS 12, all of which are subject to adoption by the EU. The main amendments refer to:

- IFRS 1, "Adoption for the first time of the International Financial Reporting Standards": Elimination of short-term exemptions for entities that adopt IFRS for the first time.
- IFRS 12, "Disclosure of interests in other entities": Clarification on the scope of the Standard.
- IAS 28, "Investments in associates and joint ventures": Valuation of an investment in an associate or a joint venture at fair value.

It is not deemed that these improvements will have an effect on the Group when they are adopted by the European Union.

IAS 40 (Amendment) "Transfers of real estate investments"

This amendment clarifies that when transferring to, or from, real estate investments there must be a change in use. To conclude if there has been a change in use there must be an evaluation on whether the property meets the definition of a real estate investment.

This amendment will be effective for annual periods beginning after 1 January 2018. It may be applied in advance.

The Group does not have, nor expects to have, assets classified as real estate investments of significant amount.

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IFRIC 22 "Anticipated transactions and considerations in foreign currency"

This IFRIC addresses how to determine the date of the transaction when the standard on transactions in foreign currency, IAS 21, is applied. This interpretation applies when an entity pays or receives a consideration in advance for agreements denominated in foreign currency.

This interpretation is effective for annual periods beginning on or after 1 January 2018, although it may be applied in advance.

In the current situation of the Group and its accounting policies, this interpretation is not expected to have significant effects when adopted by the European Union.

IFRS 17 "Insurance Contracts"

In May 2017, IASB finalised its long-term project to develop an accounting standard on insurance contracts and IFRS 7 "Insurance Contracts" was published. IFRS 17 replaces IFRS 4 "Insurance Contracts", which currently allows for a wide variety of accounting practices. IFRS 17 will fundamentally change accounting for all entities that issue insurance contracts and investment agreements with discretionary participation components.

This standard will be applicable for annual periods beginning after 1 January 2021. IFRS 17 is pending approval by the European Union.

Given the Group's activity, this new IFRS will have no effect on the Group when it is adopted by the European Union.

IFRIC 23, "Uncertainty about the treatment of income tax"
The interpretation provides requirements in addition to those in IAS 12 "Income Tax", specifying how to reflect the effects of uncertainty in the accounting for income tax. This interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there is uncertainty in their accounting treatment.

This interpretation is effective for annual periods beginning on or after 1 January 2019, although it may be applied in advance.

It is not expected to have significant effects for the Group.

IFRS 9 (Amendment) "Prepayment Features with Negative Compensation"

The terms of instruments with prepayment features with negative compensation, where the lender could be forced to accept an amount of prepayment substantially less than the unpaid amounts of principal and interests, were incompatible with the notion of "reasonable additional compensation" for the anticipated recession of an agreement according to IFRS 9. As a result, these instruments would not have contractual cash flows that are only payments of principal and interest, which would lead them to be accounted for at fair value with changes in the profit and loss account. The amendment to IFRS 9 clarifies that a party can be paid or receive a reasonable compensation when an agreement is terminated in advance, which could allow these instruments to be valued at amortised cost or at fair value with changes in other comprehensive income. This amendment is effective for annual periods beginning on or after 1 January 2019, although it may be applied in advance.

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The Group does not usually have instruments subject to these clauses, therefore it is deemed that this amendment will have no significant effects.

IAS 28 (Amendment) “Long-term Interests in Associates and Joint Ventures”

This limited-scope amendment clarifies that long-term interests in an associate or joint venture that, in substance, form part of a net investment in the associate or joint venture, but whereto the equity method is not applied, are to be accounted for in accordance with the requirements of IFRS 9 "Financial instruments". This amendment is effective for annual periods beginning on or after 1 January 2019, although it may be applied in advance.

It is not expected that such modification will have a significant impact for the Group.

<u>Annual Improvements to IFRS. Cycle 2015-2017</u>

These improvements, which will apply to the periods beginning on or after 1 January 2019, always subject to their adoption by the EU, refer to:

- IFRS 3 “Business combinations”: A previously held share in a joint operation is re-measured when the control of the business is taken.
- IFRS 11 “Joint agreements”: A previously held share in a joint operation is not re-measured when the control of the business is obtained.
- IFRS 12 “Income Taxes”: All the tax consequences of dividend payments are accounted for in the same way.
- IFRS 23 “Borrowing costs”: Any specific loan originally made to develop a qualifying asset is considered part of the generic loans when the asset is ready for use or sale.

The Group does not expect to have significant impacts in relation to these improvements when they come into force.

2.2 Correction of errors and comparative information

The main issues that led to changes in the amounts for fiscal year 2017 included in the consolidated annual accounts of the Group for fiscal year 2017 approved by the General Shareholders' Meeting on 29 June 2018, and that have led to the reformulation thereof, as indicated in Note 1.1, are as follows:

1. The photovoltaic solar plants destined for sale, and which, therefore, were classified as inventories, were valued with the same criteria as the solar plants built for own use, recorded in the tangible fixed assets, being subject to amortisation from its put in operation condition in correlation with the generation of income, and included the external financial expenses borne until such time as they were in operating conditions. When classified as inventories, these plants should have been valued according to the criteria for inventories recording and valuation described in Note 2.13 at their cost or at their net realisable value, whatever is the lesser, not being subject to amortisation despite the fact that these plants are in operation and generating income. In the reformulation of these consolidated annual accounts, the Group has valued these solar plants according to the valuation criteria for inventories. The non-amortisation thereof has the effect of increasing inventories (2309 thousand euros), deferred tax liabilities (621 thousand euros), net assets (1598 thousand euros), and decreasing deferred tax assets (90 thousand euros). The effect on the income of the fiscal year was an increase in the profit amounting to 1230 thousand euros (1708 thousand euros before tax).

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Additionally, the net book value of the photovoltaic solar plants destined for sale, at a consolidated level, was reduced by:

i) financial expenses caused by derivative financial instruments related to debt associated with PV plants, the effect whereof is a reduction in inventories (322 thousand euros) and net equity (232 thousand euros) and an increase in deferred tax assets (90 thousand euros). The effect on the income of the fiscal year was a decrease in the profit amounting to 232 thousand euros.
ii) a result obtained by supervising the project of the PV plants in India that should have been eliminated at the consolidated level, with a reduction in inventories (1,023 thousand euros) and equity (849 thousand euros) and an increase of deferred tax assets (174 thousand euros). The effect on the profit and loss for the fiscal year was a decrease in the benefit of 849 thousand euros (1023 thousand euros before tax, which resulted in a lower volume of business and a greater change in inventories amounting to 1670 thousand euros and 647 thousand euros, respectively).
iii) an excess in the estimate of costs incurred pending invoicing of one of the plants. the effect whereof is a reduction in inventories and suppliers and other accounts payable for an amount of 760 thousand euros, without effect on the income of the fiscal year.

Consequently, the total effect of these corrections related to photovoltaic solar plants for sale. has led to an increase in inventories amounting to 204 thousand euros, its counterpart being a reduction of suppliers and other accounts payable by amount of 760 thousand euros and an increase in equity amounting to 517 thousand euros (net of the tax effect, which amounted to 447 thousand euros). The effect on the income of the fiscal year was an increase in the profit amounting to 149 thousand euros.

2. The net amount of the volume of business and other operating expenses for fiscal year 2017 included 9054 thousand euros and 1437 thousand euros, respectively, corresponding to the results derived from an agreement for the assumption of an exchange rate evolution risk with an unrelated entity, which at the individual level were considered as operating income but in the consolidated income of the Group. according to their nature, should have been reclassified to financial income, as they were not part of the main activity of the Group. In addition, the reasonable value of the derivative financial instrument, which had not been recorded, was recorded at the end of fiscal year 2017 and resulted in an income for the year in the amount of 222 thousand euros, net of tax (268 thousand euros before tax. Note 7.d).

3. Under Other current financial assets, the Group had a loan granted to Ataca Solar Holdco, for an amount of 2080 thousand euros. This loan has a contractual maturity of 12 months that may be extended and was recorded as current assets. The Directors consider that it will not be collected for the most part in the short term, therefore an amount of 1899 thousand euros has been classified herein to non-current financial assets (Note 7.a)).

4. Additionally, certain reclassifications have been made for various items, which affect certain items of the balance sheet and the profit and loss account, in order to improve the understanding of future financial statements.

The changes made to the balance sheet as of 31 December 2017 cause the modification of the following headings and amounts:

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Section	Reformulated 2017 Annual Accounts	2017 Annual Accounts	Difference
Non-current assets			
Non-current financial assets	4.485.072	2.585.603	1.899.469
Deferred tax assets	4.143.075	3.968.938	174.137
Current assets			
Inventories	117.958.115	117.754.177	203.938
Investments in associates	-	168.464	(168.464)
Derived financial instruments	267.516		267.516
Other non-current financial assets	4.647.917	6.378.921	(1.731.005)
Non-current liabilities			
Deferred tax liabilities	1.133.037	467.066	665.971
Current liabilities			
Short-term external resources	88.842.815	88.483.741	359.074
Trade and other payables	9.874.150	10.633.768	(759.618)
Other non-current financial liabilities	5.271.994	5.631.067	(359.074)
Equity			**739.238**
Accumulated profit	46.595.744	45.988.332	607.412
Accumulated exchange rate difference	(3.033.277)	(2.849.721)	(183.556)
Non-controlling interests	4.020.259	3.704.877	315.382

The aforementioned corrections caused changes in the Net Equity, for a total amount of 739 thousand euros, and correspond to those described in sections 1 and 2 above, with an increase in the profit of 371 thousand euros in the result of fiscal year 2017. Additionally, the changes made to the profit and loss account for fiscal year 2017 caused the modification of the following headings and amounts:

Section	Reformulated 2017 Annual Accounts	2017 Annual Accounts	Difference
Net sales figure	13.159.714	23.883.270	(10.723.556)
Change in inventory	17.167.332	16.520.805	646.527
Amortisation of inventories-solar plants	-	(1.708.463)	1.708.463
Depreciation and impairment	(415.834)	(422.404)	6.570
Other operating income/(expense)	(4.812.559)	(6.249.400)	1.436.841
Operating profit	**5.278.705**	**12.203.860**	**(6.925.155)**
Financial expense	(2.370.891)	(3.150.414)	779.523
Variation in fair value of financial instruments	7.326.368	(229.386)	7.555.754
Equity in income of associates	(1.214.846)	(435.323)	(779.523)
Profit before taxes	**5.982.928**	**5.352.329**	**630.599**
Income tax	(622.552)	(362.832)	(259.720)
Profit for the year	**5.360.376**	**4.989.497**	**370.879**

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Likewise, as required by IAS 8, in the consolidated annual accounts of the Group as of 31 December 2018, the figures corresponding to 31 December 2017 and 2015 and 31 January 2015, presented for comparative purposes, have been restated, to evidence the effects of the modifications derived from the issue mentioned in point 1 above, in relation to the amortisation of solar plants. This modification meant a greater benefit in fiscal years 2016 and 2015 (and higher equity at the beginning of 2015) due to the elimination of the expense for the amortisation of the solar plants. Additionally, in 2016 when certain solar plants were sold, it had an opposite effect: higher expense due to the variation in inventories derived from the higher accumulated cost of these sold plants, as a consequence of the elimination of amortisation.

As a result of said restatement, the balance sheet as of 31 December 2016 and the profit and loss account for the year ended on 31 December 2016 presented for comparative purposes, together with those corresponding to 31 December 2017, do not coincide with those approved by the General Meeting of Shareholders for fiscal year 2016, in the following chapters and amounts:

Section	Restated 2016 Annual Accounts	2016 Annual Accounts	Difference
Non-current assets			
Deferred tax assets	2.342.859	2.291.845	51.014
Current assets			
Inventories	34.069.549	33.173.670	895.878
Non-current liabilities			
Deferred tax liabilities	1.657.657	1.374.528	283.129
Equity			**663.764**
Accumulated profit	45.174.491	44.696.999	477.493
Accumulated exchange rate difference	259.312	205.793	53.519
Non-controlling interests	5.299.949	5.167.196	132.753

Corrections in Net Equity had a total impact of 664 thousand euros, which correspond to the effect on the income for fiscal year 2016 due to the decrease in profit (3628 thousand euros), the positive adjustment in equity from previous years (4826 thousand euros), as well as the negative effects derived from variations in the exchange rate generated in 2016 (534 thousand euros, whereof 106 thousand euros correspond to non-controlling interests). The changes made to the profit and loss account for fiscal year 2016 caused the modification of the following headings and amounts:

Section	Restated 2016 Annual Accounts	2016 Annual Accounts	Difference
Operative income			
Changes in inventory	(111.262.128)	(102.893.414)	(8.368.715)
Inventory amortisation-PV plants	-	(3.330.172)	3.330.172
Profit before tax	**20.367.009**	**25.405.551**	**(5.038.542)**
Income tax	(5.358.168)	(6.768.960)	1.410.792
Profit for the year	**15.008.841**	**18.636.592**	**(3.627.750)**
Profit attributable to non-controlling interests	**1.342.200**	**2.067.750**	**(725.550)**
Profit attributable to shareholders of the Parent	**13.666.641**	**16.568.841**	**(2.902.200)**
Basic profit per share	**32,03**	**38,83**	**(6,80)**

[initialled]

As a result of said restatement, the balance sheet as of 31 December 2015, the statement of changes in equity and the profit and loss account for the year ended on 31 December 2015 presented for comparative purposes, together with those corresponding to 31 December 2017, do not coincide with those approved by the General Meeting of Shareholders for fiscal year 2015, under the following headings and amounts:

Section	Restated 2015 Annual Accounts	2015 Annual Accounts	Difference
Non-current assets			
Deferred tax assets	7.557.531	7.244.464	313.067
Current assets			
Inventories	136.097.971	129.629.381	6.468.590
Non-current liabilities			
Deferred tax liabilities	3.654.562	1.698.589	1.955.974
Equity			**4.825.684**
Accumulated profit	41.857.454	38.477.761	3.379.693
Accumulated exchange rate difference	1.183.387	702.533	480.854
Non-controlling interests	5.757.811	4.792.674	965.137

Corrections in Net Equity for a total amount of 4826 thousand euros correspond to the effect on the income for fiscal year 2015 due to the increase in profit (2886 thousand euros), the positive adjustment in equity from previous years (1590 thousand euros), as well as the negative effects derived from variations in the exchange rate generated in 2015 (350 thousand euros, whereof 70 thousand euros correspond to non-controlling interests). The changes made to the profit and loss account for fiscal year 2015 caused the modification of the following headings and amounts:

[initialled]

Section	Restated 2015 Annual Accounts	2015 Annual Accounts	Difference
Operative income			
Changes in inventory	41.262.671	41.262.671	
Inventory amortisation-PV plants	-	(4.008.231)	4.008.231
Profit before tax	**8.891.763**	**4.883.532**	**4.008.231**
Income tax	(1.494.273)	(371.969)	(1.122.305)
Profit for the year	**7.397.490**	**4.511.564**	**2.885.926**
Profit attributable to non-controlling interests	**1.230.810**	**653.625**	**577.185**
Profit attributable to shareholders of the Parent	**6.166.680**	**3.857.939**	**2.308.741**
Basic profit per share	**15.417**	**9.645**	**5.772**

Additionally, the effect at the beginning of 2015 of said modifications in the balance sheet is as follows:

Section	1 January 2015 restated	2014 Annual Accounts	Difference
Non-current assets			
Deferred tax assets	9.368.062	9.270.372	97.690
Current assets			
Inventories	84.084.310	81.973.219	2.111.091
Non-current liabilities			
Deferred tax liabilities	5.447.183	4.828.892	618.291
Equity			**1.590.490**
Accumulated profit	40.239.690	39.168.738	1.070.952
Accumulated exchange rate difference	656.427	454.987	201.440
Non-controlling interests	3.947.605	3.629.507	318.098

2.3 Consolidation policies

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed, or is entitled, to obtain variable returns due to its involvement in the investee and has the ability to use its power over it to influence those returns.

Subsidiaries are consolidated as of the date on which control is transferred to the Group, and are excluded from consolidation on the date on which control ceases.

[initialled]

To account for business combinations, the Group applies the acquisition method. The consideration transferred for the acquisition of a subsidiary corresponds to the fair value of the assets transferred, the liabilities incurred with the previous owners of the acquired company and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability arising from a contingent consideration agreement.
The identifiable assets acquired and the liabilities and contingent liabilities assumed in a business combination are initially valued at their fair value at the acquisition date. For each business combination, the Group may choose to recognise any non-controlling interest in the acquired company for the fair value or for the proportional part of the non-controlling interest of the recognised amounts in the net identifiable assets of the acquired company.

Acquisition-related costs are recognised as expenses in the year wherein they are incurred.

If the business combination is carried out in stages, the carrying amount on the date of acquisition of the equity interest in the acquired company previously held by the acquiring company is re-measured at fair value at the acquisition date; any profit or loss arising from this new valuation is recognised through profit or loss for the fiscal year.

Any contingent consideration to be transferred by the Group is recognised at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration considered an asset or a liability are recognised in accordance with IAS 39 through profit or loss. The contingent consideration that is classified as equity is not valued again and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired company and the fair value at the acquisition date of any prior holdings in the net equity in the acquired company over the fair value of the net identifiable assets acquired is recorded as goodwill. If the total consideration transferred, the non-controlling interest recognised and the previously held interest is less than the fair value of the net assets of the subsidiary acquired in the case of an acquisition under very advantageous conditions, the difference is recognised directly in the profit and loss account

Inter-company transactions, balances and unrealised profits in transactions between Group entities are eliminated. Unrealised losses are also eliminated. When necessary, the amounts presented by the subsidiaries have been adjusted to adapt them to the Group's accounting policies.

The identification data of the subsidiaries is broken down in the accompanying Appendix I.

The annual accounts/financial statements used in the consolidation process are, in all cases, those corresponding to the year ended on 31 December of each year.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - i.e. as transactions with owners in their capacity as owners. The difference between the fair value of the consideration paid and the corresponding proportion of the carrying amount of the net assets of the subsidiary is recorded in equity. Profit or loss on disposal of non-controlling interests is also recognised in equity.

[initialled]

(c) Disposals of subsidiaries

When the Group ceases to have control, any interest retained in the entity is revalued at its fair value on the date when control is lost, recognising the change in the carrying amount through profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amount previously recognised in the other comprehensive income in relation to said entity is accounted for as if the Group had directly sold the related assets or liabilities.
This could mean that the amounts previously recognised in other comprehensive income are to be reclassified in the income statement.

(d) Joint agreements

The Group applies IFRS 11 to all joint agreements. Investments in joint arrangements under IFRS 11 are classified as joint operations or as joint ventures, depending on the contractual rights and obligations of each investor. The Group has evaluated the nature of its joint arrangements and determined that they are joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method, interests in joint ventures are initially recognised at cost and thereafter adjusted to recognise the Group's share in the profits and losses subsequent to the acquisition, and any movements in other comprehensive income. When the Group's share in losses in a joint venture equals or exceeds its interests in joint ventures (including any long-term interest that, in essence, forms part of the Group's net investment in joint ventures), the Group does not recognise additional losses, unless it has incurred obligations or made payments on behalf of joint ventures.

Unrealised profit on transactions between the Group and its joint ventures are eliminated to the extent of the Group's participation in joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment loss on the value of the transferred asset. The accounting policies of joint ventures have been modified when necessary to ensure uniformity with the policies adopted by the Group.

See detailed information on these joint ventures in Note 31.

(e) Associates

Associates are all entities over which the Group exercises significant influence but has no control, which is generally accompanied by a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share in the results of the investee after the acquisition date. The Group's investment in associates includes the goodwill identified at the acquisition .a

If the ownership interest in an associate is reduced, but significant influence is maintained, only the proportional holding of the amounts previously recognised in the other comprehensive income is reclassified to results when appropriate.

The Group's share in profit or loss subsequent to the acquisition of its associates is recognised in the income statement, and its share in subsequent movements in the other comprehensive income is recognised in the other comprehensive income with the corresponding adjustment to the carrying amount of the investment. When the Group's share in the losses of an associate is equal to or greater than its holding therein, including any other unsecured account receivable, the Group does not recognise additional losses, unless it has incurred legal or implicit obligations or made payments on behalf of the associate.

At each reporting date, the Group determines whether there is any objective evidence that the value of the investment in the associate has deteriorated. Were this the case, the Group shall calculate the amount of the impairment loss as the difference between the amount recoverable from the associate and its carrying amount and recognise the amount adjacent to "the profit/(loss) of a associate" in the income statement.

Profit and loss from the ascending and descending transactions between the Group and its associates are recognised in the Group's financial statements only to the extent that they correspond to investments in the associates of other investors not related to the investor. Unrealised losses are eliminated unless the transaction provides evidence of an impairment loss on the value of the transferred asset. The accounting policies of associates have been modified when necessary to ensure uniformity with the policies adopted by the Group.

Dilution profit and loss arising from investments in associates is recognised in the income statement.

2.4 Foreign currency exchange

(a) Functional and presentation currency

The items included in the annual accounts of each of the Group's entities are valued using the currency of the main economic environment in which the entity operates ("functional currency"). Group companies have as their functional currency the currency of the country where they are located, with the exception of companies located in Chile and Peru, whose functional currency is the US dollar. The Chilean company Solarpack Chile SA, however, has the country's currency defined as its functional currency. In addition, Pampul Holdco, S.L. and PMGD Holdco, S.L., with registered office in Spain, have adopted the US dollar as their functional currency.

The consolidated annual accounts are presented in euros, except when the contrary explanatory notes expressly indicate otherwise, since the euro is the functional and presentation currency of the Parent.

(b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuations, in the case of items that have been revaluated. All profit or loss in foreign currency resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies is recognised in the income statement, except when deferred in equity as qualified cash flow hedges and qualified net investment hedges.

Profit and loss from exchange differences is presented in the consolidated profit and loss account in the line "Exchange differences (net)".

(c) Group entities

The results and the financial position of all Group entities (none of which has the currency of a hyperinflationary economy) whose functional currency is different from the presentation currency are converted into the presentation currency as follows:

(i) The assets and liabilities of each presented balance sheet are converted at the year end exchange rate on the date of balance sheet;
(ii) The income and expenses of each income statement are converted at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the existing rates on the dates of the transaction, in which case the income and expense are converted on the date of the transactions); and
(iii) All resulting exchange differences are recognised in other comprehensive income.

The adjustments to goodwill and fair value that arise in the acquisition of a foreign entity are considered assets and liabilities of the foreign entity and are converted at the year end exchange rate. Other exchange differences are recognised in other comprehensive income.

2.5 Tangible fixed assets

The elements of tangible fixed assets, which are wholly for own use, are recognised at cost less amortisation and accumulated impairment losses, except in the case of land except for land which is not depreciated.

The historical cost includes the expenses directly attributable to the acquisition of the items, as well as any other cost directly related to the commissioning of the asset for the use wherefore it is intended. In the case of components included in technical facilities, which require replacement in a different period of time than the main asset, they are recorded and depreciated separately according to their specific service life. Subsequent costs are included in the carrying amount of the asset or are recognised as a separate asset, as appropriate, only when it is probable that future economic profit associated with the elements will flow to the Group and the cost of the element can be determined in a reliable manner. The carrying amount of the replaced part is written off. The remaining expense for repairs and maintenance is charged to the income statement during the financial year wherein it is incurred.

The work carried out by the Group for its own tangible fixed assets is reflected in the cumulative cost resulting from adding the internal costs determined based on the hourly costs of the personnel dedicated thereto to the external costs, and are credited to the account "Work carried out by the Group for fixed assets" in the consolidated profit and loss account, included under "Other operating income".

The Solarpack Group amortises its tangible fixed assets using the straight-line method to allocate the difference between the cost and its residual values over the estimated service life, which is indicated below:

Tangible fixed assets-Service life	Years of estimate(service life
Photovoltaic solar plants	20-25
Technical installations and other tangible fixed assets	6-10
Computer equipment	4-10

[initialled]

The Solarpack Group is sometimes obliged to pay significant costs in relation to the closure of its facilities registered in the tangible fixed assets, as decommissioning costs or other similar costs, for which the consolidated balance sheet includes provisions for this concept in relation thereto (Note 21). The estimation of the present value of these costs is recorded as a greater value of the asset with a credit under "Provisions" at the beginning of the operation of the asset. This estimate is revised periodically so that the provision reflects the present value of all estimated future costs. The Group applies a risk-free rate to financially update the provision given that the estimated future cash flows reflect the specific risks of the corresponding liability in order to satisfy said obligation. The risk-free rate used corresponds to the returns, at the end of the reporting period, of government bonds with sufficient depth and solvency and with a maturity similar to the maturity of the obligation. The variation in the provision originated by its financial update is recorded with a charge under "Financial expense" in the consolidated profit and loss account.

The residual value and the service life of the assets are reviewed, and adjusted if necessary, on the date of each balance.

When the carrying amount of an asset is higher than its estimated recoverable amount, its carrying amount is immediately reduced to its recoverable amount.

Profit and loss from the sale of tangible fixed assets are calculated by comparing the income obtained with the carrying amount and are recognised in the income statement under "Other profit/(loss) – net".

2.6 Borrowing Costs

The costs for general and specific interests that are directly attributable to the acquisition, construction or production of eligible assets - those that necessarily require a substantial period of time before being prepared for the intended use - are added to the costs of these assets during the period of time that is necessary to complete and prepare the asset for the intended use.

The financial income obtained from the temporary investment of the specific loans pending their use in eligible assets is deducted from the interest costs susceptible to capitalisation.

The rest of the interest costs are recognised through profit or loss in the fiscal year wherein they are incurred.

2.7 Intangible assets

(a) Trademarks and licenses

Trademarks and licenses acquired from third parties are shown at historical cost. They have a finite useful life and are valued at cost less accumulated amortisation. Depreciation is calculated by the straight-line method to allocate the cost of trademarks and licenses over their estimated service life, between three and five years.

[initialled]

(b) Software

Licenses for acquired software are capitalised based on the costs incurred for acquisition and for putting the specific software in operating conditions.

The costs associated with the development or maintenance of software are recognised as an expense as they are incurred. Expenses directly related to the production of unique and identifiable software controlled by the Group. that are likely to generate economic benefits higher than the costs for more than one year. are recognised as intangible assets. Direct costs include the expenses of the personnel that develops the software and an adequate percentage of general expenses.

Software. either acquired from third parties or from own development, recognised as assets. is amortised from the start of operation over its estimated service life. which shall not exceed five years. There are computer applications in development that will not be amortised until the start-up.

(c) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share in the identifiable net assets, liabilities and contingent liabilities of the subsidiary acquired on the date of acquisition. Goodwill related to acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment losses. is carried at cost less accumulated impairment losses. and such impairment cannot be reversed in the future. Profit and loss on the sale of an entity are included in the carrying amount of goodwill related to the entity sold.

In order to carry out the tests for impairment losses. the goodwill acquired in a business combination is assigned to each of the cash generating units. or Groups of cash generating units. that are expected to benefit from combination synergies. Each unit of o Group of units to which the goodwill is allocated represents the lowest level within the entity wherein the goodwill is controlled for internal management purposes (Note 2.8).

Revisions of impairment losses on goodwill are made annually or more frequently if events or changes in circumstances indicate any potential impairment loss. The carrying amount of the generating unit containing the goodwill is compared to the recoverable amount, which is the value in use or the fair value less selling costs. whatever amount is higher. Any impairment loss is immediately recognised as an expense and subsequently not reversed.

Goodwill on consolidation. which was included in the consolidated balance sheet at 31 December 2015 amounting to 714 thousand euros. arose when the subsidiary Alto Cielo SA was incorporated into the consolidation perimeter in fiscal year 2015.

In fiscal year 2016. this intangible asset was derecognised as a result. as indicated in Note 1 to these consolidated annual accounts. of the removal from the consolidation perimeter of this company. derived in turn from the sale on 8 April 2016 of the all the shares that the Group held in this company with an appreciation on the total investment. including goodwill on consolidation.

[initialled]

2.8 Losses for impairment of non-financial assets

Assets that have an indefinite service life or assets that cannot be used are not subject to amortisation and are tested annually for impairment losses. Assets subject to amortisation are reviewed for impairment losses whenever an event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognised for the amount wherefore the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less selling costs and value in use. For the purposes of assessing impairment losses, assets are grouped at the lowest level for which there are largely independent cash inflows (cash-generating units).

Previous impairment losses on non-financial assets (other than goodwill) are reviewed for possible reversal on each date on which financial information is presented:

2.9 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or Groups of disposable items) are classified as assets held for sale when their value will be recovered mainly through their sale, provided that the sale is considered highly probable and is available for immediate sale in its current condition and is expected to be completed within one year from the date of classification. These assets are valued at the lower amount between carrying amount and fair value less necessary costs to their disposal and are not subject to amortisation.

Any component of the Group that has been sold, has been disposed of in another manner or has been classified as held for sale and represents a line of business or a significant geographical area of operation, is part of an individual plan or is a subsidiary acquired exclusively for sale is classified as discontinued operation. The result generated by the interrupted activities is presented in a single specific line in the consolidated profit and loss account, net of taxes.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and accounts receivable, held to maturity and financial assets available for sale. The classification depends on the purpose with which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

(a) Fair value financial assets with changes through profit and loss

Financial assets at fair value with changes through profit or loss are financial assets held for trading. Any financial asset is classified in this category if it is acquired mainly for the purpose of selling it in the short term. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled in twelve months; otherwise, they are classified as non-current assets.

[initialled]

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable collections that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of negotiating with the receivable. They are included in current assets, except for maturities over 12 months from the balance sheet date which are classified as non-current assets. Loans and receivables are included in "customers and other receivables" in the balance sheet (Note 9).

(c) Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold until maturity. If the Group sold a non-insignificant amount of financial assets held to maturity, the entire category would be reclassified as available for sale. Financial assets held to maturity are included in non-current assets, except for those with maturities of less than 12 months.

(d) Financial assets available for sale

Financial assets available for sale are non-derivatives that are designated in this category or are not classified in any of the other categories. They are included in non-current assets unless they expire within 12 months after the date of the balance sheet or management intends to dispose of the investment within said period.

2.10.2 Recognition and valuation

The usual acquisitions and disposals of investments are recognised on the trading date, i.e. the date on which the Group undertakes to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets that are not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at fair value, and transaction costs are charged to the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has substantially transferred all the risks and advantages derived from their ownership. Financial assets available for sale and financial assets at fair value through profit or loss are subsequently accounted for at fair value. Loans and receivables are recorded at amortised cost according to the effective interest rate method.

Profit or loss arising from changes in the fair value of the category of financial assets at fair value through profit or loss is presented in the income statement under "Income from financial instruments at fair value" in the period wherein they originated. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Unrealised profit or loss arising from changes in the fair value of non-monetary securities classified as available for sale is recognised in other comprehensive income.

[initialled]

When securities classified as available for sale are sold or impaired, the cumulative fair value adjustments recognised in equity are included in the income statement as profit and loss on investment securities.

The equity instruments that based on their nature and the purpose of such investment are classified by the Group as financial assets available for sale are in turn valued at fair value and changes are recognised directly in equity until the asset is sold or impaired, at which time the profit or loss accumulated in equity to the Profit and Loss Account is recognised, provided it is possible to determine the fair value in a reliable manner. Otherwise they are recorded at cost less impairment losses.

The fair values of the investments listed are based on current purchase prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes the fair value using valuation techniques that include the use of recent free transactions between duly informed interested parties, referring to other instruments substantially equal, the analysis of discounted cash flows, and pricing models of options, using the maximum possible of market inputs and relying as little as possible on the specific inputs of the entity.

Interest on securities available for sale calculated using the effective interest rate method is recognised in the income statement as part of other income. Dividends from equity instruments available for sale are recognised in the income statement as part of other income when the Group's right to receive these payments is established.

2.10.3 Compensation of financial instruments

Financial assets and financial liabilities are offset, and presented net in the balance sheet, when there is a legally enforceable right to offset the amounts recognised, and the Group intends to settle net, or to realise the asset and cancel the liability simultaneously.

2.11 Losses for impairment of financial assets

The Group evaluates on the date of each balance whether there is objective evidence that a financial asset or a Group of financial assets may have suffered any impairment losses.

A financial asset or a Group of financial assets is impaired, and an impairment loss is incurred, if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an "event causing the loss"), and that event (or events) causing the loss have an reliably estimable impact on the estimated future cash flows of the financial asset or the Group of financial assets.

Evidence of impairment loss may include indications that debtors or a group of debtors are experiencing significant financial difficulties, unpaid or delayed payment of interest or principal, the likelihood that debtors will enter a bankruptcy situation or in any other situation of financial reorganisation, as well as indications through observable data that there is a susceptible decrease to valuation in the estimated future cash flows, such as changes in the payment conditions or economic conditions that correlate with defaults.

[initialled]

For the category of loans and accounts receivable, the amount of the loss is valued as the difference between the carrying amount of the asset and the present value of the estimated future cash flows (without taking into account future credit losses that have not been incurred) discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or an investment held to maturity has a variable interest rate, the discount rate to value any impairment loss is the current effective interest rate determined in accordance with the agreement. As a practical measure, the Group can estimate value impairment based on the fair value of an instrument using an observable market price.

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be attributed objectively to an event that occurred after the impairment was recognised (such as an improvement in the debtor's credit quality), the reversal of the previously recognised impairment will be recognised in the consolidated income statement.

In the case of capital securities classified as held for sale, it will be considered if there has been a significant or prolonged decline in the fair value of the securities below their cost to determine if the securities have deteriorated. If there is any evidence of this type for financial assets available for sale, the accumulated loss - valued as the difference between the cost of acquisition and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is eliminated from equity and recognised in results. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement but will be taken directly to equity. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be attributed objectively to an event that occurred after the impairment loss was recognised through profit or loss, the impairment loss will be reverted in the consolidated income statement.

Impairment tests for the value of the accounts receivable are described in Note 2.8.

2.12. Derivative financial instruments and hedging activity

Derivatives are initially recognised at fair value on the date whereon the derivative agreement was made and are subsequently revalued at fair value. The method to recognise the resulting profit or loss depends on whether the derivative has been designated as a hedging instrument and, if so, on the nature of the item being hedged.

The Group documents at the beginning of the transaction the relationship between the hedging instruments and the hedged items, as well as their purposes for risk management and the strategy to undertake several hedging transactions. The Group also documents its assessment, both at the beginning and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in the fair value or in the cash flows of the hedged items.

[initialled]

The fair values of certain derivative instruments used for hedging purposes are disclosed in Note 17. Movements in the hedge reserve included in equity are shown in the consolidated statement of comprehensive income. The entire fair value of a hedge derivative is classified as a non-current asset or liability if the maturity of the remaining hedged item is higher than 12 months, and as a current asset or liability if the maturity of the remaining hedged item is lower than 12 months. Trading derivatives are classified as current assets or liabilities. The Group designates certain derivatives as:

a) Fair value hedge
Changes in the fair value of the derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk. All profit or loss relating to the effective portion of the interest rate swaps hedging fixed-rate resources is recognised in the income statement within "financial results". All profit or loss relating to the ineffective part is recognised immediately in the income statement under "Income from financial instruments at fair value". Changes in the fair value of hedged fixed-rate external resources attributable to the interest rate risk are recognised in the income statement within "financial results".

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item wherefore the effective interest rate method was used is amortised at profit or loss during that period until maturity.

As of 31 December 2017, 2016 and 2015, the Group does not have financial instruments recorded for fair value hedging.

b) Cash flow hedging
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the other comprehensive income. All profit or loss relating to the ineffective portion is recognised immediately in the income statement under "Variation in fair value of financial instruments".

The amounts accumulated in equity are taken to the income statement in the periods wherein the hedged item affects the result (for example, when the anticipated sale that is being hedged takes place). All profit or loss relating to the effective portion of the interest rate swaps hedging variable-rate resources is recognised in the income statement within "financial results". All profit or loss relating to the effective portion of long-term foreign currency agreements that hedge export sales are recognised in the income statement under "sales". The deferred amounts are recognised in the last stay within the cost of sales in the case of inventories, or in the depreciation expense, in the case of tangible assets.

When a hedging instrument expires or is sold or when it does not meet the requirements for hedge accounting, any accumulated profit or loss in equity until that time remains in equity and is recognised when the anticipated transaction is finally recognised in the income statement. When it is expected that the anticipated transaction will not take place, the accumulated profit or loss in equity is immediately taken to the income statement.

As of 31 December 2017, 2016 and 2015, the Group does not have financial instruments recorded for fair cash flows hedging.

c) Hedge of net investments in business abroad
Hedges of net investments in operations abroad are accounted for in a similar manner to cash flow hedges. Any profit or loss on the hedging instrument related to the effective part of the hedge is recognised in other comprehensive income. All profit or loss relating to the ineffective portion is recognised immediately in the income statement under the heading corresponding to the hedged underlying item.

All accumulated profit and loss in equity is included in the income statement when the operation abroad is disposed of.

As of 31 December 2017, 2016 and 2015, the Group does not have financial instruments recorded for net investment hedging.

d) Derivatives that do not qualify for hedge accounting
Certain derivatives do not qualify for hedge accounting and are recognised at fair value through profit or loss. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

2.13 Inventories

Inventories are valued at their cost, or net realisable value, the lower of both. The cost of finished products and products in progress includes design costs, raw materials, direct labour, other direct costs, manufacturing overhead (based on normal operating capacity), and interest costs. Net realisable value is the estimated selling price in the normal course of business, less applicable selling costs.

Fixed assets (essentially installations and civil works) of the photovoltaic solar plants of Subsidiaries included in the consolidation perimeter, and destined for sale, are classified as inventories, including the external financial expenses incurred up to the moment wherein they are in operating conditions.

If a photovoltaic solar plant destined for sale has been in place for more than a year and there are no agreements for third parties with a commitment to purchase, purchase option granted or similar, its fixed assets are transferred from this heading to Tangible fixed assets.

The cost of the solar plants includes that related to the right to use the lands that are not owned by the Group by virtue of the agreements reached with their owners, as well as the cost estimated to be incurred by the dismantling of the solar plants when there may be a contractual or legal obligation for the Group.

2.14. Trade receivables

Trade receivables are amounts owed by customers due to sales of goods or services that took place in the normal course of operation. If the debt is expected to be collected within a year or less (or in the normal operating cycle, if this is longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are initially recognised at their fair value and subsequently at their amortised cost in accordance with the effective interest rate method, less the provision for impairment losses. A provision is established for impairment losses on trade receivables when there is objective evidence that the Group will not be able to collect all the amounts owed to it in accordance with the original terms of the receivables. The existence of significant financial difficulties on the part of the debtor, the probability that the debtor goes bankrupt or financial reorganisation and the lack of payments or delay thereof are considered indicators that the receivable has deteriorated. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the provision is used and the amount of the loss is recognised in the income statement. When an account receivable is uncollectible, it is regularised against the provision account for receivables. The subsequent recovery of previously written-off amounts is recognised in the income statement.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits in credit institutions, other short-term highly liquid investments with an original maturity of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are classified as external resources in current liabilities.

2.16 Share capital

Ordinary shares are classified as equity.

The incremental cost directly attributable to the issuance of new shares or options is presented in equity as a deduction, net of taxes, on the income obtained.

When any Group entity acquires shares in the Company (own shares), the consideration paid, including any directly attributable incremental cost (net of income tax), is deducted from equity attributable to holders of equity instruments of the Company up to the cancellation, new issuance or transfer thereof. When these shares are subsequently reissued, all amounts received, net of any directly attributable incremental cost of the transaction and the corresponding effects of income tax, are included in the net assets attributable to holders of equity instruments of the Company.

2.17. Official subsidies

Government subsidies are recognised at fair value when there is certainty that the subsidy will be collected and the Group will comply with all the established conditions.

The official subsidies related to costs are deferred and recognised in the income statement during the period necessary to correlate them with the costs that they intend to compensate.

Official subsidies related to the acquisition of tangible fixed assets are included in deferred revenue as deferred official subsidies and credited to the income statement on a straight-line basis over the expected lives of the corresponding assets. Likewise, tax deductions for R&D, equalised according to IAS 20 to subsidies, are recorded within exploitation subsidies in the profit and loss account, as long as these are inactivated R&D expenses.

The profit from a loan at a lower rate than the market rate, granted by a public entity, is valued as the carrying difference in accordance with IAS 39 "Financial Instruments: Recognition and valuation" and the amount received, recognising a subsidy for said difference that will be recorded in the income statement or in liabilities as deferred official subsidies depending on the expenses of the year or investments in tangible fixed assets.

2.18 Trade payables

Trade payables are payment obligations for goods or services that have been acquired from suppliers in the ordinary course of exploitation. Payables are classified as current liabilities if the payments have a maturity of one year or less (or they expire in the normal operating cycle, if this is longer). Otherwise, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently valued at amortised cost using the effective interest rate method.

2.19 Financial Debt

Financial debts are recognised initially at their fair value less the costs of the transaction that have been incurred. Subsequently, the financial debts are valued at amortised cost; any difference between the funds obtained (net of the costs necessary to obtain them) and the reimbursement value is recognised in the income statement over the life of the debt in accordance with the effective interest rate method.

The Group derecognises financial liabilities only when the obligations are cancelled, invalidated or expired.

The external resources are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the date of the balance sheet.
Commissions paid for obtaining lines of credit are recognised as debt transaction costs whenever it is probable that part or all of the line will be available. In this case, commissions are deferred until the disposition takes place. To the extent that it is not probable that all or part of the credit line will be available, the commission will be capitalised as an advance payment for liquidity services and amortised in the period whereto the credit availability refers.

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Loans and credits related to solar photovoltaic plants destined for sale, recorded in inventories (Note 2.13), are classified as current or non-current based on the term foreseen for the sale of the photovoltaic park, given that such sale, which it is carried out through the sale of the stock/shares of the limited company/public corporation wherein these plants are legally structured, is associated with the removal from the consolidation perimeter of all the assets and liabilities thereto.

For this reason, regardless of the maturity schedule that corresponds to this financing, the consolidated amount is classified as current for the total amount of financing for photovoltaic solar plants whose sale is foreseen in twelve months from the end of the fiscal year.

2.20 Current and deferred taxes

a) Corporation Tax

The expense for Corporation Tax for the year includes current and deferred taxes and is calculated based on the result before taxes, increased or decreased, as appropriate, by the permanent and/or temporary differences contemplated in the current tax legislation - or about to be approved - relating to the determination of the tax base of the said tax in the different countries where its employees operate. The tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is also recognised in other comprehensive income or directly in equity, respectively.

Management periodically evaluates the positions taken in tax returns with respect to situations wherein the applicable tax regulation is open to interpretation, and, if necessary, establishes provisions based on the amounts expected to be paid to the tax authorities.

Bonuses and deductions in the tax quota, as well as the tax effect of the application of compensable losses, inactivated, are considered as a reduction of the tax expense in the fiscal year wherein they are applied or offset.

The Parent Company is taxed on the regime of consolidated statement in the autonomous territory of Biscay with the subsidiaries listed below:

- Acrux Uno SLU
- Antlia Dos SLU
- Andromeda Veintiseis SLU
- Cruz del Sur Cuarentainueve SLU
- Orion Setentaicuatro SLU
- Solarpack Promo2007 Treintaitres SLU
- Solarpack Promo2007 Treintaicinco SLU
- Solarpack Promo2007 Cincuentaisiete SLU
- Solarpack Promo2007 Sesentaitres SLU
- Solarpack Promo2007 Setentaidos SLU
- Solarpack Promo2007 Ochentaidos SLU

The dominant company of this tax group is the majority shareholder thereof, Beraunberri SL. In fiscal year 2016, two new companies were incorporated into the tax group:

- Solarpack Monclova, S.L.
- Spk. Alvarado, S.L.

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In fiscal year 2017, another new company was added to the tax group, incorporated by the Group in that fiscal year:

- Pedroso Solar SL

The rest of the companies of the Solarpack Group pay tax on individual declaration, in accordance with the legislation in force in their respective jurisdictions.

b) Deferred taxes

Deferred taxes are calculated, according to the liability method based on the balance sheet. on the temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the consolidated annual accounts. However, if the deferred taxes are not accounted from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, it affects neither the accounting profit nor the taxable profit or loss. Deferred tax is determined applying tax rates (and laws) approved or enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are recognised on temporary differences that arise in investments in subsidiaries, associates and joint arrangements, except for those deferred tax liabilities wherefore the Group can control the date whereon the temporary differences will revert and it is probable that these will not revert in the foreseeable future.

Deferred tax assets derived from tax credits for compensable losses, bonuses, and deductions from the Corporate Tax quota whereto the companies are entitled are recognised to the extent that they are likely to have future tax benefits with which they may offset temporary differences. The deductions of the fee to avoid double taxation and tax incentives and the bonuses of Corporation Tax originated by economic events that occurred during the fiscal year reduce the expense accrued by Corporation Tax, unless there are doubts about the realisation thereof.

Deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally recognised right to offset current tax assets with current tax liabilities and when deferred tax assets and deferred tax liabilities are derived from tax on profit from the same tax authority, which fall on the same entity or tax subject, or different entities or tax subjects, which intend to liquidate the current fiscal assets and liabilities in their net amount.

2.21 Employee benefits

Termination benefits

Termination benefits are paid to employees as a result of a decision of the Group to terminate their employment contract before the normal retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits on the first of the following dates: (a) when the Group can no longer withdraw the offer of such compensation; or (b) when the entity recognises the costs of restructuring within the scope of IAS 37 and this involves the payment of severance payments. When an offer is made to encourage voluntary resignation of employees, severance payments are valued based on the number of employees expected to accept the offer. The benefits that will not be paid within twelve months from the balance sheet date are discounted to their present value.

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Variable compensation plans.

The Group recognises liability and expense, as variable compensation, based on formulas that take into account developments and business income. The Group recognises a provision when it is contractually obligated or, for any other reason, this remuneration becomes chargeable.

The Group has a multi-year variable compensation agreement with its employees, which is determined based on the degree of achievement of a certain ratio calculated from the accumulated income of the group for the period 2015-2017. As of 31 December 2017, the Group management has estimated the basis for calculating the ratio and the conditions for the payment of such compensation were met to that date, so there is a new liability recorded for this item in the accompanying consolidated balance sheet (Note 19).

2.22 Provisions

Provisions for environmental restoration, restructuring costs and litigation are recognised when: the Group has a present duty, either legal or implicit, as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been estimated reliably. Restructuring provisions include penalties for cancellation of the lease and payments for dismissal to employees, if applicable. No provisions are recognised for future operating losses.

When there are a number of similar obligations, the probability that an outflow is necessary to settle the obligation is determined considering the class of obligations as a whole. A provision is recognised even when the probability of an outflow in relation to any item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the duty. The increase in the provision due to the passage of time is recognised as an interest expense.

Provisions for decommissioning and restoration

An obligation to incur decommissioning and restoration costs is generated when an alteration caused by the development or production takes place in the course of the activity. Costs are estimated based on a formal closure plan and are subject to a formal review.

Certain Subsidiaries have an obligation to incur decommissioning costs, as they have the obligation to remove the plants from their current site at the end of the concession agreement for the use of the land whereon said plants have been built or due to environmental legal requirements (Note 33). As a general rule, the Group at the end of such fiscal years generates a provision for the present value of future discounted cash flows (Note 21). Specific changes in quantified decommissioning liabilities will involve a change in the cost of the corresponding asset; any adjusted depreciable amount of the asset will be thereafter depreciated prospectively over its remaining service life.

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Provisions for guarantees

There are companies with commitments to guarantee and hedge any inconsistencies that may arise from the materials, supplies and spare parts delivered, and penalties due to any delay in the connection of certain solar plants. As of 31 December 2017 and 2016, these companies keep provisions for these items based on the best possible estimate (Note 21).

As of 31 December 2017 and 2016, there are no provisions of a significant nature or contingent liabilities that were not recorded or disclosed in these consolidated annual accounts.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents the receivables for the goods sold (power supply) and services provided in the normal course of business of the group companies, net of discounts, refunds and value added tax. Sales of goods are recognised when they have been delivered and their property has been transferred and those of services when they have been provided. Revenue is recognised when income can be reliably measured and it is likely that the Group will receive economic profit in the future and when certain conditions are met for each of the Group's activities described below. The Group bases its return estimates on historical results, considering the type of customer, the type of transaction and the specific circumstances of each agreement.

The sale of photovoltaic solar parks whose fixed assets are classified as inventories (Note 2.13) is recorded under "Net Amount of Turnover" in the consolidated profit and loss account for the sum of the price of the shares of the photovoltaic park plus the amount of the net debt related thereto (total debt minus current assets), while the inventories are derecognised under "Changes in inventories of finished goods and work in progress" in the consolidated profit and loss account. The difference between both amounts constitutes the operating income obtained from the sale.

Each park adopts the legal structure of a public corporation or limited company (see Appendix I), whose stock/shares are consolidated by global integration in the accompanying consolidated annual accounts. The effective delivery of a photovoltaic solar park normally takes place once it has entered into operation and has passed the start-up period.

Interest income is recognised using the method of effective interest rate. When a loan or receivable is impaired due to impairment, the Group reduces the carrying amount to its recoverable amount, which is calculated based on the estimated future cash flows discounted at the instrument's original effective interest rate, and continues updating the account receivable as interest income. Interest income from loans that have suffered impairment losses are recognised when cash is collected or on the basis of cost recovery when conditions are guaranteed.

Dividend income is recognised when the right to receive payment is established.

2.24 Leasing

Leases where the lessor retains a significant portion of the risks and advantages of ownership are classified as operating leases. Payments for operating leases (net of any incentive received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

2.25 Distribution of dividends

The distribution of dividends to the partners of the Parent Company is recognised as a liability in the consolidated annual accounts of the Group in the year wherein the dividends are approved by the partners of the Parent Company.

2.26 Environment

Expenses derived from business actions aimed at protecting and improving the environment are recorded as an expense in the year wherein they are incurred. When said expenses involve additions to the tangible fixed assets, whose purpose is the minimisation of the environmental impact and the protection and improvement of the environment, they are recorded as an increase in the value of the fixed assets.

2.27 Current and non-current balances

Non-current balances, both assets and liabilities, are considered to be those amounts with a maturity of more than 12 months from the end of the accounting year.

2.28 Transactions with related parties

The Group performs all its transactions with related parties at market prices. Additionally, transfer prices are appropriately supported and accordingly, the Directors of the Group do not consider that any significant risks that could give rise to material liabilities in the future exist in this connection.

3 Risk management

3.1 Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk, fair value risk by interest rate and price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial profitability.

Risk management is controlled by the Central Treasury Department of the Group in accordance with policies approved by the Board of Directors of the Parent Company. This Department identifies, evaluates and hedges financial risks in close collaboration with the operating units of the Group. The Board provides written policies for global risk management, as well as for specific areas such as exchange rate risk, interest rate risk, liquidity risk and excess liquidity investment.

a) Market risk

(i) Foreign exchange risk

The Group operates on the international stage and is therefore exposed to foreign exchange risk from operations with foreign currency, especially the dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in operations abroad. The exchange rate risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the functional currency of the entity.

The Group's management has established a policy requiring its entities to manage their exchange rate risk vis-à-vis its functional currency.

The entity hedges the exchange rate risk in the following ways:

- In the construction activity, most of the supplies are contracted in the currency of the EPC contract, and the exposure to exchange rate risk is small.

- In investments in solar plants, long-term debt is mainly contracted in the same currency wherein the revenues of the photovoltaic installation are denominated.

The Group has several investments in foreign operations, whose net assets are denominated mainly in US dollars and exposed to the risk of foreign currency exchange. The exchange rate risk on the net assets of these operations is mainly managed through external resources denominated in the corresponding foreign currency.

On the other hand, the Group's management uses derivative financial instruments (exchange insurance) to hedge or mitigate the risk of fluctuations in the exchange rate of investments in subsidiaries, associates, joint ventures and branches, whose activities are based or carried out out in a currency other than the US dollar and/or the euro.

During the current fiscal year and the previous fiscal year, the amount of these agreements amounted to 1 329 888 thousand rupees and 431 366 thousand rupees, respectively (Note 17).

If as of 31 December 2017, the euro had been devalued/reassessed by 10% with respect to all functional currencies other than the euro, keeping the rest of the variables constant, the net equity would have been higher/lower at 3620/2933 thousand euros (2016: higher/lower 586/3804 thousand euros; 2015: higher/lower 4293/3406 thousand euros) due to the effect of the equity contributed by the subsidiaries that operate with another functional currency other than euros. The detail by currency in euros is the following:

	31/12/2017		31/12/2016		42.369	
	(10%)	10%	(10%)	10%	(10%)	10%
Dollars	572.583	(438.894)	1.218.258	(1.445.578)	4.426.079	(3.514.998)
Chilean pesos	1.714.481	(1.402.768)	(1.510.396)	(1.639.645)	(133.254)	109.024
Indian rupees	1.345.735	(1.101.816)	875.408	(716.243)		()
Other currencies	(12.510)	10.265	2.594	(2.122)		(
Total	**3.620.288**	**(2.933.213)**	**585.864**	**(3.803.589)**	**4.292.825**	**(3.405.974)**

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If the average exchange rate of the euro in 2017 had been devalued/reassessed by 10% with respect to all functional currencies other than the euro, keeping the rest of the variables constant, the result after tax for the year would have been higher/lower at 909/776 thousand euros (2016: higher/lower 2379/1946 thousand euros, 2015: higher/lower 1145/937 thousand euros), mainly as a result of the exchange to euros of the profit and loss account. The detail by currency in euros is the following:

	2017		2016		2015	
	(10%)	10%	(10%)	10%	(10%)	10%
Dollars	672.822	(582.723)	1.008.121	(824.826)	165.609	(135.498)
Chilean pesos	131.566	(107.649)	1.371.589	(1.122.209)	979.408	(801.333)
Indian rupees	119.384	(97.734)	3.087	(2.526)	-	-
Other currencies	(15.221)	12.409	(3.413)	2.792	-	-
Total	**908.551**	**(775.697)**	**2.379.384**	**(1.946.769)**	**1.145.017**	**(936.832)**

(ii) Price risk

The Group's exposure to the price risk from capital securities due to the investments held by the Group and classified in the consolidated balance sheet as available for sale or at fair value through profit or loss is not significant due to the low relevance of these investments related to the total assets and the Group's own funds.

(iii) Interest rates

With regard to the interest rate risk related to bank debt, each company maintains a strategy consisting of financing through fixed-rate financing agreements, at least 70% of the volume of the debt. Therefore, the Group does not consider that there is a high risk, since there is a small percentage of bank indebtedness subject to a variable interest rate. The balances that the Group maintains available from the credit accounts as of 31 December 2017, 31 December 2016 and 31 December 2015 (Note 16) are at variable interest rate, but they have short-term maturities.

Additionally, the Group began, in 2016, to manage part of its interest rate risk through derivative financial instruments. Through these instruments, the Group converts the variable interest rate reference of a financial liability into a fixed reference, either for the total amount or for a partial amount, which affects all or a part of the life thereof.

If during 2017, the average of the interest rates of the external resources denominated in euros would have been 10 basis points higher/lower, keeping the rest of the variables constant, the income after taxes of the corresponding period would practically have remained unchanged as consequence of higher/lower interest expense on variable rate loans.

b) Credit risk

Credit risk, except for those related to receivables, is managed at the Group level. Credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered insignificant due to the credit quality of the banks with which the Group operates. In specific circumstances that may determine specific credit risks of these financial institutions, they are provided, if necessary, with the appropriate provisions to hedge these risks.

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With regard to the credit risk related to receivables, each company has specific policies for the management of this credit risk and the Group does not consider that there is a high risk. In the subsidiaries whose activity consists in the generation of solar energy, no high credit risk is considered since, despite the high concentration of customers, their credit quality is high. In the case of Spain, no high risk is considered because it is a state agency, with the sale of energy to other clients not being very representative. Regarding the subsidiaries whose plants are for sale and which have recently started the sale of energy, they have signed energy supply agreements with an exclusive client or for the majority of the planned energy production, therefore no high credit risk is considered since these are relevant companies in each of the countries wherein these plants operate, with high credit quality. Therefore, there is no specific hedging to hedge this risk.

The other companies in the group work with clients with high credit quality, there are credit limits that have not been exceeded during the year, and the management does not expect any loss due to the non-compliance of these counterparties.

The main credit risks are in the Operations and Maintenance and Asset Management activities in Spain, since the customers of these activities are companies affected by the reduction of the compensation to solar generators. However, all these clients have a stable cash flow and in their long-term non-recourse senior debt agreements it is stipulated that the payment of operating expenses is a priority before the payment of debt, specifically to keep the assets operating and generating cash.

c) Liquidity risk

Prudent management of liquidity risk implies 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 the Group's Treasury Department, the necessary flexibility in financing through the existence of financial assets and the availability of committed lines of credit.

The excess cash held by the operating entities above the balance required for the management of the working capital is transferred to the Group Treasury Department, which invests these surpluses in interest-bearing current accounts, time deposits, market deposits, monetary and negotiable instruments, while choosing instruments with adequate maturities or sufficient liquidity to provide sufficient slack as determined by the aforementioned predictions. At the balance sheet date, the Group had highly liquid short-term investments amounting to 2085 thousand euros (Note 11) and other liquid assets amounting to 2827 thousand euros (2016: 1227 thousand euros; 2015: 2756 thousand euros) that are expected to generate cash inflows to manage liquidity risk in due time (Note 7.a)).

Management follows up on the reviews of the Group's liquidity reserve, as well as the evolution of the Net Financial Debt, and its calculation as of 31 December 2017, 2016 and 2015 as follows:

	2017	2016	2015
Cash and other cash equivalents (Note 11)	19.528.750	16.473.715	16.337.510
Other non-current financial assets (Note 7)	4.647.917	6.494.953	4.916.271
Short-term credits (Note 9)	108.956	571.438	20.223
Undrawn credit lines (Note 16)	8.500.000	8.500.000	3.922.986
Liquidity reserve	**32.785.623**	**32.040.106**	**25.196.991**
Bank debt (Note 16)	88.477.744	4.022.691	113.100.608
Subordinated debt with minority shareholders (Note 16)	3.717.217	0	0
Other non-current financial liabilities (Note 19)	5.271.994	5.155.815	6.912.549
Cash and other cash equivalents (Note 11)	-19.528.750	-16.473.715	-16.337.510
Other non-current financial assets (Note 7)	-4.647.917	-6.494.953	-4.916.271
Short-term credits (Note 9)	-108.956	-571.438	-20.223
Net financial debt	**73.181.332**	**-14.361.600**	**98.739.152**

Among current debt, as of 31 December 2017, the financial debt from the subsidiaries Pozo Almonte Solar 1 SA, Calama Solar 1 SA, Calama Solar 2 SA and the companies located in India Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd for a total amount of 84 742 thousand euros (2016: 0 euros), which although contractually has a maturity of more than 12 months has been classified as current according to the accounting criteria described in Note 2.19, in accordance whereto the financial debt from the subsidiaries that the Group plans to sell in the short term is classified as current, in a manner consistent with the classification of its fixed assets, the solar plants, as Inventories in the current assets of the accompanying consolidated balance sheet.

The increase in net financial debt in fiscal year 2017 originated, fundamentally, from the amounts of financial debt formalised during the year with different financial entities amounting, as of 31 December 2017, to 84 742 thousand euros (Note 16), related with the necessary financing for the construction of solar photovoltaic plants (Note 10).

The decrease in net financial debt in 2016 is mainly due to the outflows derived from the changes in the perimeter of the year indicated in Note 1, which have led to the write-down of the assets and liabilities of these companies, mainly, solar plants and the financial debt associated therewith.

The Group's Financial Department monitors the forecasts of the Group's liquidity needs in order to ensure that it has sufficient cash to meet operational needs while maintaining sufficient availability of unused credit facilities at all times so that the Group does not breach the limits of the covenants established by financing (Note 16).

There are no restrictions on the use of cash / cash equivalents, with the exception of those described in Note 7.a) and 11 and the existing commitments described in Note 16.

Below is a table with the detail of the Working Capital Fund that presents the consolidated balance sheet of the Group as of 31 December 2017 compared with 31 December 2016 and 2015, indicating the relative importance of each of the headings:

	2017	2016	2015
Inventories	117.958.115	34.069.549	136.097.971
Trade and other receivables	6.105.008	2.807.635	3.394.007
Other current assets	357.237	3.217.943	664.087
Current tax assets	2.186.940	1.174.061	3.379.675
Operating current assets	**126.607.300**	**41.269.188**	**143.535.741**
Derived financial instruments	267.516	**0**	**0**
Other non-current financial assets	4.647.917	6.494.953	4.916.271
Cash and other cash equivalents	19.528.750	16.473.715	16.337.510
CURRENT ASSETS	**151.051.482**	**64.237.855**	**164.789.523**
Trade and other payables	9.874.150	6.314.444	6.497.553
Current tax liabilities	2.448.758	3.419.551	1.531.535
Current provisions	332.104	212.740	516.103
Other current liabilities	2.210.693	673.307	517.868
Operating current liabilities	**14.865.705**	**10.620.043**	**9.063.059**
Short-term bank debt	85.125.598	358.378	109.156.944
Subordinated debt with minority shareholders	3.717.217	0	0
Derived financial instruments	780.461	0	0
Financial liabilities	5.271.994	5.155.815	6.912.549
CURRENT LIABILITIES	**109.760.975**	**16.134.236**	**125.132.552**
TOTAL WORKING CAPITAL	**41.290.508**	**48.103.619**	**39.656.971**

Although the magnitude of the working capital considered in isolation is not a key parameter for the understanding of the Group's annual accounts, it actively manages the working capital through the net working capital and current and non-current net financial debt, based on the solidity, quality and stability of the relationships with its clients and with the partners with which it has made investments in other countries. as well as an exhaustive monitoring of its situation with financial institutions.

It can be confirmed that there are no risks of the Group's liquidity situation.

The table below presents an analysis of the Group's financial liabilities that will be settled, grouped by maturity. in accordance with the terms pending at the balance sheet date up to the date set in the agreement. The amounts shown in the table correspond to the cash flows (including interest that will be paid) set in the agreement without discounting. The balances payable within 12 months are equivalent to the carrying amounts thereof, since the effect of the discount is not significant.

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	Less than 1 year	Between 1 and 5 years	More than 5 years
As of 31 December 2017			
Bank loans (Note 16)	9.298.740	48.477.266	97.494.191
Trade and other payables (Notes 18 & 19)	18.475.528	0	0
As of 31 December 2016			
Bank loans (Note 16)	458.714	1.822.426	2.850.382
Trade and other payables (Notes 18 & 19)	12.143.567	0	0
As of 31 December 2015			
Bank loans (Note 16)	28.393.777	37.341.911	97.194.171
Trade and other payables (Notes 18 & 19)	13.927.970	0	0

3.2 Fair value estimation

IFRS 13 on Fair Value Valuation explains how to value at fair value when required by other IAS. The standard establishes the information to disclose about the valuations at fair value applicable to both non-financial and financial assets and liabilities.

IFRS 13 establishes as fair value the amount that would be received or paid for an asset or liability in an orderly transaction at the valuation date, whether observable or estimated using a valuation technique. In order to do so, data consistent with the characteristics that participants in a market would take into account in the transaction is selected.

IFRS 13 maintains the principles of the other standards, although it establishes a complete framework for the valuation at fair value when it is mandatory under other IFRS and establishes additional mandatory information to disclose about the valuations at fair value.

The requirements under IFRS 13 are met by the Group in the fair value measurement of its assets and liabilities when said value is required by the other IFRS.

Based on the contents of IFRS 13 and under IFRS 7 on Financial Instruments measured at fair value, the Group reports on the estimation of fair value by levels according to the following hierarchy:

- Prices quoted on active markets (unadjusted) for assets and liabilities (Level 1), such as financial instruments quoted on organised markets the market value whereof is their quotation at year-end.
- Inputs other than the quoted prices included in Level 1, which are observable, either directly (for example, reference prices) or indirectly (for example, derived from prices) through valuation models (Level 2).
- Inputs for assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3)

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a) Financial Instrument at Level 1

The fair value of the financial instruments that are traded in active markets is based on the quoted market prices at the balance sheet date. A market is considered active when the quoted prices can be easily and regularly available through stock exchange, financial intermediaries, sectoral institution, price service or regulatory body, and these prices reflect current market transactions that occur regularly, between parties acting in conditions of mutual independence. The market price quoted used for financial assets held by the Group, when applicable, is the current bid price. These instruments are included in level 1.

b) Financial Instrument at Level 2

The fair value of financial instruments that are not quoted in an active market is determined by using valuation techniques. When applicable, the Group uses a variety of methods such as estimated discounted cash flows and makes assumptions that are based on the existing market conditions on each of the balance sheet dates. If all the significant data required to calculate the fair value of an instrument are observable, the instrument is included in Level 2.

Specific techniques for valuation of financial instruments include:

- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows.
- The fair value of forward exchange rate agreements is determined using the forward exchange rates quoted on the market at the balance sheet date.
- It is assumed that the carrying value of the credits and debits for commercial operations approximates their fair value.
- The fair value of financial liabilities for the presentation of financial information is estimated by discounting future contractual cash flows at the current market interest rate that the Group may have for similar financial instruments.

If one or more of the significant inputs are not based on observable market data, the financial instrument is included in Level 3.

The instruments included in Level 2 and 3 correspond to the derivative financial instruments that the Group began to contract during the year 2016 and maintains as of 31 December 2017 (Note 17).

3.3 Capital risk management

The objectives of the Group in relation to capital management are to safeguard its capacity to continue as a functioning company in order to procure returns for the members and to maintain an optimal capital structure by reducing the cost thereof.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends to be paid to the partners, reimburse shareholders' capital, issue new shares or sell assets to reduce debt.

The Group monitors the capital based on the debt index, in line with the sector. This index is calculated as the net debt divided by the total capital employed in the business. Net debt is calculated as the total of external resources plus current financial liabilities, less cash and cash equivalents and less current financial assets, as each of these headings are shown in the consolidated annual accounts. The total capital employed in the business is calculated as net equity, as shown in the consolidated annual accounts, plus net financial debt.

The Group's strategy, in fiscal years 2017, 2016 and 2015, resulted in maintaining an indebtedness ratio close to 0.5 and below 0.75. The indebtedness ratios as of 31 December 2017, 2016 and 2015 were as follows:

	2017	2016	2015
External resources (Note 16)	92.194.961	4.022.691	113.100.608
Non-current financial liabilities (Note 19)	5.271.994	5.155.815	6.912.549
Less: Cash and equivalents, and current financial assets (Note 11)	-24.285.623	-23.540.106	-21.274.005
Net financial debt (Note 3.1 c)) (a)	73.181.332	-14.361.600	98.739.152
Equity (b)	52.959.542	56.373.468	48.902.652
Total capital employed in business (c)=(a)+(b)	126.140.874	42.011.868	147.641.804
Leverage index (a)/(c)	0,58	(0,34)	0,67

The indebtedness ratio as of 31 December 2016 is affected by the situation of the Group's ongoing projects and it was modified in fiscal year 2017 by obtaining financing related to solar plants registered in Inventories (Note 10) .

As of 31 December 2017, 2016 and 2015, the Group has entered into loan agreements with financial institutions subject to the obligation to comply with certain financial ratios (Note 16).

4 Estimates and accounting judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Important accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. The resulting accounting estimates, by definition, will seldom equal the related actual income. Below, we explain the estimates and judgements that have a significant risk of giving rise to a material adjustment in the carrying amounts of the assets and liabilities within the following financial year.

Income taxes

The Group is subject to income tax in many jurisdictions. An important degree of judgement is required to determine the worldwide provision for income tax. The Group recognises deferred taxes that, in application of the current regulations of the different tax administrations, are caused by multiple temporary differences of the assets and liabilities. However, there are certain transactions and calculations wherefore the final determination of the tax is uncertain during the ordinary course of business. Nonetheless, management does not consider it necessary to record provisions for possible tax contingencies because it does not estimate possible additional taxes.

The calculation of Income Tax has not required the realisation of significant estimates except for the recognition of tax credits at year-end. The Group follows the criteria of accounting for deferred tax assets and credits for set-off for negative taxable incomes and deductions and bonuses only to the extent that their realisation or future application is sufficiently assured (Notes 2.20 and 26).

As of 31 December2017, the Group recorded deferred tax assets amounting to 6.9 million euros arising from losses and tax credits from subsidiaries, which in turn recorded deferred tax liabilities for an amount of 6.3 million euros. The recoverability of these assets is not significantly subject to compliance with estimates and judgements by the Group as agreements have been reached with customers for the sale of energy during the life of the plants.

Net realisable value of the solar photovoltaic plants

As indicated in Note 2.13, the Group classifies as inventories the photovoltaic solar plants of subsidiaries that are included in the consolidation perimeter and destined for sale, materialised through the sale of the shares of said companies. These assets are valued at the cost of production for the Group or net realisable value, the lower of both. To estimate the fair value of these investments, the Group uses valuation techniques based on the estimation of the discount of future cash flows and on the market returns required by investors for the assets to be analysed while taking into account the offers to acquire these assets, made by unrelated entities, which. even though being non-binding, have been carried out with a sufficient analysis of the asset and its valuation.

Service lives of tangible assets

As indicated in Notes 2.5 and 2.7, the Solarpack Group determines the estimated service lives and the corresponding depreciation charges for its tangible and intangible assets. The Group will increase the depreciation charge when service lives are lower than the previously estimated lives or amortise or derecognise technically obsolete or non-strategic assets that have been abandoned or sold.

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Provisions for plant decommissioning and guarantees

The Group estimates the necessary provisions to cover decommissioning costs when there is an obligation to remove the plants from their current site at the end of the concession agreement for the use of the land whereon said plants were built. Said provisions are constituted when their construction has been completed, at the present value of discounted future flows, estimating the costs based on a formal closure plan and subject to a formal review.

At the end of fiscal year 2017, in addition to the provisions to cover the costs of decommissioning, there are provisions recorded to guarantee and cover any inconsistencies that may arise from the materials, supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants.

Personnel benefits

In agreements on benefits by multiyear bonus with some of its current employees, the Group makes estimates on the amount of benefits to be paid and the basis the calculation thereof.

These estimates are reassessed at the end of each accounting period by adjusting the provisions to the best available estimates at year-end.

4.2 Significant judgements in applying accounting policies

The most significant judgements and estimates that have had to be considered when applying the accounting policies described in Note 2 correspond to:

1. Estimation of recognition and application of tax credits, as outlined in Notes 2.20 and 20.
2. Estimation of the service life of tangible assets. (Note 2.5)
3. Estimation on the calculation of provisions. (Note 2.22)
4. Estimates of personnel benefits for multi-year bonuses (Note 2.21)

5 Segment Information

The Group analyses its operating segments based on the internal reports that are the basis for review, discussion and regular evaluation by the Board of Directors, the highest authority in the decision-making process, with power to allocate resources to the segments and evaluate their performance. In this sense, segment figures included in these internal reports include the income and margins that are subject to elimination in the consolidation, as the Directors consider that they are a more accurate reflection of the Group's real activity than the consolidated figures, which only reflect the operations carried out with third parties, as we have already indicated in previous paragraphs.

The Group develops a vertical integration model in the downstream of the solar PV industry. The Group's vertical integration is due to the fact that (i) it develops and builds PV solar plants, (ii) it operates these plants once they start generating power, and (iii) it provides technical and management services during the service life of said plants. The downstream of the solar PV industry includes the execution of generation projects and the production of electricity from solar PV sources. The downstream does not include the manufacture of the components and equipment used in these generation projects. The typology of generation projects and the production of electric energy from solar PV sources wherein the Group works corresponds to the so-called "utility scale", i.e. large generation projects on land. The group does not develop rooftop projects (either residential or commercial) or small or medium projects on land with a power lower than 5 MW.

This vertical integration model has the effect that the Consolidated Financial Statements do not show the real activity of the Group, as an important part of the activities are the development and construction of projects, as well as the provisions of services, i.e. intra-group operations. In the Group's business, the moment wherein a project for the generation of electric power from solar PV sources is put into construction and operation is a key moment in the generation of value for said project. Therefore, without segmented information, the consolidated financial statements of the Group would not show this generation of value in any case when it comes to projects that have not been sold to independent third parties, but are built for the Group's own operation (intra-group operations).

Likewise, the Group performs an activity of providing (i) technical operation and maintenance services and (ii) asset management that is of a very different nature from that of electric power generation from solar PV sources, which needs to be shown as segmented information in order to evidence this activity as a whole: provided to independent third parties and in intra-group operations.

Within the power generation activity, the Group participates in operation of solar PV plants projects not always being the single shareholder, so that in order to correctly analyse this activity at the segment level, the information is included proportionally to the shareholding of the Group in those plants, including the activity of the plants wherein it has no control and excluding the activity of the minority shareholders in the cases wherein, while having control, its shareholding is not 100%.

Therefore, the Group considers it advisable to offer segmented information with the aim of:

- Showing the real level of activity of the Group with independence of the fact that intra-group transactions take place.
- Differentiating in each of the Group's activities the volume of business carried out with external clients and with related parties.
- Showing the temporary generation of income and results adjusted to the moment wherein each activity is carried out.
- Showing the activity in proportion to the Group's shareholding.

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The defined segments are the following:

- Development & Construction (DevCon): includes, among others, the activities related to (i) identification of locations for the installation of the solar parks, (ii) management of the environmental impact analysis, obtaining of licenses and permits for the construction and operation of solar parks, (iii) obtaining long-term energy sales agreements, or equivalent regulatory frameworks, (iv) as well as engineering and construction works for solar parks.

- Services (SVCS): includes the services provided by the Group in relation to the technical tasks of operation and maintenance and including commercial and administrative tasks of the solar plants in operation, such as maintenance in coordination with OEMs, accounting and taxation of companies in the project, supervision of maintenance agreements, control centres, etc.

- Power generation (PowGen): includes income and expenses related to the generation and sale of energy from the solar parks in operation, in proportion to the Group's holding, both in controlled companies, as well as in associated companies and others wherein that the Group is a shareholder.

The criteria used by the Group to obtain such financial statements segregated by activities have been described below:

- For each of the activities listed, the assets, liabilities, expenses and income of any nature. exclusively or directly belonging, are assigned to it in a general manner.
- Assets of general use are placed in the column "Structure" and are not subject to distribution between segments. However, any costs and income associated with such assets are allocated to segments.

Transfer prices in inter-segment sales are the prices applied therein, which, as indicated in Note 2.28, are market prices.

As of 31 December 2017, no discontinuity operation has occurred, nor is there any intention on the part of management for such to take place in the near future, understanding as such the separation from the Group (whether by sale, division, liquidation or similar) of a business line or geographical area of operation.

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The information by business segments of the Group corresponding to 31 December 2017, 2016 and 2015, based on the criteria defined above, is detailed below:

	31.12.2017							
	Dev Con (A)	SVCS (B)	Structure (C)	**Added total (A+B+C=D)**	Power Gen (E)	**Added total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	36.766.424	4.679.467	-	**41.445.891**	13.051.698	**54.497.589**	(22.211.171)	**32.286.419**
External customers	16.626.118	3.995.316	-	**20.621.433**	13.051.698	**33.673.132**	(16.725.049)	**16.948.082**
Related parties customers	20.140.306	684.152	-	**20.824.458**		**20.824.458**	(5.486.122)	**15.338.336**
Operating expense	(27.290.154)	(3.116.877)	(222.891)	**(30.629.922)**	(5.735.439)	**(36.365.361)**	9.357.647	**(27.007.714)**
Direct costs	(22.092.811)	(2.571.103)	-	**(24.663.914)**	(1.712.935)	**(26.376.849)**	5.693.788	**(20.683.061)**
SGA	(5.160.906)	(539.189)	(222.891)	**(5.922.987)**	-	**(5.922.987)**	14.167	**(5.908.819)**
Amortis. of fix. assets	(36.437)	(6.585)	-	**(43.022)**	(4.022.504)	**(4.065.525)**	3.649.691	**(415.834)**
Operating perform.-EBIT	**9.476.269**	**1.562.590**	**(222.891)**	10.815.969	**7.316.260**	18.132.228	**(12.853.524)**	5.278.704

	31.12.2016							
	Dev Con (A)	SVCS (B)	Structure (C)	**Added total (A+B+C=D)**	Power Gen (E)	**Added total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	22.937.605	4.200.154	-	27.137.759	12.726.672	39.864.432	2.435.679	42.300.111
External customers	11.467.508	3.074.289	-	14.541.796	12.726.672	27.268.469	4.326.691	31.595.160
Related parties customers	11.470.098	1.125.866	-	**12.595.963**	-	12.595.963	(1.891.012)	10.704.951
Operating expense	(15.798.238)	(2.662.700)	(325.358)	(18.786.296)	(7.310.519)	(26.096.815)	6.174.664	(19.922.152)
Direct costs	(13.186.371)	(2.243.837)	-	(15.430.208)	(2.528.119)	(17.958.326)	1.708.436	(16.249.891)
SGA	(2.598.223)	(412.906)	(325.358)	(3.336.487)	-	(3.336.487)	31.547	(3.304.941)
Amortis. of fix. assets	(13.643)	(5.958)	-	(19.601)	(4.782.401)	(4.802.002)	4.434.682	(367.320)
Operating perform.-EBIT	**7.139.368**	**1.537.454**	**(325.358)**	**8.351.463**	**5.416.153**	**13.767.616**	**8.610.343**	**22.377.959**

	31.12.2015							
	Dev Con (A)	SVCS (B)	Structure (C)	**Added total (A+B+C=D)**	Power Gen (E)	**Added total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	36.173.698	4.009.462	-	**40.183.160**	16.116.352	**56.299.512**	1.989.219	**58.288.731**
External customers	-	2.817.461	-	**2.817.461**	16.116.352	**18.933.813**	(2.289.945)	**16.643.868**
Related parties customers	36.173.698	1.192.001	-	**37.365.699**	-	**37.365.699**	4.279.164	**41.644.863**
Operating expense	(33.798.821)	(2.305.532)	(281.356)	**(36.385.710)**	(9.268.964)	**(45.654.674)**	(2.761.208)	**(48.415.881)**
Direct costs	(31.573.772)	(2.100.043)	-	**(33.673.816)**	(3.360.571)	**(37.034.387)**	(8.319.248)	**(45.353.635)**
SGA	(2.224.878)	(194.018)	(281.356)	**(2.700.252)**		**(2.700.252)**		**(2.700.252)**
Amortis. of fix. assets	(171)	(11.471)		**(11.642)**	(5.908.393)	**(5.920.035)**	5.558.041	**(361.994)**
Operating perform.-EBIT	**2.374.877**	**1.703.929**	**(281.356)**	**3.797.450**	**6.847.388**	**10.644.838**	**(771.988)**	**9.872.850**

Direct costs include all those costs and expenses directly attributable to our activities, including supplies, direct labour costs as detailed in Note 24, other income and other operating expenses (Note 22) and other income (Note 22). Direct costs do not include corporate, administrative or other overheads.

SGA includes corporate and administrative overheads, which include corporate, commercial, administrative and other overheads, not directly related to the different projects and activities.

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The column "Eliminations" reflects:

(i) intra-group transactions, which according to IFRS are eliminated in the consolidation of our results,
(ii) the transactions carried out by companies integrated by means of the equity method and financial assets available for sale, which are accounted for in the different segments.
(iii) transactions attributable to non-controlling interests in companies that are fully consolidated in the consolidated results of the Group under IFRS, but that are partially eliminated in the segments to reflect our proportional holding in the income,
(iv) reclassifications of project transactions that under accounting standards are classified under accounting headings that do not allow a correct analysis of the activity of the segment such as (a) income from penalties for loss of profits that under accounting standards are accounted for as a lower operating expense but whose purpose objective is to compensate income not obtained and which are shown in the segmented information under "Operating income", and (b) financial results of project agreements that under accounting standards, as this financial activity is not the main activity of the group, are classified as financial results, but they are a part of the operational results of the projects, and in the segmented information are shown under "Operating income" or "Operating expenses",
(v) removals from the perimeter, where the margins of the intra-group transactions made with the companies that leave the perimeter are recognised and which, at the level of segments, were recognised at the time of construction.

Below are the elimination adjustments:

	31.12.2017					
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	v Removals from the perimeter	Eliminations
Operating income	**(5.486.122)**	**(6.870.440)**	**998.419**	**(10.853.029)**	**-**	**(22.211.171)**
External customers		(6.870.440)	998.419	(10.853.029)		(16.725.049)
Related parties customers	(5.486.122)					(5.486.122)
Operating expense	**2.510.571**	**3.662.313**	**(51.523)**	**3.236.286**	**-**	**9.357.647**
Direct costs	462.976	1.660.889	333.636	3.236.286		5.693.788
SGA	14.167					14.167
Amortis. of fix. assets	2.033.427	2.001.424	(385.160)	-		3.649.691
Operating perform.-EBIT	**(2.975.551)**	**(3.208.127)**	**946.896**	**(7.616.742)**	**-**	**(12.853.524)**

(*) See note 2.2

	31.12.2016					
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	v. Removals from the perimeter	Eliminations
Operating income	**(1.891.012)**	**(5.696.576)**	**1.927.326**	**-**	**8.095.941**	**2.435.679**
External customers		(5.696.576)	1.927.326	-	8.095.941	4.326.691
Related parties customers	(1.891.012)					(1.891.012)
Operating expense	**2.654.483**	**4.028.038**	**(1.209.709)**	**-**	**701.853**	**6.174.664**
Direct costs	(1.213.872)	2.656.493	(436.038)	-	701.853	1.708.436
SGA	31.547					31.547
Amortis. of fix. assets	3.836.809	1.371.544	(773.671)	-		4.434.682
Operating perform.-EBIT	**763.471**	**(1.668.538)**	**717.617**	**-**	**8.797.793**	**8.610.343**

	31.12.2015					
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	v. Removals from the perimeter	Eliminations
Operating income	**4.279.164**	**(3.461.717)**	**1.171.772**	-	-	**1.989.219**
External customers	-	(3.461.717)	1.171.772	-	-	(2.289.945)
Related parties customers	4.279.164	-	-	-	-	4.279.164
Operating expense	**(4.250.433)**	**2.068.931**	**(579.706)**	-	-	**(2.761.208)**
Direct costs	(9.235.026)	1.110.379	(194.601)	-	-	(8.319.248)
SGA	-	-	-	-	-	-
Amortis. of fix. assets	4.984.593	958.553	(385.105)	-	-	5.558.041
Operating perform.-EBIT	**28.731**	**(1.392.785)**	**592.066**	-	-	**(771.988)**

In accordance with the provisions of paragraph 23 of IFRS 8, the Group does not disclose the interest expenses, the results of the investments in associates or the income tax expense since this information is not provided regularly to the highest decision-making authority (Board of Directors).

5.1. Major customer information

The breakdown of sales to external customers that have been invoiced during the periods ended at 31 December 2017, 31 December 2016 and 31 December 2015 amounting to or greater than 10% of the net amount of the turnover is as follows:

Activities	31 December 2017	31 December 2016	31 December 2015
Terraform Global Holdings Spain 2, S.L.U.	-	29.305.774	-
Falcon Solar, S.L.	-	104.157.779	-
S-energy Chile	3.640.382	-	-
Cia minera doña Ines de Collahuasi SCM	-	-	7.071.445
	3.640.382	**133.463.553**	**7.071.445**

5.2 Geographical information

The distribution of the net amount of turnover by geographic area is as follows:

Net sales figure	2017	2016	2015
Spain	2.814.133	2.846.005	3.076.006
Chile	7.275.069	78.425.578	8.078.674
India	2.187.177	-	-
Peru	509.687	42.939.384	5.794.157
Uruguay	373.648	28.722.813	-
Other	-	-	38.740
	13.159.714	**152.933.781**	**16.987.577**

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6 Tangible fixed assets

The detail and movements of the different categories of tangible fixed assets are shown in the following table:

2017

	Balance as of 31.12.16	Additions	Withdrawals	Other movements (*)	Balance as of 31.12.1
Cost					
Technical install. and other tangible fixed a	8.812.637	63.209	-27.990	-14.761	8.833.096
	8.812.637	**63.209**	**-27.990**	**-14.761**	**8.833.096**
Amortisation					
Technical install. and other tangible fixed a	-3.240.429	-415.310	23.773	-4.671	-3.636.637
	-3.240.429	**-415.310**	**23.773**	**-4.671**	**-3.636.637**
Net book value	**5.572.208**				**5.196.459**

2016

	Balance as of 31.12.15	Additions	Withdrawals	Other movements (*)	Balance as of 31.12.1
Cost					
Technical install. and other tangible fixed a	8.441.053	369.764	0	1.820	8.812.637
	8.441.053	**369.764**	**0**	**1.820**	**8.812.637**
Amortisation					
Technical install. and other tangible fixed a	-2.872.103	-366.971		-1.355	-3.240.429
	-2.872.103	**-366.971**	**0**	**-1.355**	**-3.240.429**
Net book value	**5.568.950**				**5.572.208**

2015

	Balance as of 31.12.14	Additions	Withdrawals	Other movements (*)	Balance as of 31.12.1
Cost					
Technical install. and other tangible fixed a	8.408.916	36.663	0	-4.525	8.441.053
	8.408.916	**36.663**	**0**	**-4.525**	**8.441.053**
Amortisation					
Technical install. and other tangible fixed a	-2.512.231	-359.475		-396	-2.872.103
	-2.512.231	**-359.475**	**0**	**-396**	**-2.872.103**
Net book value	**5.896.684**				**5.568.950**

There is a high concentration of tangible assets since most of the assets included under "Technical installations and other fixed assets" correspond to the photovoltaic solar plants that the Group has in operation. whose net book value as of 31 December 2017 amounts to 4767 thousand euros (2016: 5087 thousand euros; 2015: 5406 thousand euros).

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a) Property, plant and equipment by geographical area

The breakdown of tangible fixed assets by geographical area as of 31 December 2017, 2016 and 2015 is detailed below:

2017	Cost	Accumulated amortisation/ Provisions	Net book value
Americas	270.901	(55.238)	215.663
Europe	8.546.829	(3.571.568)	4.975.261
Asia	15.365	(9.831)	5.534
	8.833.096	**(3.636.637)**	**5.196.459**

2016	Cost	Accumulated amortisation/ Provisions	Net book value
Americas	242.035	-27.860	214.176
Europe	8.570.602	-3.212.569	5.358.033
Asia	0	0	0
	8.812.637	**-3.240.429**	**5.572.208**

2015	Cost	Accumulated amortisation/ Provisions	Net book value
Americas	25.919	-14.634	11.285
Europe	8.415.134	-2.857.469	5.557.665
Asia	0	0	0
	8.441.053	**-2.872.103**	**5.568.950**

b) Fixed assets not used in operations

As of 31 December 2017, 2016 and 2015 there are no significant fixed assets not subject to operation.

c) Property, plant and equipment pledged as security

As of 31 December 2017 there are elements of tangible fixed assets (photovoltaic solar plants included in technical facilities and other fixed assets) with a net book value of 4767 thousand euros (2016: 5087 thousand euros; 2015: 5406 thousand euros) in guarantee of debts with financial institutions whose outstanding amount as of 31 December 2017 amounts to 3708 thousand euros (2016: 3991 thousand euros; 2015: 4266 thousand euros) (Note 16).

d) Insurance

The consolidated Group has taken out several insurance policies to cover the risks whereto the tangible fixed assets are subject. The coverage of these policies is considered sufficient.

e) Capitalisation of interest

During the fiscal years 2017, 2016 and 2015 no interest has been capitalised.

f) Tangible fixed assets per project

Project	Length of service	Net book value 17	Net book value 16	Net book value 15
Office furniture and others	-	429.328	485.673	163.012
Isla Mayor	01/10/2007	1.486.750	1.587.133	1.687.517
Lebrija 1	01/10/2007	963.065	1.026.911	1.090.758
Llerena 1	01/10/2007	964.494	1.029.151	1.093.808
Llerena 2	01/10/2007	1.352.823	1.443.340	1.533.856
Total		**5.196.459**	**5.572.208**	**5.568.950**

7 Financial assets

The detail and movements of the main classes of financial assets is as follows:

	Financial assets at amortised cost (**)	Financial assets available for sale	Investments in associates	Derived financial instruments	Total
As of 1 January 2015	**13.466.704**	**2.361.372**	0	0	**15.828.076**
Additions/changes in perimeter	-23.744	-166.652	0	0	-190.396
Registrations (net of impairment)	4.709.463	23.302	0	0	4.732.765
Deregistrations	-12.222.963	146.231	0	0	-12.076.732
Transfers and other movements (*)	2.051	50.445	0	0	52.496
As of 31 December 2015	**5.931.511**	**2.414.698**	0	0	**8.346.209**
Additions/changes in perimeter	2.374.353	0	2.176.690	0	4.551.044
Registrations (net of impairment)	3.800.278	28.864	0	0	3.829.142
Deregistrations	-4.842.001	225.647	0	0	-4.616.354
Transfers and other movements (*)	201.316	1.806	0	0	203.121
As of 31 December 2016	**7.465.457**	**2.671.015**	**2.176.690**	0	**12.313.162**
Additions/changes in perimeter	-29.754	-6.869	0	0	-36.623
Registrations (net of impairment)	2.007.224	19.138	0	267.516	2.293.878
Deregistrations	-1.032.450	-130.227	-750.123	0	-1.912.800
Transfers and other movements (*)	-1.134.823	-6.880	-	0	-1.141.703
As of 31 December 2017	**7.275.653**	**2.546.178**	**1.426.567**	**267.516**	**11.515.914**
2017					
Non-current	2.627.736	2.546.178	0	0	5.173.914
Current	4.647.917	0	0	267.516	4.915.433
Investments in associates	0	0	1.426.567	0	1.426.567
2016					
Non-current	970.504	2.671.015	0	0	3.641.518
Current	6.494.953	0	0	0	6.494.953
Investments in associates	0	0	2.176.690	0	2.176.690
2015					
Non-current	1.015.240	2.414.698	0	0	3.429.938
Current	4.916.271	0	0	0	4.916.271
Investments in associates	0	0	0	0	0

(*) It essentially includes the effect of currency exchange in the financial assets of the foreign subsidiaries.

(**) Under this heading are the items called "Loans and receivables". The amounts are presented net of the corresponding impairment losses (Note 2.11).

All the financial assets held by the Group as of 31 December 2017, 2016 and 2015, which have not expired and which have not suffered impairment losses in the year, are considered to be high quality and show no signs of impairment losses.

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a) Financial assets at amortised cost

	31 December 2017	31 December 2016	As of 31 December
Long-term deposits	39.425	39.425	39.425
Long-term loans companies acc. by the equity method (Note 30)	2.588.311	931.079	975.815
Short-term loans companies acc. by the equity method (Note 30)	957.272	2.790.450	438.193
Short-term loans related comp. (Note 30)	20.787	88.651	441.474
Current accounts with partners (Note 30)	0	207	196
Short-term deposits	2.826.582	1.226.960	2.755.580
Other non-current financial assets	843.276	2.388.686	1.280.828
Total loans and receivables	**7.275.653**	**7.465.457**	**5.931.511**

Under "Other current financial assets" are, essentially, a current account with other unrelated parties. In addition, as of 31 December 2016, the amount deposited in the court during the year related to the legal proceedings described in Note 21 with SICE for the amount of 1744 thousand euros was registered, a litigation that has been resolved in 2017 and as of 31 December 2015. an investment fund for an amount of 550 thousand euros.

Loans to companies accounted for by the equity method correspond mainly to the credit granted to Ataca Solar Holdco SpA for an amount of 2080 thousand euros (2016: 2359 thousand euros; 2015: - euros). This loan has a maturity of 12 months, which can be extended tacitly if no party dictates otherwise and accrues interest at LIBOR12M + 3%. In accordance with the agreement, the financing agreement signed with the company Ataca Solar Holdco SpA, is enforceable in the short term. However, the Directors consider that the loan will not be received in the short term, although they have no doubt about its long-term collection based on the expected cash flows in said company and, based on these flows, it has been transferred to fiscal year 2017 an amount of 1899 thousand euros in the long term, since they estimate that this amount will not be collected in the short term.

The rest of the amount corresponds to the outstanding balance from the novation of the subordinated loan granted by the Group to Solarpack Promo2007 Ciento Veintiuno, SL in 2015, which was formalised on 30 September 2015 with new conditions. The novation agreement establishes a maximum amount of 1463 thousand euros with capital amortisation within a period of 17 years and 6 months. The loan bears an interest rate of Euribor + 3.5. The contract established that the amount of the subordinated loan will be returned at once on the expiration date, although according to the return conditions thereof, the company may annually prepay, partially or wholly, if certain conditions are met. The amount as of 31 December 2017 amounts to 857 thousand euros (2016: 931 thousand euros; 2015: 1409 thousand euros). From the total amount of the loan, the Group has reclassified 168 thousand euros in the short term, which corresponds to the amount it expects to collect in the year 2018.

In addition, the Group has granted a loan to Kabi Solar (PTY) Limited for an amount of 608 thousand euros (2016: 432 thousand euros; 2015: 438 thousand euros). These balances are shown net of the impairment recorded in the amount of 335 thousand euros as of 31 December 2017 (2016: 1050 thousand euros; 2015: 579 thousand euros) (Note 25). The loan bears an interest rate of 8.5%. The Group, not having incurred legal or implicit obligations, nor having made payments on behalf of this associated company, has not recorded any liability for this holding.

Short-term loans with related parties correspond to loans granted to companies of the group that are not integrated by global integration (see detail in Note 30).

Both time deposits and loans accrue a market interest rate in the country wherein the financial asset is held.

Short-term deposits earn an average interest rate of 1.46% (2016: 0.83%, 2015: 0.45%).

As of 31 December 2017, the subsidiaries Pozo Almonte Solar 1 SA, Calama Solar 1 SA and Calama Solar 2 SA maintain their respective term deposits in financial institutions amounting to 1855 thousand US dollars - whose equivalent value in euros amounted to 1547 thousand euros - whose disposition is restricted, derived from the conditions whereto the loans agreed to finance photovoltaic solar plants are subject (Note 16).

The maximum exposure to credit risk at the date of presentation of the information is the carrying amount of the assets.

b) Financial assets available for sale

This heading includes, essentially, the investments in group companies not included in the consolidation perimeter (Note 1) and the holdings in Tacna Solar SAC and Panamericana Solar SAC amounting to 9.5% of the share capital.

The Group keeps the investments in Tacna Solar SAC and Panamericana Solar SAC, amounting to 9.5% of the share capital in each, for a combined amount of 1560 thousand euros.

These investments were not meeting expected flows, therefore, the Directors recorded said holdings at cost since the variability in the range of reasonable estimates of the fair value is significant and the probabilities of the various estimates within the range cannot be assessed.

The additions correspond to investments, net of impairment, that the Group has made in group companies of not included in the consolidation perimeter (Note 1).

Eliminations for the year 2017 correspond, fundamentally, with the provision of a greater deterioration in the holdings of Ecuador Solar Holdco SL. (Note 25).

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The financial assets available for sale are presented net of a provision for impairment whose movement was as follows:

	31 December 2017	31 December 2016	31 December 2015
Initial balance-provision for impairme	2.857.550	3.027.197	3.165.902
Provisions	210.655	56.000	13.551
Reversals	-65.323	-225.647	-152.256
Other variations (*)	-1.392.027	0	0
Final balance-provision for impairmer	**1.610.855**	**2.857.550**	**3.027.197**

(*) The amount of other variations corresponds to the decline in the impairment of Solarpack Development Inc. due to its inclusion into the consolidation perimeter in fiscal year 2017 (Note 1).

These movements in the provision for impairment are included in the financial income of the consolidated profit and loss account for the corresponding fiscal year (Note 25). The amount corresponds fundamentally to the impairment provision for group companies and associates not included in consolidation (Note 1), essentially Ecuador Solar Holdco SL in 2017 and Solarpack Development Inc. and Ecuador Solar Holdco SL in 2016 and 2015.

c) Investments in associates

The consolidated companies applying the equity method as of 31 December 2017. 2016 and 2015 are the following (Note 1):

	% effective holding			Value of holding			Profit share		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Solarpack Promo2007 Ciento Veintiuno, S.L.	49%	49%	49%	-	-	-	168.464	114.532	690.855
Kabi Solar PTY Ltd.	60%	60%	60%	-	-	-	(779.523)	-	-
Ataca Solar Holdco, SpA	19%	19%	-	577.635	736.389	-	(158.753)	(68.545)	-
Pampul Holdco, SL	19%	19%	-	848.931	1.440.302	-	(445.034)	85.035	-
				1.426.567	**2.176.690**		**(1.214.846)**	**131.021**	**690.855**

	Total					
	(100%) Assets			(100%) Liabilities		
	2017	2016	2015	2017	2016	2015
Solarpack Promo2007 Ciento Veintiuno, S.L.	26.997.130	28.157.570	29.246.478	23.114.945	24.567.873	25.450.979
Kabi Solar PTY Ltd.	710.336	502.965	646.431	1.266.526	2.252.546	1.611.519
Ataca Solar Holdco, SpA	61.696.500	71.491.641	0	60.175.548	68.844.437	0
Pampul Holdco, SL	30.328.960	42.153.108	0	26.626.457	36.903.812	0

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From the balance as of 31 December 2017, an amount of 1427 thousand euros corresponds to the value of the holdings in Ataca Solar Holdo SpA and Pampul Holdco SL that, as indicated in Note 1, in fiscal year 2016 were consolidated using the equity method, and their entrance is included in the changes of the consolidation perimeter in 2016.

During fiscal year 2017, the General Meeting of Shareholders of the subsidiary Pampul Holdco SL, held on 7 March 2017 approved the distribution of dividends charged to the premium for subscription of shares for an amount of 653 thousand US dollars. The company has collected in fiscal year 2017 the amount corresponding to its shares, amounting to 124 thousand US dollars, whose equivalent value in euros amounted to 117 thousand euros. Subsequently, on 12 September 2017, the General Shareholders Meeting approved the distribution of dividends charged to the premium for subscription of shares for an amount of 182 thousand US dollars. The company has collected in fiscal year 2017 the amount corresponding to its shares, amounting to 35 thousand US dollars, whose counter value in euros is 29 thousand euros.

On 17 May 2017, the General Meeting of Shareholders of the company Solarpack Promo2007 Cientoveintiuno SL approved the distribution of dividends for an amount of 339 thousand euros charged to share premium. The company has collected in fiscal year 2017 the amount corresponding to its shares, amounting to 168 thousand euros.

During fiscal years 2016 and 2015 no income was derived from the distribution of dividends of these companies.

Investments in associates at the end of 2017 do not include goodwill.

There are no contingent liabilities related to these investments in the associated companies.

None of these companies are listed on the stock exchange.

d) Derived financial instruments

The Group keeps 268 thousand euros recorded under short-term “Derivatives”, which corresponds to the fair value as of 31 December 2017 of an exchange-rate hedge contract that the Group has with a non-related entity, signed on 7 November 2016, whereby the Group provides exchange rate hedging services by buying Indian rupees and selling US dollars. The amount covered by said derivative will be an amount related to the collections that this third party receives from the equipment supply agreement for a project of the Group in India. The amount of this agreement is 3866 million rupees.
The hedge dates are variable since they will be equal to the dates wherein the independent third party receives the payments for the equipment supply agreement. This agreement has a suspensive condition, which was not met until 24 January 2017, so until that date the amount insured was zero and therefore the valuation of the derivative at the end of fiscal year 2016 was zero. At the signing of the hedge contract no premium was paid.

The fair value of this derivative as of 31 December 2017 is 268 thousand euros. The main variable whereon the Directors have relied to determine the fair value of said derivative is the date of the pending settlements of the derivative, which, according to the anticipations of future payments of the equipment supply agreement, has been estimated at 30 June 2019. Had this date been three months earlier/after, the value of the derivative would have been modified by 18/(19) thousand euros.

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In the aforementioned derivative, during fiscal year 2017, an payments amounting to 3487 million rupees were settled, which resulted in a positive result for the Group of 9977 thousand dollars, equivalent to 9054 thousand euros. (Note 2.2).

In turn, the Group has partially hedged this risk with several hedge contracts of the rupee against the US dollar with third parties, which resulted in an expense in euros of 1437 thousand euros in 2017. These figures are included in the financial result under "Variation in fair value of financial instruments" (Note 25). None of these hedge contracts is in force at the end of fiscal year 2017.

8 Other non-current assets

Essentially third-party loans are included under this balance heading, amounting to 453 thousand euros (2016: 1010 thousand euros; 2015: 1266 thousand euros), whose breakdown per maturity is as follows:

	31 December 2017	31 December 2016	31 December 2015
Between 1 and 2 years	82.518	82.518	81.080
More than 5 years	370.728	927.308	1.185.390
	453.247	**1.009.826**	**1.266.470**

Credits to third parties accrue a variable interest rate referenced to the Euribor. As a result, there are no significant differences between the fair value thereof and the amount wherefore they are recorded

Loans with agreed maturity over 5 years were granted to Tacna Solar SAC and Panamericana Solar SAC (Note 7.b)). The contractual repayment of loans is at maturity, on 15 May 2031, however the companies have settled in the current year 557 thousand euros (2016: 318 thousand euros; 2015 341 thousand euros).

9 Trade and other receivables

The detail of Customers and other receivables is as follows:

	31 December 2017	31 December 2016	31 December 2015
Customers	5.264.711	1.944.434	2.906.256
Customers of related parties	498.222	474.259	455.290
Less: Provision for impairment loss on receivables	-	-	-
Customers - Net	5.762.933	2.418.693	3.361.546
Other receivables	342.075	388.942	32.462
Trade and other receivables	**6.105.008**	**2.807.635**	**3.394.007**
Short-term credits	108.956	571.438	20.223
Short-term accrual calculations	248.281	2.646.505	643.864
Other current assets	**357.237**	**3.217.943**	**664.087**
Total	**6.462.245**	**6.025.578**	**4.058.095**

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The balances of customers and debtors do not differ from their fair values based on their cash flows discounted at market rates.

The customer heading includes balances due to the sale of products (energy supply), as well as billing for works and services performed to customers for work performed or services rendered pending collection at year-end.

The amount of Other receivables as of 31 December 2017 and 31 December 2016 corresponds, fundamentally, to the compensation pending collection for the amount of 313 thousand euros (2016: 326 thousand euros) by the insurance company in favour of the subsidiary Solarpack Uruguay SA derived from a loss that occurred in fiscal year 2016 and was collected in January 2018.

As of 31 December 2017, 2016 and 2015 there are no customer balances and receivables discounted or anticipated.

As indicated in Note 3, there is a high concentration of credit risk with respect to Trade receivables given that the Group sells the majority of the energy of each solar plant in operation to a single customer (Note 6). However, this risk is highly mitigated as they are companies with recognised solvency.

Receivables have not suffered any impairment in 2017, or 2016 and 2015, therefore there was no need to provide any provision.

The maximum exposure to credit risk at the date of presentation of the information is the carrying amount of each of the receivables detailed above.

Short-term accrual calculations

The balance of this heading as of 31 December 2016 corresponded, fundamentally, to invoices received for work not performed to date related to the construction of the solar plants located in Chile, which at that date were in progress and have been completed during fiscal year 2017 (Note 10).

The carrying amounts of receivables are denominated in the following currencies (in euros):

	31 December 2017	31 December 2016	31 December 2015
Euros	425.331	630.669	914.585
US dollars	1.812.104	2.909.653	3.003.577
Chilean pesos	2.224.882	1.591.055	139.933
Indian rupees	1.999.658	754.564	0
Other	270	139.638	0
Total	**6.462.245**	**6.025.578**	**4.058.095**

10 Inventories

The detail of Inventories is as follows:

	31 December 2017	31 December 2016	31 December 2015
Goods	80.357.886	5.910.415	306.117
Work-in-process and semi-finished products	2.854.814	13.461.854	26.838.581
Finished products	34.745.415	14.697.280	108.952.952
Prepayments to suppliers	0	0	322
Final balance	**117.958.115**	**34.069.549**	**136.097.971**

The detail of Inventories per project is as follows:

Project	Geographic area	Length of servic	Net book value 17	Net book value 16	Net book value 15
PMGD	Chile	01/07/2015	34.745.415	25.620.088	14.272.010
TELANGANA	India	01/10/2017	80.357.886	5.910.415	306.438
ATTACKS	Chile	01/04/2014	0	0	63.532.067
MOQUEGUA	Peru	01/11/2014	0	0	31.148.874
ALTO CIELO	Uruguay	underway in 2015	0	0	26.372.283
Projects in development	(*)	underway	2.854.814	2.539.046	466.298
Total			**117.958.115**	**34.069.549**	**136.097.971**

(*) Mainly, projects under development in Chile.

The heading Work in progress and finished Goods includes the construction cost for the group of PV solar power plants that the Group has built for their subsequent sale or are under construction. through the subsidiaries Pozo Almonte Solar 1 SA, Calama Solar 1 SA. Calama Solar 2 SA and Arica Solar 1 SA. (Note 2.13) and other projects under development, whose book value as as of 31 December 2017 amounts to 37 670 thousand euros (2016: 28 159 thousand euros; 2015: 136 098 thousand euros). During the fiscal year the construction of the solar plants of Calama Solar 1 SA and Calama Solar 2 SA was completed, therefore the cost of production thereof has been reclassified to finished goods as of 31 December 2017. During fiscal year 2017, interest has been capitalised as an increased production cost of these solar plants for an amount of 186 thousand euros (2016: 74 thousand euros; 2015: 11 thousand euros), mainly in the solar plants Calama Solar 1 SA and Calama Solar 2 SA, located in Chile.

Additionally, as indicated in Note 1, during fiscal year 2017 the total disposal of the subsidiary Diego de Almagro Solar SpA took place, implying fundamentally the removal of the solar plant - included in Inventories - at 31 December 2016, for an amount of 418 thousand euros.

Likewise, during fiscal year 2016 the variation in the amount of the Inventories is mainly due to the departures of solar plants derived from the variations in the consolidation perimeter, as well as the construction of new solar parks. As indicated in Note 1, during 2016 there was total or partial transfer (maintaining significant influence) of several subsidiaries, which basically implied the removal of solar plants included in Inventories, amounting at 31 December 2015 to 120 977 thousand euros, and the reduction of debts with the financial institutions that were guaranteeing the plants (Note 16). Likewise, the construction of new solar plants located in Chile and India has begun, implying an increase in inventories for a total amount of 19 372 thousand euros.

The solar plants located in the state of Telangana (India), whose construction began in fiscal year 2016 and ended in fiscal year 2017, are registered under Goods, since the Group did not carry out its construction, which was subcontracted. During the year 2017, interest has been capitalised as an increased production cost of these plants amounting to 2544 thousand euros. In 2016 no amount was capitalised.

These solar plants include the total cost arising from the use of the land whereon they were built as an increase value of inventories, in cases wherein these are not owned by the Group and by virtue of the agreements reached with their owners for the use thereof; as well as the estimated costs that the Group will have to face due to the decommissioning of the plants in those cases wherein there is an obligation to do so, wherefore a long-term provision is carried (Note 21).

As of 31 December 2017, one year has not elapsed since the start of operations in the plants located in India, which started operations between August 2017 and November 2017, and two of the plants located in Chile (Calama Solar 1 SA and Calama Solar 2 SA began operations in May 2017), so the Group keeps them in Inventories in accordance with the accounting criteria described in Note 2.13. With reference to Pozo Almonte Solar 1 SA, it started operating in July 2015, so it has exceeded the one-year term after which the plant should be classified as Material Asset instead of Inventories, in application of the accounting criteria described in Note 2.13. However, the Group kept it in Inventories as of 31 December 201,7 as it intends to sell this plant in a single transaction, together with the solar plants of Calama Solar 1 SA and Calama Solar 2 SA, which at that date are under construction.

As previously mentioned, the integration of these photovoltaic solar plants in the consolidated figures takes place at the construction cost for the Group, as a turnkey constructor thereof, whereof the book value is lower than the value of the agreements for turnkey construction.

As indicated in note 2.23, the sale of these assets will be materialised through the sale of the stock/shares of the subsidiaries that own them.

The photovoltaic solar plants included in Inventories as of 31 December 2017 are guaranteeing debts with financial institutions whose outstanding amount as of 31 December 2017 amounts to 84 742 thousand euros (Note 16). As of 31 December 2016, photovoltaic solar plants registered in Inventories are not guaranteeing any debt with financial institutions. As of 31 December 2015, the photovoltaic solar plants included in Inventories were guaranteeing debts with financial institutions whose outstanding amount as of 31 December 2015 amounted to 90 456 thousand euros (Note 16).

Movements in Inventories of solar plants, taking into account that the disposals of plants produced in the years 2017, 2016 and 2015, are broken down as follows:

	31 December 2017	31 December 2016	31 December 2015
Opening balance	**34.069.549**	**135.078.460**	**83.088.105**
Change in inventory fini. and semi-fin. products	17.167.332	-111.262.128	41.262.671
Variation of goods	73.714.471	4.492.358	-158.743
Differences on exchange	-9.986.775	595.885	10.384.431
Other (*)	2.993.538	5.164.974	501.995
Final balance	**117.958.115**	**34.069.549**	**135.078.460**

(*) Includes financial expenses and concessions of activated land as an increased cost of the plants.

Procurements, indicated in the previous table, is recorded under Consumption of raw and secondary materials in the consolidated profit and loss account. The heading is broken down as follows:

	31 December 2017	31 December 2016	31 December 2015
Purchase of materials and other procurements	87.872.193	11.904.973	37.404.863
Variation of goods	(73.714.471)	(4.492.358)	158.743
	14.157.722	**7.412.616**	**37.563.606**

The Group maintains insurance policies contracted to cover the risks on its inventories and considers that such coverage is sufficient.

Inventories of Work in progress and finished Goods have not been subject to any deterioration, so it has not been necessary to provide provisions for obsolescence.

11 Cash and cash equivalents

Cash and other liquid assets as of 31 December 2017 and 31 December 2016 and 2015 are broken down as:

	31 December 2017	31 December 2016	31 December 2015
Cash and banks	17.444.200	16.473.715	16.337.510
S/t investments with high liquidity	2.084.549	0	0
	19.528.750	**16.473.715**	**16.337.510**

As of 31 December 2017, the Group has deposits in short-term credit institutions with a maturity of less than three months for an amount of 2085 thousand euros. As of 31 December 2016 and 31 December 2015, it did not have deposits in short-term credit institutions with maturities of less than three months or with immediate availability.

As of 31 December 2017, an amount of 8456 thousand euros recorded in Cash and cash equivalents has restrictions on use (2016: 0; 2015: 11 350 thousand euros). The restriction is that the treasury cannot be used centrally by the Group, but is destined to the payment of (i) operating expenses and (ii) servicing the debt of the companies holding such treasury, the largest part of which belong to the POWGEN division. Therefore, it should be noted that there is no restriction on this restricted treasury being used to repay long-term financing.

The carrying amount and other liquid funds of the Group companies are denominated in the following currencies:

	31 December 2017	31 December 2016	31 December 2015
Euros	6.038.993	9.077.519	1.604.638
US dollars	4.263.026	6.130.415	13.821.680
Rupees	7.804.757	880.788	0
Other	1.421.974	384.993	911.192
	19.528.750	**16.473.715**	**16.337.510**

12 Social capital and share premium

a) Share capital

The share capital of the Parent Company is fully subscribed and paid as of 31 December 2017, 2016 and 2015, and is represented at 31 December 2017 and 2016 by 426 650 social shares, all with the same rights, with 1 euro face value each As of 31 December 2017 and 2016, the companies that directly hold more than 10% of the Company's capital stock are Beraunberri SL and Burgest 2007 SL with a shareholding percentage of 75% and 14.06%, respectively (80% and 15%, respectively, as of 31 December 2015), the rest of the capital being distributed among other partners.

As indicated in note 1, on 17 September 2018, the Board of Solarpack Corporación Tecnológica, S.A. decided through the Extraordinary General Shareholders' Meeting the transformation from Limited Company to Public Corporation, so that the Company's shareholdings have become shares with the same nominal value.

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On 1 June 2016, the General Shareholders' Meeting of the company agreed to reduce the face value of the shareholdings, from 10 euros to 1 euro, cancelling the 400 existing shares and creating 4000 new company shares, as well as a capital increase, set at the amount of 4000 euros, up to the figure of 400 000 euros, through the creation of 396 000 indivisible and cumulative shares of 1 euro face value, which were fully subscribed and paid on that date. The capital increase was registered in the Mercantile Registry of Biscay on 13 September 2016 and was charged to reserves and share premium in the amount of 296 000 euros and 100 000 euros, respectively. The members exercised their right to free allocation and assumed the shares proportionally to the participation they previously held.

On 24, June 2016, the members of the Company that held 100% of the share capital at that time, the Company itself, the rest of the partners that participate in the capital of the subsidiaries Ataca Solar Holdco Spa, and Pampul Holdco SL and the company Axa Clean Energy Fund I (ACE) signed an agreement through which certain agreements and commitments were adopted, among which the following are to be noted:

- The acquisition by Falcon Solar SLU, an ACE subsidiary of 81% of the capital of the subsidiary Ataca Solar Holdco Spa (80% of the capital being directly owned by the Company), which in turn owns 99.99% of the subsidiary companies Pozo Almonte Solar 2 SA, Pozo Almonte Solar 3 SA and Calama Solar 3 SA (subsidiaries whose main assets are photovoltaic solar plants in Chile) and the acquisition of an 81% share of the equity loans granted to the subsidiary.

- The acquisition by Falcon Solar SLU, an ACE subsidiary of 81% of the capital of the subsidiary Pampul Holdco SL (80% of the capital being directly owned by the Company), which in turn owns 99.99 % of the subsidiary Moquegua FV SAC (a subsidiary whose main asset is a photovoltaic solar plant in Peru).

- After said purchase of shares, the composition of both companies' shareholding will be: Falcon Solar SLU 81% and the Company 19%, and will also have the same shareholding proportion in the equity loans granted to Ataca Solar Holdco Spa (Note 8). This equity loan has an interest rate of 10%.

- Two capital increases will be carried out in the Company in 2016, for cash contributions that will be fully subscribed by ACE Renewable Holding USD SA, a subsidiary of ACE, after the shareholders waived their right to preemptive subscription, and will involve a total contribution for an amount of 5879 thousand US dollars, including the share premium. After the capital increases, the original shareholders of the company will hold 93.744% of the share capital of the company and ACE Renewable Holding USD SA. 6.246% thereof.

- The original partners assume, in certain cases, the obligation to repurchase the units to be subscribed by ACE Renewable Holding USD SA in their shareholding proportion to the share capital, also assuming a solidary obligation, being the basis for the determination of the repurchase price established with a maximum limit. A pledge will be established on the distributions made to the original partners in favour of an ACE subsidiary.

- Additionally, the company grants ACE Renewable Holding USD SA a put option on its interests in the Company, by virtue whereof ACE Renewable Holding USD SA, in case of certain events, will have the right to sell to the Company - which is to buy - the shares that were not acquired by the original partners in breach of their obligations. As a guarantee of compliance with this obligation by the Company, a pledge is established on the interests retained, 19% in the capital of Pampul Holdco SL and Ataca Solar Holdco Spa, as well as 19% of the balance of the equity loans granted to the latter subsidiary.

- In this agreement, in turn, the Company has the right to convert the shares of ACE Renewable Holding USD SA into debt through a capital reduction, based on a valuation mechanism set in said agreement, in the event that there are disagreements in matters requiring unanimity between the partners to be approved in the General Meeting (blocking events).

In compliance with the commitments acquired in the agreement described above, in September 2016, the General Meeting of Shareholders of the Company agreed to two increases of share capital for a total amount of 5330 thousand euros, which were carried out through the issue of 26 650 new shares, 1 euro of face value, with a total share premium of 5213 thousand euros. The shares issued were fully subscribed and paid by a new member, after the original shareholders waived their right of pre-emption and registered in the Mercantile Registry of Biscay on 16 November 2016.

In relation to the put option granted, its activation would occur in the event of default by the original shareholders of the obligation to repurchase the shares, which will arise in any of the following events controlled by the company:

a) Not convening a General Meeting agreeing to the distribution of a minimum dividend agreed upon in the agreement and related to the cash received from the subsidiaries affiliated with ACE. It is the company, through its Board of Directors, who has control convene meetings and the agendas thereof, with the General Meeting (controlled by the original members) deciding on the possible distribution of dividends. Taking into account the Company's business plan, its financial and equity situation and the fact that the cash flows to be received from the Chilean and Peruvian investees are only slightly relevant with respect to the Company's total cash flows, it is considered that the possibility of not being able to convene a board that can decide on the distribution of the agreed minimum amount would happen in case extremely rare, highly abnormal and very improbable financial and/or mercantile circumstances.

b) Sale by the company of the shareholdings it holds in the companies of Chile and Peru whose majority shareholder is ACE. This decision falls on the company and is therefore under its control.

Therefore, these events are either under the control of the company or they depend on extremely rare, highly abnormal and highly unlikely financial and/or mercantile circumstances, and consequently, the Company considered these contingent settlement clauses as non-genuine (in accordance with the provisions of IAS 32).

Likewise, with respect to the right to conversion into debt and capital reduction, the Company had control over the occurrence of events wherefore unanimity was required between the partners, for which reason it considered these contingent settlement clauses as non-genuine (in accordance with the provisions of IAS 32).

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Subsequent to the end of 2017, as of 30 June 2018, the Company had initiated proceedings to obtain financing that implied the need to have certain agreements approved in the General Meeting unanimously, wherefore it was not possible to have the agreement of the partner ACE Renewable Holding USD SA. Therefore, as of 30 June 2018, conversations had begun among the partners to apply the mechanisms for blocking events of the agreement. In this sense, on 9 August 2018 the Extraordinary General Meeting of Shareholders, in application of the mechanisms agreed upon with the subsidiary of ACE on 24 June 2016, has agreed to reduce capital through the substantial amortisation of the shares owned by ACE Renewable Holding USD SA and with the subsequent subscription of a loan with said partner.

As a result, and considering the aforementioned facts and agreements, as of 30 June 2018, the Parent Company recorded lower share premium and reserves for the amount equivalent to the return of contributions to the partner ACE Renewable Holding USD SA amounting to 26 649 shareholdings at the rate of one euro each, amounting to 6338 thousand US dollars, equivalent to 5437 thousand euros, as well as the subscription of a loan with said partner for the aforementioned amount. Said loan will be payable on 15 March 2023 and will accrue an interest rate of 11%.

The shares of the Company are not admitted to trading on any market, nor does the Parent Company have options or agreements on its own shares. However, the Board of Directors of the Company held on 4 April 2018, approved the initiation of certain actions to raise sufficient funds to undertake the projects in the portfolio, among which could be the admission to trading of the shares of the Company through a public offer for the subscription of shares.

During fiscal years 2017, 2016 and 2015 the Company has not received any subsidies or donations from its partners.

b) Share premium

This reserve is freely distributed.

13 Accumulated profit

The movements under accumulated profit were as follows:

	Accumulated profit and first translation reserves					
	Legal reserve	Reserves and first translation effect (Note 14)	Profit and loss	Subtotal	Accumulated exchange rate difference	Total
As of 31 December 2014	800	39.250.779	988.111	40.239.690	656.427	40.896.116
Distribution of profit 2014	-	988.111	-988.111	0	0	0
Income/(expense) directly recognised in equity		0	6.166.680	6.166.680	237.745	6.404.426
Dividends (Note 13.b))	-	-4.514.134	0	-4.514.134	0	-4.514.134
Variation in the perimeter and business combinations (Note 1)	-	-28.698	0	-28.698	289.215	260 517
Other movements		-6.083	0	-6.083	0	-6 083
As of 31 December 2015	~~**800**~~	**35.689.974**	~~**6.166.680**~~	**41.857.454**	~~**1.183.387**~~	**43.040.841**

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	Accumulated profit and first translation reserves					
	Legal reserve	Reserves and first translation effect (Note 13)	Profit and loss	Subtotal	Accumulated exchange rate difference	Total
As of 31 December 2015	800	35.689.974	6.166.680	41.857.454	1.183.387	43.040.841
Distribution of profit 2015	-	[illegible]	-6.166.680	0	0	0
Income/(expense) directly recognised in equity			13.666.641	13.666.641	748.796	14.415.437
Dividends (Note 13(b))	-	-10.055.549	0	-10.055.549	0	-10.055.549
Capital increase (Note 12)	0	-296.000	0	-296.000	0	-296.000
Variation in the perimeter and business combinations (Note 1)	-	-5.126	0	-5.126	-1.674.381	1.679.508
Other movements	79.200	-72.128	0	7.072	1.510	8.582
As of 31 December 2016	~~80.000~~	**31.427.850**	**13.666.641**	**45.174.491**	**259.312**	**48.792.818**

* Other movements essentially correspond to the reclassification of voluntary reserves to the legal reserve of the Parent Company resulting from the capital increase (Note 11).

	Accumulated profit and first translation reserves					
	Legal reserve	Consolidated Companies' reserves and first translation effect (Note 13)	Profit and loss	Subtotal	Accumulated exchange rate difference	Total
As of 31 December 2016	~~80.000~~	31.427.850	13.666.641	45.174.491	259.312	45.433.803
Distribution of profit 2016	-	13.666.641	(13.666.641)		-	
Income/(expense) directly recognised in equity	-		4.725.578	4.725.578	(3.109.733)	1.615.845
Other changes in equity (1)		(1.703.133)	-	(1.703.133)	52.296	(1.650.837)
Dividends (Note 13.b))		(349.905)		(349.905)		(349.905)
Variation in the perimeter and business combinations (Note 1)		(1.251.286)	-	(1.251.286)	(326.063)	(1.577.350)
Other movements (*)	-		-		90.911	90.911
As of 31 December 2017	**80.000**	**41.790.166**	**4.725.578**	**46.595.744**	**(3.033.277)**	**43.562.467**

* The Other movements fundamentally correspond to the distribution of reserves of the dependent companies Solarpack Perú SAC and Solarpack Chile SL to on-controlling interests, prior to the removal of the latter from the companies' capital (Note 1).

' The change in equity essentially corresponds to the payment of substitute tax for the accumulated reserves of the subsidiary Solarpack Chile SL on 31 December 2016. In this way the reserves of Solarpack Chile SL until 31 December 2016 are free of tax in future dividend distributions.

a) Legal reserve

In accordance with the Consolidated Text of the Law on Corporations, 10% of the profit for the fiscal year must go to the legal reserve until this reaches at least 20% of the share capital.

The legal reserve can be used to increase share capital in the part of the balance exceeding 10% of the already increased capital.

Except for the aforementioned purpose, and whenever it does not exceed 20% of the share capital, the reserve can only be used to offset losses, provided that there are no other available reserves for this purpose.

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b) Dividends paid

On 9 March 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed to the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 124 thousand US dollars, whose equivalent value in euros amounted to 117 thousand euros. This resolution was approved unanimously by the shareholders. Disbursement of this dividend has been fully effective during fiscal year 2017.

On 26 June 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA approved the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 193 thousand US dollars, whose equivalent value in euros amounted to 174 thousand euros. Disbursement of this dividend has been effective during fiscal year 2017.

On 4 September 2017, dividends were recognised and distributed in the amount of 228 thousand US dollars (equivalent to approximately 190 thousand euros) by Solarpack Perú SAC to its shareholders in proportion to the corresponding shareholding percentage of each. This operation has led to a decrease in non-controlling interests.

Later, on 18 September 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA approved the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 35 thousand US dollars, whose equivalent value in euros amounted to 29 thousand euros. Disbursement of this dividend has been effective during fiscal year 2017.

On 5 December 2017, it was approved the exclusive recognition and distribution of dividends of Solarpack Chile Ltda to non-controlling interests, for an amount of 3597 thousand US dollars (equivalent to approximately 3036 thousand euros).

On 5 December 2017, two distributions of dividends from Solarpack Chile Ltda were made to non-controlling interests for a value of 448 thousand US dollars and 160 thousand US dollars, respectively (equivalent to 379 thousand euros, and 135 thousand euros, approximately).

On 19 December 2017, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA approved the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to voluntary reserves amounting to 36 thousand US dollars, whose equivalent value in euros amounted to 30 thousand euros. Disbursement of this dividend has been effective during fiscal year 2017.

On 7 September 2016, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed the distribution of a dividend charged to voluntary reserves amounting to 10 000 thousand euros. This resolution was approved unanimously by the shareholders. Disbursement of this dividend has been fully effective during fiscal year 2016.

Later, on 19 December 2016, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed to the distribution of an extraordinary dividend, in a different proportion to the shareholding of the partners in the share capital, charged to freely available reserves amounting to 36 thousand US dollars, whose equivalent value in euros amounted to 30 thousand euros. Disbursement of this dividend has become effective during fiscal year 2016.

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On 19 January 2015, the General Meeting of Shareholders of Solarpack Corporación Tecnológica SA agreed the distribution of a dividend charged to voluntary reserves amounting to 4000 thousand euros. Additionally, on 9 February 2015, it was agreed the distribution of an additional dividend charged to voluntary reserves amounting to 514 thousand euros. Both agreements were approved by all the shareholders. Disbursement of both dividends has become effective during fiscal year 2015.

c) Proposed distribution of profit

The proposed distribution of profit for 2017 of the Parent Company, calculated on the basis of accounting principles applicable in Spain (legislation applicable to the Parent Company) to be presented to the General Meeting of Shareholders, as well as the distribution approved for 2016 and 2015 is as follows:

		Under PGCA criteria	
	31 December 2017	31 December 2016	31 December 2015
Basis of distribution			
Profit and loss in the year	**5.426.717**	**2.488.380**	**6.342.379**
Distribution			
To legal reserve	0	5.330	79.200
To voluntary reserves	5.426.717	2.483.050	6.263.179
	5.426.717	**2.488.380**	**6.342.379**

d) Differences on exchange

The detail of the conversion differences by country as of 31 December 2017, 31 December 2016 and 31 December 2015 is as follows:

	Original currency	31 December 2017	31 December 2016	31 December 2015
India	Rupees	(1.233.285)	184.659	-
Chile	Chilean pesos / US dollards	(1.024.251)	(320.667)	88.022
Peru	US dollars	(22.988)	260.192	667.161
Spain	US dollars	(523.328)	141.048	71.179
Singapur	US dollars	(148.455)	1.930	-
Other	(*)	(80.971)	(7.850)	357.025
		(3.033.277)	**259.312**	**1.183.387**

(*) In fiscal year 2015 mainly, Uruguayan pesos and in 2016 and 2017 fundamentally, US dollars.

The detail of the conversion differences by currency as of 31 December 2017, 31 December 2016 and 31 December 2015 is as follows:

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Currency	31 December 2017	31 December 2016	31 December 2015
US dollars	(653.207)	887.221	2.622.457
Chilean pesos	(1.129.642)	(804.718)	(1.796.095)
Rupees	(1.233.285)	184.659	-
Other (*)	(17.144)	(7.850)	357.025
	(3.033.277)	**259.312**	**1.183.387**

(*) In fiscal year 2015 essentially Uruguayan pesos.

14 Reserves and first translation effect

The amount of the reserves and the first translation effect to IFRS-EU at the date of first translation on 1 January 2013 amounted to 41 790 thousand euros and 31 428 thousand euros at 31 December 2017 and 2016, respectively (2015: 35 690 thousand euros).

The breakdown per balance concepts is as follows:

	31 December 2017	31 December 2016	31 December 2015
Consolidated Companies' reserves and first translation effect	42.147.410	31.916.115	35.689.974
Reserves of companies integrated by the equity method	-357.244	-488.265	0
	41.790.166	**31.427.850**	**35.689.974**

The reserves and accumulated profit that have some type of legal condition on disposition thereof. which are individually in the companies included in the consolidated perimeter, correspond to:

	31 December 2017	31 December 2016	31 December 2015
Legal reserve	151.354	153.053	72.154
Unavailable reserves	-	-	-
	151.354	**153.053**	**72.154**

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15 Non-controlling Interests

The movements under Non-controlling interests were as follows:

	31 December 2017	31 December 2016	31 December 2015
Opening balance	5.299.949	5.757.811	3.897.245
Net income/(expense) directly recognised in Equity			
Profit/(loss) for the year	634.799	1.342.200	1.230.810
Foreign currency translation differences	-725.493	188.598	185.928
	5.209.254	7.288.609	5.313.983
Profit paid to non-controlling interests	-3.992.525	0	0
Changes in the perimeter (Note 1)	1.420.905	-1.990.186	1.189.332
Other movements (*)	1.382.624	1.526	-745.504
Final balance	**4.020.259**	**5.299.949**	**5.757.811**

(*) The other movements basically correspond to the part of the capital contributions in subsidiaries that have taken place during fiscal year 2017 and correspond to non-controlling interests based on their percentage (Note 1).

The detail of the participation of the main minority shareholders as of 31 December 2017, 31 December 2016 and 31 December 2015 is as follows:

31/12/2017

Company:	Activity of the Company	% Share	Profit for the year	Other items (*)
PMGD Holdco, S.L.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	(296)	1.104.555
PMGD Holdco Chile, SpA.	Operation of photovoltaic systems	20,00%	(4.647)	902.510
Pozo Almonte Solar 1, S.A.	Operation of photovoltaic systems	20,00%	7.560	137.853
Calama Solar 1, S.A.	Operation of photovoltaic systems	20,00%	3.007	(70.276)
Calama Solar 2, S.A.	Operation of photovoltaic systems	20,00%	(53.306)	(86.806)
Padmajiwadi Solar Pte, Ltd	Operation of photovoltaic systems	17,36%	48.456	217.883
Gummadidala Solar Pte, Ltd	Operation of photovoltaic systems	17,36%	137.109	326.381
Thukkapur Solar Pte, Ltd	Operation of photovoltaic systems	17,34%	47.823	330.181
Renjal Solar Pte, Ltd	Operation of photovoltaic systems	17,38%	59.657	328.386
Ghanpur Solar Pte, Ltd	Operation of photovoltaic systems	17,34%	20.058	324.198
Achampet Solar Pte, Ltd	Operation of photovoltaic systems	17,36%	35.087	218.704
Spk Services Singapure Pte Ltd	Development of projects of renewable energy	5,00%	334.292	(348.109)
		Total	634.799	3.385.460

(*) Other items include Reserves, Contributions and Differences on Exchange

[initialled]

31/12/2016

Company:	Activity of the Company	% Share	Profit for the year	Other items (*)
PMGD Holdco, S.L.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	3.426	1.237.595
PMGD Holdco Chile, SpA.	Operation of photovoltaic systems	20,00%	(863)	845
Pozo Almonte Solar 1, S.A.	Operation of photovoltaic systems	20,00%	93.192	101.229
Calama Solar 1, S.A.	Operation of photovoltaic systems	20,00%	8.468	(2.053)
Calama Solar 2, S.A.	Operation of photovoltaic systems	20,00%	(3.707)	(1.907)
Padmajiw adi Solar Pte, Ltd	Operation of photovoltaic systems	15,56%	(6.972)	129.350
Gummadidala Solar Pte. Ltd	Operation of photovoltaic systems	19,16%	(8.332)	240.941
Thukkapur Solar Pte, Ltd	Operation of photovoltaic systems	18,19%	(8.576)	230.286
Renjal Solar Pte, Ltd	Operation of photovoltaic systems	16,27%	(9.289)	149.503
Ghanpur Solar Pte, Ltd	Operation of photovoltaic systems	18,53%	(8.908)	164.568
Achampet Solar Pte, Ltd	Operation of photovoltaic systems	15,16%	(7.741)	75.877
Solarpack Chile, S.A.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	832.140	1.381.328
Amunche Solar, SpA	Operation of photovoltaic systems	20,00%	(22.665)	33.207
Solarpack Perú, S.A.C.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	495.845	219.414
Arica Solar 1, S.A.	Operation of photovoltaic systems	20,00%	(7.711)	(8.365)
Diego de Almagro Solar, SpA	Operation of photovoltaic systems	20,00%	(6.108)	5.929
			1.342.200	**3.957.748**

(*) Other items include Reserves, Contributions and Differences on Exchange

31/12/2015

Company:	Activity of the Company	% Share	Profit for the year	Other items (*)
PMGD Holdco, S.L.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	4.535	1.193.022
Pozo Almonte Solar 1, S.A.	Operation of photovoltaic systems	20,00%	92.618	1.438
Ataca Solar Holdco, SpA	Operation of photovoltaic systems	20,00%	1.563	269
Pozo Almonte Solar 2, S.A.	Operation of photovoltaic systems	20,00%	(25.091)	197.812
Pozo Almonte Solar 3, S.A.	Operation of photovoltaic systems	20,00%	96.988	214.210
Calama Solar 3, S.A.	Operation of photovoltaic systems	20,00%	15.122	54.456
Pampul Holdco, S.A.	Holdings of securities	45,00%	26.152	2.735.234
Moquegua FV, S.A.C.	Operation of photovoltaic systems	45,00%	333.830	400.864
Solarpack Chile, S.A.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	620.005	407.852
Solarpack Perú, S.A.C.	Design, promotion and construction of facilities for solar photovoltaic plants.	20,00%	65.089	(678.154)
			1.230.810	**4.527.001**

(*) Other items include Reserves, Contributions and Differences on Exchange

16 External resources

	31 December 2017	31 December 2016	31 December 2015
Non-current			
Loans and credits with banks			
Long-term loans-photovoltaic solar plants	3.352.146	3.663.936	3.942.915
Long-term loans-rest	0	377	749
	3.352.146	**3.664.313**	**3.943.664**
Current			
Loans and credits with banks			
Short-term external resources-photovoltaic solar plants	85.098.029	327.214	90.778.633
Short-term external resources-rest	27.569	31.164	18.378.312
Subordinated debt with minority partners related to inventories	3.717.217	0	0
	88.842.815	358.378	109.156.944
	92.194.961	**4.022.691**	**113.100.608**

The decrease in Loans and short-term credits with banking entities in fiscal year 2016 is mainly due to the outflows derived from the changes in the perimeter of the year indicated in Note 1, which have led to the write-down of the assets and liabilities of these companies, mainly, solar plants and the financial debt associated therewith.

As of 31 December 2017, 31 December 2016 and 31 December 2015, the balance under Loans and long-term credits with banking entities includes, essentially, the total amount pending payment at the end of the fiscal year for the loans of credit entities related to the financing of solar plants included in Fixed assets (Note 6).

Loans and long-term credits with banking entities includes, essentially, the total amount pending payment at the end of the fiscal year for the loans of credit entities and the financing granted by the minority partners related to the financing of solar plants included in Inventories. This is so, regardless of the fact that, contractually, most of the debt, an amount of 83,927 thousand euros at December 31, 2017 will be settled in the long term (2016: 0 euros; 2015: 87 406 thousand euros) under the accounting criteria described in Notes 2.19 and 10.

There is, therefore, a high concentration of debt for bank loans in a few financial operations, although they involve different banks with which this risk is mitigated in part. The rest of the financial debt is diversified since the Group works with various entities.

The exposure of the Group's external resources with banking entities to variations in interest rates is as follows:

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	Balance as of 31 January 2017	1 year	5 years
As of 31 December 2017	88.450.175	85.098.029	3.352.146
Total external resources (*) = risk	30.667.848	27.315.702	3.352.146
As of 31 December 2016	3.991.526	327.214	3.664.313
Total external resources (*) = risk	3.991.526	327.214	3.664.313
As of 1 January 2016	27.992.620	24.049.705	3.942.915
Total external resources (*) = risk	27.992.620	24.049.705	3.942.915
As of 1 January 2015	5.596.890	5.082.951	513.939
Total external resources (*) = risk	5.596.890	5.082.951	513.939

The figures above do not include the figures corresponding to the bank loans granted to the Group that accrue a fixed interest rate, as indicated later in this note. However, it includes the figures corresponding to the loan agreements entered into for the financing of the solar plants, which are detailed in this note and accrue a variable interest rate, despite the fact that at least 70% of the volume of the debt accrues a fixed interest rate.

The expiration of the external resources classified as non-current is as follows:

	31 December 2017	31 December 2016	31 December 2015
Between 1 and 2 years	589.738	585.132	521.604
Between 3 and 5 years	1.018.191	1.060.218	910.521
More than 5 years	1.744.217	2.018.963	2.511.539
	3.352.146	**3.664.313**	**3.943.664**

The effective interest rates at the date of the balance sheet were the usual ones in the market (reference rate plus a market margin), there being no significant difference with respect to other companies of similar size, risk and level of indebtedness.

Loans and credits with credit institutions generate a market interest rate according to the currency in question plus a margin that has oscillated between 175 and 475 basis points (2016: between 175 and 375 basis points, 2015: between 175 and 375 basis points), except for the financing received by the Group to finance solar plants located in India that bear a fixed interest rate of 10.10%.

The carrying amounts and fair values of current external resources do not differ significantly, since a good part of the debt is recent and also because, in all cases, the amounts owed accrue a market interest rate.

The carrying amount of the Group's external resources is denominated in the following currencies:

	31 December 2017	31 December 2016	31 December 2015
Euros	4.087.118	4.022.691	5.527.829
US dollars	28.358.489	0	107.572.779
Indian rupees	59.741.760	0	0
Chilean pesos	7.594	0	0
	92.194.961	**4.022.691**	**113.100.608**

As of 31 December 2017 and 31 December 2016 the Group does not have any outstanding balance of credit lines. As of 31 December 2015, the Group had outstanding balances of credit lines with financial institutions amounting to 18 380 thousand euros.

The Group has the following undrawn credit lines:

	31 December 2017	31 December 2016	31 December 2015
Variable type			
with maturity in less than one year (*)	8.500.000	8.500.000	3.922.986
with maturity greater than one year	0	0	0
	8.500.000	**8.500.000**	**3.922.986**

(*) The amount as of 31 December 2017, 2015 and 2016 corresponds to the undrawn part of the credit lines granted to the Parent Company by various financial entities.

As of 31 December 2017, the companies of the Solarpack Group had signed loan agreements for the financing of the solar plants that are granted as collateral for said financing, essentially. The amount pending payment at that date amounted to 88 450 thousand euros (2016: 3991 thousand euros; 2015:94 722 thousand euros) which are subject to compliance with certain commitments. Below, we detail these amounts as well as the obligations whereto they are subject:

- An amount of 3708 thousand euros (2016: 3991 thousand euros; 2015: 4266 thousand euros), corresponds to the loans granted to the investment companies that operate plants in Spain, to finance them, and were refinanced in 2015, by extending just the amortisation period, with final maturities between 2027 and 2030, without the change of these conditions being considered substantial. This financing accrues a fixed interest rate between 2.61% and 4.54% for 95% of the amount financed and for the remaining 5% an interest referenced to the Euribor plus a market differential. These agreements are subject to ratio compliance clauses, so the Group is obliged to achieve certain key performance indicators, establishing other obligations such as providing economic, financial and technical information necessary to monitor the project, obtain and keep fully in force the necessary licenses, subscribe and keep in force the necessary insurance policies, prepare the financial statements in accordance with the laws, audit the accounts annually, not sell, assign or in any way dispose of or encumber certain assets, limit their activity business to the commercial exploitation of the projects as well as not to contract commercial indebtedness.

- An amount of 26 960 thousand euros (2016: 0 euros), corresponds to the outstanding amount of the loans granted to finance the Chilean plants, in the first half of 2017, for a total amount of 35 173 thousand US dollars with last due in 2032. This financing bears interest tied to the 180-day Libor rate plus a market spread (4.75%). These agreements are subject to certain obligations, both positive and negative. The former refer to establishing and maintaining adequate accounting systems, maintaining the necessary property and permits, complying with applicable laws at all times, providing the Financial Statements, both the own and the direct shareholder's, as well as all other financial information, submitting the statements to an audit, maintain a minimum statutory capital; among other requirements. Furthermore, there are also restrictions on the indebtedness permitted, sale of assets, granting of loans and/or incurring additional debt, among others.

- An amount of 57 782 thousand euros (2016: 0 euros), corresponds to the outstanding amount of the loans granted to finance plants located in India, during the year, for a total maximum amount of 4651 million Indian rupees with final maturity in 2033, whereof 224 million Indian rupees are pending as of 31 December 2017. This financing bears interest at a fixed annual rate of 10.10% (10.8% effective interest rate). These agreements have certain guarantees associated with the properties of the companies and require compliance with certain obligations.

As of 31 December 2015, there were the following loans whose removal took place in the year 2016, arising from the variations in the perimeter:

- An amount of 53 462 thousand euros in 2015 corresponded to the outstanding amount of the loans granted to finance the Chilean plants, for a total amount of 65 211 thousand US dollars with last due in 2032. 90% accrued a fixed average interest rate of 5.07% and the remaining 10% accrued a variable interest rate referenced to the Libor plus a market differential. That loan established the fulfilment of certain obligations.

- An amount of 36,993 thousand euros corresponded to the outstanding amount of the loan granted to finance the plant located in Peru for a maximum amount of 41 500 thousand US dollars, which accrued an annual interest of 4.896% (APR 5.67%) with last due in 2033 and which was subject to certain obligations, both positive and negative.

The Group complies with all contractual conditions as of 31 December 2017, 31 December 2016 and 31 December 2015.

Additionally, the Group has financing granted by non-controlling interests during the current year and amounts to 3717 thousand euros as of 31 December 2017. This debt is recorded in the short term, independently of the fact that contractually the entire debt will be settled in the long term, in application of the accounting criteria described in Notes 2.19 and 9.

Of the total amount, 1959 thousand euros correspond to the bonds convertible into shares issued by the companies Padmajiwadi Solar Pte Ltd, Renjal Solar Pte Ltd, Gummadidala Solar Pte Ltd, Ghanpur Solar Pte Ltd, Thukkapur Solar Pte Ltd and Achampet Solar Pte Ltd and subscribed by non-controlling shareholders. This financing has been made through contributions of instruments convertible into shares called Compulsory Convertible Debentures (CCDs). CCDs are quasi-equity instruments that are convertible into shares at market value without a change in the shareholding ratio of the partners. Until conversion they are considered as debt, earning an interest of 16.99% and having a 18-year term. The group has contributed funds in the form of CCDs in the same proportion as their share in the social capital in each society.

The rest of the amount, 1758 thousand euros, corresponds to subordinated debt granted on 5 December 2017 by the non-controlling interest of the companies located in Chile. The agreement establishes a maximum amount of 2096 thousand US dollars with an indefinite term. The debt accrues an interest rate of annual LIBOR plus a differential of 668 percent calculated on the basis of one year three hundred and threescore.

The remaining balances included in external resources correspond to loans or bank loans distributed in the different Group companies and contracted without additional specific guarantees and at market interest rates in the different countries.

During the year 2017, 464 thousand euros of the loans were amortized (2016: 272 thousand euros; 2015 1881 thousand euros), incorporating the loans described herein.

Set forth below is a reconciliation of the carrying amount of the liabilities arising from financing activities, including derivatives, disclosing separately the changes that generate cash flows from those that do not.

	31.12.2016	Cash flows	Without impact of flows				31.12.2017
			Variation in fair value	Reclassification	Difference on exchange	Other	
Long-term debts	4.649.748	-92.414		(1205.028)			3 352.307
Short-term debts	5.514.193	88.630.739	229.386	1205.028	(683.915)		94 895.431
Total liabilities from financing activities	**10.163.942**	**88.538.325**	**229.386**		**(683.915)**		**98.247.738**

	31.12.2015	Cash flows	Without impact of flows				31.12.2016
			Variation in fair value	Reclassification	Difference on exchange	Other (*)	
Long-term debts	4.271.856	81.231	652.220	(279.718)	(75.841)	-	4.649.748
Short-term debts	116.069.493	-20.455.149	-	279.718	75.663	(90.455.531)	5.514.193
Total liabilities from financing activities	**120.341.349**	**-20.373.918**	**652.220**	-	**(178)**	(90.455.531)	**10.163.942**

(*) Movements originated by the removals from the perimeter that took place in fiscal year 2016.see Note 1.

17 Derived financial instruments

Derived financial instruments-assets (Note 7d))	31 December 2017	31 December 2016	31 December 2015
Term contracts of foreign currency	267.516	-	-
	267.516	-	-

	31 December 2017	31 December 2016	31 December 2015
Non-current			
Current	267.516		-
	267.516	-	-

Derived financial instruments-liabilities	31 December 2017	31 December 2016	31 December 2015
Term contracts of foreign currency	600.155	459.500	
Interest rate swap contracts-cash flow hedges	180.306	116.512	
	780.461	**576.012**	

	31 December 2017	31 December 2016	31 December 2015
Non-current	-	576.012	
Current	780.461	-	
	780.461	**576.012**	-

During fiscal year 2016, the Group began to contract derivative financial instruments that are detailed below:

- An amount of 180 thousand euros (2016: 117 thousand euros) correspond to Starting Forward IRS, signed in November 2016, intended to mitigate the effects of the variation in the Libor 180 rate whereon financial expenses are established for loans formalized in fiscal year 2017 (Note 16) with banks in order to finance the construction of the solar plants included in Inventories (Note 10) of the subsidiaries Calama Solar 1 SA, Calama Solar 2 SA and Pozo Almonte Solar 1 SA. These contracts are valued as other financial liabilities at fair value with changes through the profit and loss account. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges between 2.5441% and 2.5675%. The amounts of the notional principal of these contracts amount to US $ 22 400 thousand with start date in April 2017 and maturity in October 2032. As in the case of the formalised loans whereto these financial instruments are linked, they have been classified in the short term, independently of the contractual maturities thereof in application of the accounting criteria described in Notes 2.19 and 10. The results of these instruments have been recognised in the accompanying consolidated income statement. The results of these instruments generated during 2016 for an amount of 74 thousand euros were recognised as financing costs and incorporated as an increased value of the plants (Note 10).

- An amount of 600 thousand euros (2016: 460 thousand euros) corresponds to the fair value as of 31 December 2017 of various Exchange Insurance contracted by the Parent Company between the months of March 2016 and January 2017, for a face value of 1 329 888 thousand rupees (2016: 431 366 thousand rupees), whose equivalent value in euros amounted to 16 668 thousand euros (2016: 6025 thousand euros) and designated as net investment hedge in Indian subsidiaries. The result generated by these instruments has been recognised in the consolidated statement of income under "variation in the fair value of financial instruments". The insured exchange rate varies between 76.77 INR/EUR and 86.41 INR/EUR and the settlement date is 8 March 2018. Therefore, in the current financial year the value of financial instruments has been reclassified to short term.

18 Trade and other payables

	31 December 2017	31 December 2016	31 December 2015
Suppliers	9.872.817	6.302.925	6.497.553
Prepayments received	1.333	11.519	-
	9.874.150	**6.314.444**	**6.497.553**

The fair value of these payables does not differ from their carrying value.

The information on the average period of payment to suppliers in commercial operations for fiscal year 2017, 2016 and 2015 in accordance with the obligations established by Law 15/2010, of 5 July is as follows:

	Fiscal year 2017	Fiscal year 2016	Year 2015
	Days	**Days**	**Days**
Average Period of Payment to Suppliers	57,11	57,48	61,19
Ratio of paid operations	77,63	66,79	62,11
Ratio of unpaid operations	57,57	62,58	31,77
	Amount (EUR)	**Amount (EUR)**	**Amount (EUR)**
Total payments made	7.333.084	6.822.553	10.497.815
Total payments pending	101.991	1.607.457	269.689

19 Other liabilities

	31 December 2017	31 December 2016	31 December 2015
Non-current			
Other non-current payables	161	409.424	328.193
	161	**409.424**	**328.193**
Current			
Current tax liabilities	2.448.758	3.419.551	1.531.535
Other non-current financial liabilities	5.271.994	5.155.815	6.912.549
Other current liabilities	2.210.693	673.307	517.868
Unpaid wages	*2.008.824*	*457.447*	*316.353*
Adjustments due to accrual	*201.869*	*215.861*	*201.515*
	9.931.445	**9.248.674**	**8.961.951**

The fair value of these assets does not differ significantly from their carrying value.

Other non-current payables

The balance under this heading as of 31 December 2016 corresponded, on the one hand, to the debt generated by the consolidated Corporation Tax in relation to the Parent Company of the fiscal group, Beraunberri SL for an amount of 92 thousand euros (2015: 328 thousand euros) and on the other hand with a deposit received in fiscal year 2016 amounting to 317 thousand euros.

The parent company, during fiscal year 2016, provided collateral in the form of pledges in relation to energy supply contracts in favour of Indian subsidiaries for an amount of 157 900 rupees, whose equivalent in euros amounted to 2206 thousand euros (Note 29 c)). This corresponds to the totality of the pledges required by Southern Power Distribution and North Power Distribution, the Group having at that time an 86% holding in them. In that year, the Group received a deposit amounting to 317 thousand euros as a counterpart to the collateral provided, which corresponded to the other partner's shareholding in those companies. During the current year new collateral have been provided in the form of pledges for an amount of 127 600 thousand rupees, with an equivalent value in euros of 1666 thousand euros. The Group has received the amount corresponding to the other partner's shareholding in these companies, so that the total amount of the deposits received as of 31 December 2017 amounts to 510 thousand euros. This deposit does not have a determined maturity, but it will be returned when the formalised collateral expire. As this collateral expires in 2018, as of 31 December 2017 it has been reclassified to short term under other current financial liabilities.

Other current payables

Other current financial liabilities include, on the one hand, the debt incurred by the Group for the use of the land whereon two of the plants included in Inventories have been built, the amount of which as of 31 December 2017 amounts to to 4762 thousand euros (2016: 5130 thousand euros; 2015: 1407 thousand euros) and, on the other hand, the deposits received from the minority partner of the Indian subsidiary companies, amounting to 510 thousand euros. Additionally, it includes the loans detailed in Note 30.

The effective interest rate of unpaid debts is a market interest rate that corresponds to financing of a similar nature and type.

Adjustments for accruals correspond to advances of services not rendered and billed to customers.

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20 Deferred taxes

The amounts of deferred taxes are as follows:

	31 December 2017	31 December 2016	31 December 2015
Deferred tax assets			
Deferred tax assets to be recovered in more than 12 months	10.849.848	5.174.318	19.934.029
Compensation on deferred tax assets and liabilities (*)	-6.706.774	-2.831.458	-12.376.498
	4.143.075	**2.342.860**	**7.557.531**
Deferred tax liabilities			
Deferred tax liabilities to be recovered in more than 12 months	7.839.811	4.489.115	16.031.060
Compensation on deferred tax assets and liabilities (*)	-6.706.774	-2.831.458	-12.376.498
	1.133.037	**1.657.657**	**3.654.562**
Equity	**3.010.038**	**685.202**	**3.902.969**

(*) Compensation of deferred tax assets and deferred tax liabilities (Note 2.20)

The global net movement in the deferred tax account has been as follows:

	31 December 2017	31 December 2016	31 December 2015
Opening balance	685.202	3.902.969	3.920.879
Additions/(removals) to/from the perimeter (Note 1)	(2.981)	(839.530)	(47.819)
(Charge)/credit to the income statement (Note 26)	2.328.563	(2.359.603)	(66.020)
Transfers and reclassifications (*)	(747)	(18.634)	95.930
Final balance	**3.010.038**	**685.202**	**3.902.969**

(*) Includes deferred movements due to variations in the exchange rate

In application of the valuation criteria indicated in note 2.20, certain group companies compensate for presentation purposes their deferred tax assets and liabilities as of 31 December 2017, 31 December 2016, and 31 December 2015.

The movements during the year in the assets and liabilities for deferred taxes have been as follows:

Deferred tax assets	Provisions of assets and other	Tax loss	Tax credit	Total
As of 1 January 2015	**5.061.465**	**3.806.436**	**500.160**	**9.368.062**
Additions/(removals) to/from the perimeter	-	684.567	28.238	712.805
(Charge)/credit to income	1.377.302	8.181.863	(141.717)	9.417.448
Transfers and reclassifications (*)	-	435.714	-	435.714
As of 31 December 2015	**6.438.766**	**13.108.581**	**386.682**	**19.934.029**
Additions/(removals) to/from the perimeter	79	(12.357.382)	(2.196)	(12.359.499)
(Charge)/credit to income	(4.339.451)	1.702.693	210.689	(2.426.069)
Transfers and reclassifications (*)	227	23.881	1.748	25.856
As of 31 December 2016	**2.099.622**	**2.477.773**	**596.923**	**5.174.318**
Additions/(removals) to/from the perimeter	-	(2.981)	-	(2.981)
(Charge)/credit to income	1.809.694	4.000.867	168.262	5.978.822
Transfers and reclassifications (*)	(79)	(292.364)	(7.868)	(300.311)
As of 31 December 2017	**3.909.237**	**6.183.294**	**757.317**	**10.849.848**

(*) It includes, among others, the effect of the variation on foreign exchange for these balances in foreign subsidiaries.

Different group companies are involved in the construction of the solar plants that the Group has registered mainly in Inventories (Note 9) and Tangible fixed assets (Note 6), as the case may be. The unrealised profits from these transactions are eliminated by generating a tax effect for those unrealised profits that, for the most part, are recovered in the year wherein the holdings in the subsidiaries that own the parks recorded in inventories are sold (Note 10). The amount of these effects basically corresponds to the amounts of deferred tax assets for provisions of assets and others. In fiscal year 2017, an amount of 2839 thousand euros was recorded for this concept. Then, in 2016, an amount of 4338 thousand euros was written off as a result of the partial divestment on certain companies carried out by the Group in the year 2016. The Group maintains significant influence over these companies, which went from being consolidated by global integration to the equity method (Note 1). At the same time, this produced the removal of deferred tax assets for tax losses amounting to 12 410 thousand euros and liabilities for deferred taxes amounting to 11 611 thousand euros.

Deferred tax liabilities	Freedom to amortise	deferred bases	Other	Total
As of 1 January 2015	**1.603.083**	**123**	**3.843.977**	**5.447.183**
Additions/(removals) to/from the perimeter	-	-	760.625	760.625
(Charge)/credit to income	(89.433)	18.575	9.554.326	9.483.468
Transfers and reclassifications (*)	-	-	339.784	339.784
As of 31 December 2015	**1.513.649**	**18.698**	**14.498.712**	**16.031.060**
Additions/(removals) to/from the perimeter	-	-	(11.519.969)	(11.519.969)
(Charge)/credit to income	(89.433)	173.456	(150.489)	(66.466)
Transfers and reclassifications (*)	-	-	44.491	44.491
As of 31 December 2016	**1.424.216**	**192.154**	**2.872.745**	**4.489.115**
Additions/(removals) to/from the perimeter	-	-	-	-
(Charge)/credit to income	(89.433)	14.609	3.725.084	3.650.259
Transfers and reclassifications (*)	-	-	(299.564)	(299.564)
As of 31 December 2017	**1.334.783**	**206.763**	**6.298.265**	**7.839.811**

(*) It includes, among others, the effect of the variation on foreign exchange for these balances in foreign subsidiaries.

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Deferred tax assets due to negative taxable bases and tax credits pending compensation are recognised to the extent that such losses and tax credits are probable through the availability of future tax benefits.

The deferred tax assets that are activated in the consolidated group as of 31 December 2017, 2016 and 2015 are as follows:

	2017		2016		2015	
	Tax loss	Tax credit	Tax loss	Tax credit	Tax loss	Tax credit
Spain	940.484	727.336	-	531.940	23.648	323.447
Americas	5.242.810	29.982	2.352.121	64.983	13.084.933	63.235
Rest of Europe and otl	-	-	125.652	-	-	-
	6.183.294	**757.317**	**2.477.773**	**596.923**	**13.108.581**	**386.682**

The Group has not recognised deferred tax assets amounting to 574 thousand euros (2016: 27 thousand euros) with respect to losses to be offset in future years corresponding to subsidiaries amounting to 2146 thousand euros (2016: 89 thousand euros), mainly from the subsidiary Solarpack Development Inc, which was included in the consolidation perimeter in fiscal year 2017 (Note 1). The companies included in consolidation did not have inactivated deferred tax assets pending application as of 31 December 2015.

The recoverability of tax credit for taxable bases and deductions for the tax group as of 31 December 2017, amounting to 1502 thousand euros (2016: 531 thousand euros; 2015: 343 thousand euros) is reasonably insured in a period between 2 and 10 years, considering an estimated annual tax base between 2000 and 8000 thousand euros (2016: 2000 and 8000 thousand euros; 2015: 2000 and 8000 thousand euros). Negative taxable bases and deductions generated in the tax group have a limitation period of 15 years from the year wherein they generated. However, for those generated prior to 1 January 2014, the limitation period will start as of that date.

The Chilean companies in which the Group owns solar plants, included in inventories, have recognized tax credits for negative taxable bases as of 31 December 2017 amounting to 5243 thousand euros (2016: 2352 thousand euros; 2015: 12 400 thousand euros), which do not have a limitation period. They are in the main generated by temporary differences arising from the tax deductibility of certain costs incurred in the construction of the plants, which have also generated deferred tax liabilities for an amount of 4947 thousand euros (2016: 2412 thousand euros; 2015: 11 356 thousand euros). The Group expects to recover these taxes within 15 years.

21 Provisions

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The breakdown of the movements of the Group's provisions during the years 2017, 2016 and 2015 is as follows:

	Amount
As of 1 January 2015	**1.654.209**
Additions to the perimeter	192.921
Provisions	63.740
Reversals	-148.854
Transfers and other movements (*)	119.181
As of 31 December 2015	**1.881.196**
Additions to the perimeter	-1.207.407
Provisions	8.130
Reversals	-336.961
Transfers and other movements (*)	36.223
As of 31 December 2016	**381.180**
Additions/changes in perimeter (Note 1)	-
Provisions	343.213
Reversals	-
Applications	(38.198)
Transfers and other movements (*)	(29.446)
As of 31 December 2017	**656.749**
~~2017~~	
Non-current provisions	**324.645**
Current provisions	**332.104**
~~2016~~	
Non-current provisions	**168.441**
Current provisions	**212.740**
~~2015~~	
Non-current provisions	**1.365.093**
Current provisions	**516.103**

(*) Mainly relating to foreign currency exchange rate fluctuations.

Non-current provisions as of 31 December 2017 correspond mainly to the provision to cover the costs of decommissioning certain plants included in Inventories and Fixed Assets (Note 2.5) for a total amount of 325 thousand euros (2016: 168 thousand euros; 2015: 1287 thousand euros), since they must be removed from their current location at the end of the period of validity of the contract for the concession of the land whereon they are located, and in compliance with local environmental legislation in another of the plants.

Current provisions as of 31 December 2017, 31 December 2016 and 31 December 2015 correspond to provisions recorded to guarantee and cover any inconsistencies that may arise from the materials, supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants included in Inventories.

The variation in the amount of the provisions is mainly due to the removals from liabilities of the balance derived from the variations in the consolidation perimeter. As indicated in Note 1, during 2016 there was total or partial disposal (maintaining significant influence) of several subsidiaries, which meant the removal of all their assets and all their liabilities.

Legal proceedings and/or claims in progress

As of 31 December 2017 and 2016, the following legal proceedings were ongoing:

- As of 31 December 2017, the judicial procedure filed by the subsidiary Solarpack Ingeniería SLU against Gestamp Asetym Solar SL (currently, X-ELIO Energy SL) is ongoing. In this, the subsidiary requested the termination of the subrogation commitment reached between the parties, regarding the provision of operation and maintenance services of the photovoltaic solar park located in Tejeda de Tiétar, to be declared valid and correctly carried out, after a breach by the defendant. Likewise, the defendant was claimed 1205 thousand euros plus legal interest from the date of the claim, as compensation for the damages resulting from the breach by the defendant of the aforesaid subrogation commitment, 313 thousand euros plus the applicable VAT and interest. at the delay rate in commercial operations, calculated from 8 January 2015. due to the adjustment of the final price of the construction subcontract subscribed between the parties in relation to said photovoltaic park, as well as the imposition of the procedural costs to the defendant.

  On 2 December 2016, the Court of First Instance issued a judgement wherein, after declaring the aforementioned subrogation contract validly terminated, it condemned X-ELIO Energy SL to the payment of 1188 thousand euros plus the legal interest from the date of the claim (filed on 13 November 2015), dismissing the request for a condemnation of the construction subcontract, without expressly imposing costs.

  On 17 January 2017, both parties filed an appeal against the aforementioned judgement, requesting its revocation in relation to the rulings that were unfavourable to them, and the issue of a new judgement in accordance to what is requested by the parties in their respective writs of claim and defence. After the appearance of the parties before the Provincial Court of Madrid, was pending the scheduling of the date for the vote and sentence.

  On 24 March 2017, this party obtained the total execution of the pledge granted by X-ELIO Energy, SL for an amount of 1236 thousand euros in order to voluntarily comply with the judgement. However, this amount was not recorded in the accounts complying with what is indicated in the applicable accounting regulations.

  On 26 June 2017, the Eighteenth Section of the Provincial Court of Madrid issued the judgement No. 229/2017, fully granting the appeal filed by X-ELIO Energy SL and fully dismissing the appeal filed by Solarpack Ingeniería SLU and, consequently, revoking the judgement of the Court to fully dismiss the claim filed by Solarpack Ingeniería SLU.

  In response to said ruling, special appeals of procedural infringement and cassation were lodged by Solarpack Ingeniería SLU in order to maintain the judgement that was issued by the Court of First Instance No. 60 of Madrid. The aforementioned remedies are pending resolution by the Admission Chamber of the Supreme Court.

  Additionally, Solarpack Ingeniería, S.L.U. proceeded to the extra-procedural return of the amounts obtained on the occasion of the provisional execution.

- The Company X-ELIO Energy SL claimed the payment of 943 thousand euros (plus interest and costs) for the penalty of delay in the definitive receipt of the photovoltaic park in Tejeda de Tiétar agreed in the contract for the construction of said plant, which was signed by Solarpack Ingeniería SLU and Gestamp Asetym Solar SL (currently, X-ELIO Energy SL) on 9 July 2010.

The claim of X-ELIO Energy SL, of 20 December 2017, was notified to Solarpack Ingeniería SLU on 9 April 2018 and answered to on 9 May 2018, requesting its full dismissal with the consequent imposition of the costs to the petitioner. On 29 May 2018, Solarpack Ingeniería SLU was required to present a printed copy of its answer to the complaint, together with all accompanying documents before the Court; this procedure was duly executed on 4 June 2018. The next important procedural milestone will be the holding of the pre-trial hearing, which has not yet been appointed.

- In addition, as of 31 December 2017 there were two judicial proceedings filed by contractor and subcontractor workers against Solarpack Uruguay SA, for the payment of different salary concepts, among others. With regard to one of them, a judgement of first instance was issued on 19 February 2018, dismissing the workers' claim. The sentence was not appealed by the workers, so it is final. Regarding the second proceeding, on 2 April 2018, a judgement of first instance was issued stating the lack of passive legitimacy of Solarpack Uruguay SA. As of 15 May 2018 Solarpack Uruguay SA answered to the workers' appeal against the judgement of lack of passive legitimation. At the date of preparation of these financial statements, the appeal is in second instance pending resolution by the Court of Appeal.

Both the legal advisors of the Group and the directors of the Parent Company understand that the conclusion of these procedures and claims will not produce a significant additional effect in the consolidated annual accounts for the fiscal years wherein they come to an end, and therefore the creation of provisions for this matter was not considered necessary.

- On 14 March 2017, an arbitration decision was issued by the Chamber of Commerce of Santiago de Chile (Case No. 1964-14) with respect to the arbitration and enforcement proceedings that Solarpack Chile Ltda maintained open as of 31 December 2016 with SICE, by virtue whereof:
  - SICE's claim is partially accepted, and Solarpack Chile Ltda is to return to SICE the retained amount of 480 317 thousand Chilean pesos plus readjustments and interest and the amount of 7 thousand US dollars.
  - The counterclaim of Solarpack Chile Ltda to SICE is partially accepted, condemning the latter to the payment of; (i) 1,597 thousand US dollars plus interest and (ii) 21 560 thousand Chilean pesos plus readjustments and interest.

This arbitral award has been final and there is no appeal against it. Solarpack Chile Ltda and SICE subscribed on 19 October 2017 a settlement agreement compensating the amounts reciprocally owed, with SICE paying to Solarpack Chile Ltda the resulting amount once the respective compensations were made. At present, there are no outstanding balances for any of the parties, having concluded all the proceedings initiated by the parties in both for arbitration and before the ordinary jurisdiction.

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22 Other operating income/expense

	31 December 2017	31 December 2016	31 December 2015
Supplies	77.444	42.308	34.019
Independent professional services	1.820.971	2.817.158	1.517.545
Repairs	211.852	311.542	169.771
Operational leasing	786.149	736.551	726.405
Other operating expenses	3.381.652	2.884.674	3.607.022
Other operating income	0	-83.764	-79.584
Other results	-1.465.509	0	0
	4.812.559	**6.708.470**	**5.975.177**

Other operating expenses include mainly amounts corresponding to taxes, banking services and other costs, among which are travel and similar expenses. In fiscal year 2015 there were, likewise. provisions recorded to guarantee and cover any inconsistencies that may arise from the materials. supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants for an amount of 200 thousand euros.

The amount of Other profit and loss essentially corresponds to the income derived from the penalties due to the delay in the connection of certain solar plants.

Other operating income included, fundamentally, both in 2016 and 2015, the reversal of the provisions recorded to guarantee and cover any inconsistencies that may arise from the materials. supplies and spare parts delivered and provisions for penalties due to delay in the connection of certain solar plants (Note 21).

Other operating income/expense for fiscal year 2017 included 2569 thousand euros corresponding to direct costs related to projects (4971 thousand euros in 2016 and 4105 thousand euros in 2015).

23 Operating income

	31 December 2017	31 December 2016	31 December 2015
Net sales figure	13.159.714	152.933.781	16.987.577
Energy sales	6.254.695	10.715.227	14.337.967
Sales by assignment of contracts	0	5.807.162	
Provision of services	3.264.637	3.369.930	2.649.610
Sales of solar plants	220.722	133.041.462	0
Income from construction and development contracts	3.419.660	0	0
Change in inventory-fin. and semi-fin. products	17.167.332	-111.262.128	41.262.671
b) Change in inventory	17.167.332	-111.262.128	41.262.671
Other operating income	1.959.372	628.458	38.483
	32.286.419	**42.300.111**	**58.288.731**

The variation in the sale of energy in fiscal year 2017 with respect to 2016 is due, firstly, to the inclusions of sales of the power generated by the solar plants of Calama Solar 1 SpA, Calama Solar 2 SpA and the solar plants of the subsidiaries located in India for a total amount of 4144 thousand euros; these plants came into operation in 2017. Another reason for the variation is the removals from the perimeter that took place in 2016 (Note 1). As indicated in said Note, during fiscal 2016 there was total or partial disposal (maintaining significant influence) of several subsidiaries, which owned solar plants in operation. Given that the variation in the consolidation perimeter took place in September 2016, the sales of these companies up to the aforementioned date were recorded as an increased net amount of the Group's 2016 business figure. The removal from the perimeter of these companies in fiscal year 2016 caused, in turn, a decrease in income from the sale of power in that year with respect to fiscal year 2015.

From the net amount of the turnover, the amounts invoiced in currencies other than the euro reflected in euros are as follows.

	31 December 2017	31 December 2016	31 December 2015
US dollars	5.273.761	148.251.745	13.123.213
Indian rupee	2.187.177	407.075	-
Chilean peso	2.884.644	1.428.956	749.618
Euro	2.814.133	2.846.005	3.076.006
Other	-	-	38.740
	13.159.714,16	**152.933.781,05**	**16.987.577,05**

24 Employee benefits expenses

	31 December 2017	31 December 2016	31 December 2015
Wages and salaries	6.921.295	4.724.045	3.550.141
Social Security expense	700.303	709.700	613.362
Other social expenses	-	-	351.600
	7.621.598	**5.433.745**	**4.515.104**

Other personnel expenses for fiscal year 2017 included 2569 thousand euros corresponding to direct costs related to projects (3867 thousand euros in 2016 and 3685 thousand euros in 2015).

The average number of Group employees by category is as follows:

Category	31 December 2017	31 December 2016	31 December 2015
Other management staff	3	3	3
Professionals, technicians and the kind	96	74	68
Administrative personnel and the kind	19	17	15
Cleaning	-	1	1
	119	**94**	**87**

(*) 2 of the members of the Board of Directors of the Parent Company are in turn executives of the Group.

The distribution of the Parent Company's personnel as of 31 December 2017, 2016 and 2015 between men and women is as follows:

	2017			2016			2015		
Category	Men	Women	Total	Men	Women	Total	Men	Women	Total
Other management staff	2	1	3	2	1	3	2	1	3
Professionals, technicians and the kind	84	13	97	69	12	81	58	10	68
Administrative personnel and the kind	5	14	19	5	13	18	3	11	14
Cleaning	-	-	-	-	1	1	-	1	1
	91	28	119	76	27	103	63	23	86

(*) 2 of the members of the Board of Directors of the Parent Company are in turn executives of the Group.

25 Financial income and expense

	31 December 2017	31 December 2016	31 December 2015
Financial expense	(2.370.891)	(4.652.686)	(6.415.539)
Interest on loans with credit institutions	(2.830.047)	(3.866.950)	(5.651.332)
Interest on loans with related parties (Note 30)	(45.346)	(258.987)	(171.655)
Impairment of financial instruments - portfolio (Note 7.b)	(210.655)	(56.000)	(13.551)
Impairment of financial instruments - loans (Note 30)	715.156	(470.749)	(579.000)
Variation in fair value of financial instruments (Notes 7.d & 17)	7.326.368	(652.220)	-
Financial income	539.291	447.161	542.796
Interest on credits with related parties (Note 30)	374.811	171.498	187.181
Other interest and financial income	99.157	50.015	151.955
Impairment and perf. from disposals of financial inst. (Note 7.b) (*)	65.323	225.647	203.660
Net profit/(loss) from transactions in foreign currency	(3.575.700)	2.715.773	4.200.801
	1.919.069	**(2.141.971)**	**(1.671.941)**

(*) The amount as of 31 December 2015 includes a gain on the disposal of financial instruments for the amount of 51 404.35 euros.

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The breakdown of net profit/(loss) per transactions in foreign currency is as follows:

	31 December 2017	31 December 2016	31 December 2015
US dollars	(2.469.498)	2.766.996	4.409.087
Indian rupees	(546.391)	(17.646)	-
Peruvian soles	(2.768)	9.309	(50.522)
South African rand	(32.227)	200.519	(367.739)
Chilean pesos	(543.701)	(212.024)	294.223
Uruguayan pesos	17.885	(31.381)	(84.249)
	(3.576.700)	**2.715.773**	**4.200.801**

26 Income taxes

	31 December 2017	31 December 2016	31 December 2015
Current tax (expense/(income))	(2.951.115)	(2.998.565)	(1.428.254)
Net change in deferred taxes (Note 20)	2.328.563	(2.359.603)	(66.020)
Expense/(Income) for total tax on continued activities	**(622.552)**	**(5.358.168)**	**(1.494.273)**

The reconciliation between the consolidated accounting result and the aggregate Corporation Tax is as follows:

	31 December 2017	31 December 2016	31 December 2015
Consolidated accounting result for the year before taxes on ordinary acti	5.982.928	20.367.009	8.891.763
Increases (decreases) due to permanent differences			
- Income and exempt capital gains	(291.591)	(2.343.763)	(247.566)
- Other (*)	(645.514)	428.587	397.382
- Dividends of companies consolidated by the equity method	(146.322)	-	-
- Dividend of Group companies (consolidation adjustment)	(6.847.879)	(4.429.524)	(5.578.309)
Consolidation adjustment to income before taxes	11.530.443	(3.332.584)	376.281
Adjusted accounting performance	**9.582.065**	**10.689.726**	**9.417.861**
Gross tax calculated at the average tax rate	1.876.540	2.562.099	1.123.988
Corrections from previous fiscal years	(245.720)	(149.511)	(32.692)
Deductions and allowances	(19.600)	(71.123)	-
Amounts paid in other countries	-	378.826	148.801
Expense/(Income) from tax associated with consolidation adjustments	(988.668)	2.675.979	(125.136)
Expense/(Income) accrued by Income Tax	**622.552**	**5.396.270**	**1.114.961**
Update of tax rates	-	(38.102)	379.313
Income tax on continuing operations	**622.552**	**5.358.168**	**1.494.273**

(*) It includes the effect of negative tax bases not activated in previous fiscal years that are used within the same year, differences between functional currency and fiscal currency, and other non-deductible expenses.

Theoretical tax rates vary according to the different locations, the main ones being the following:

	Nominal rate		
	2017	2016	2015
Basque Country	28,00%	28,00%	28,00%
Rest of Spain	28,00%	28,00%	28,00%
Chile	25,50%	24,00%	22,50%
Peru	28% / 30%	28% / 30%	28% / 30%
India	27,55%	25,00%	29,00%
Singapur	17,00%	17,00%	-

As already mentioned in Note 2.20, the Parent Company Solarpack Corporación Tecnológica SA is authorised to be taxed under a consolidated declaration regime with certain subsidiaries.

The rest of the companies of the Solarpack Group pay tax on individual declaration.

In general terms, the exercises not prescribed according to the various applicable laws in each of the Group's companies are open to inspection for a period fixed at 4 years from the moment the obligation is due and the deadline for submission of taxes expires.

The applicable legislation for the liquidation of Corporation Tax for the year 2017 of the Parent Company is that corresponding to Regional Regulation 11/2013, of 5 December of the Chartered Territory of Biscay.

The Directors of the Parent Company have calculated the amounts associated with this tax for fiscal year 2017 and those open to inspection in accordance with the regulations in force at the end of each fiscal year.

27 Earnings per share

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the partners of the Parent Company by the weighted average number of ordinary shares outstanding during the year (Note 13).

	31 December 2017	31 December 2016	31 December 2015
Profit attributable to shareholders of the parent company	4.725.578	13.666.641	6.166.680
Weighted average number of ordinary shares in circulation	426.650	426.650	4.000
Basic earnings per share	**11**	**32**	**1.542**

b) Diluted

There are no agreements determining a dilution of the earnings for basic participations calculated in the previous paragraph.

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28 Cash generated by operations

	31 December 2017	31 December 2016	31 December 2015
Profit for the year	5.360.376	15.008.841	7.397.490
Adjustments on:			
Tax (Note 26)	(2.951.115)	(2.998.565)	1.428.254
Deferred tax (Note 20)	2.328.563	(2.359.603)	66.020
Amortisation of tangible fixed assets (Note 5)	415.310	366.971	359.475
Amortisation of intangible assets	524	350	2.519
Amortisation of solar plants in inventories (Note 10)	-	-	-
Variation in fair value of derivative financial instruments (Note 17)	290.374	652.220	
Provisions (Note 21 & 23)	305.015	(1.536.239)	107.807
Share and credit impairment (Note 7 & 25)	(569.824)	301.101	446.185
Interest income (Note 25)	(473.968)	(221.514)	(542.796)
Interest expense (Note 25)	2.875.393	4.125.937	5.836.539
Differences on exchange (Note 25)	3.575.700	(2.715.773)	(4.200.801)
Share in the loss/(profit) of associates (note 7)	1.214.846	(131.021)	(690.855)
Change in working capital (excluding the effects of acquisition and exchange differences on consolidation):			
Inventories	(87.636.659)	(13.825.138)	(38.629.496)
Trade and other receivables	(3.552.934)	681.385	(1.084.402)
Other assets	2.097.732	615.766	647.182
Trade and other payables	5.577.683	(424.620)	(1.262.291)
Other liabilities	(420.426)	(2.982.336)	(498.476)
Cash generated by operations	**(71.563.411)**	**(5.442.237)**	**(30.617.648)**

29 Commitments, guarantees and other information

a) Commitments to purchase fixed assets and leases

There are no committed investments at the balance sheet dates.

b) Commitments for operating leases

The Group rents offices and land (whereon the solar plants are installed) under non-cancellable contracts for operating leases. These contracts have a duration of between 5 and 30 years, the majority whereof are renewable at maturity under market conditions. The total future minimum payments for the non-cancellable operating leases, taking into account that the expiration of the land lease agreements is their service life, and therefore without considering additional renovations, are the following:

	31 December 2017	31 December 2016	31 December 2015
Less than one year	358.180	311.666	304.555
Between one and five years	930.522	1.091.431	1.062.775
More than five years	2.460.627	2.688.552	2.917.102
	3.749.328	**4.091.650**	**4.284.432**

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c) Further information

The Group has granted pledges in the concept of security for works or services provided to customers and trade guarantees for an approximate amount of 25 809 thousand euros (2016: 23 154 thousand euros; 2015: 32 143 thousand euros), whereof 2935 thousand euros in 2017 (2016: 3339 thousand euros; 2015: 4113 thousand euros) are guarantees in favour of subsidiaries included in the consolidation perimeter.

These guarantees, issued through various entities, are mainly delivered as a commitment, to the satisfactory completion of the construction contracts, coverage of the warranty periods and support for bids or tenders. Failure to comply with such commitments would entail the execution of such guarantees with cash outflow. The probability of this is considered to be remote.

30 Transactions with related parties

Related parties are the direct shareholders of the Group (including minority interests) as well as the Directors of the Parent Company and key management of the Group and close relatives to these parties, as well as related companies and investees consolidated by the equity method or subsidiaries or joint ventures that the Directors of the Parent Company have not included in the consolidated annual accounts, as explained in Note 1.

The transactions detailed below were made with related parties.

a) Balances and transactions within the fiscal year with group companies and related parties

	31 December 2017	31 December 2016	31 December 2015
Operations performed:			
Services received	-	-	-
Services provided	311.605	940.388	994.380
Purchases (*)	1.514.294	1.285.191	4.067.634
Sales	-	-	-
Financial expense	(320.367)	(314.987)	(171.655)
Financial income	440.134	397.146	390.841

(*) Purchases correspond essentially to the part of the transactions carried out with the JVs wherein the group is a shareholder, to the extent that they have not been eliminated as corresponding to the percentage of external shareholders.

The Group has provided services to related companies in Spain, Chile and Peru for O&M and AMS during the years 2017, 2016 and 2015. Likewise, the Group holds loans to related companies (Notes 7 and 30 b)) the interests whereof amount to 440 thousand euros, 397 thousand euros and 391 thousand euros, respectively.

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Outstanding balances with group companies and related parties (excluding those derived from financing agreements) are as follows:

	31 December 2017	31 December 2016	31 December 2015
Balances:			
Receivables from related parties	498.222	474.259	455.290
Current account with partners	-	207	196
Payables from related parties (*)	-	754.316	128.108

(*) They correspond essentially to balances with the JVs wherein the group is a shareholder, to the extent that they have not been eliminated as corresponding to the percentage of external shareholders.

Receivables from/Payables to related parties include balances for commercial transactions derived from operations carried out during the year, mainly balances pending the rendering of O&M and AMS services (Note 5) to companies that are not part of the consolidation perimeter, located in Spain, Chile and Peru.

In addition, the Group has a debt with the Parent Company of the Tax Group, Beraunberri SL, generated by the consolidated Corporate Tax. (Note 19).

b) Financing agreements

Financing agreements signed with related parties are as follows:

		Debit balances			Credit balances		
Company:	Interest rate	31/12/2017	31/12/2016	31/12/2015	31/12/2017	31/12/2016	31/12/2015
Iguazú Consultoría y Desarrollo S.A.L.	LIBOR Annual +3	-	-	-	-	5.837	4.803.568
Kabi Solar (PTY) Limited (**)	8,50%	608.372	431.733	438.193	-	-	-
Gestión Solar Peru	LIBOR Annual +3			81.864			
Solarpack Perú, S.A.C.	LIBOR 3m + 2.4	-	282		-	-	
UTE Chile Solar 2 EUR (*)	1.75%	-	(726)	(725)	-	-	-
Solarpack Promo2007 Ciento Veintiuno, S.L	Euribor + 3.5	857.306	931.079	975.815			
Sociedades Vehiculo Chilenas	-			330.787	-	-	-
Ecuador Solar Holdco, S.L.	-	-	26.962	10.961	-	-	-
Solarges Perú, S.L.		19.184	19.184	19.184			
Ataca Solar Holdco, SpA	10,00%	2.079.905	2.359.298	-	-	-	-
Spk Energia Renovables Mexico 1. S.A de C.V.	-	-	30.687	-	-	-	-
Itok Solar Incorporated, S.L.		671	85				
UTE PMGD	4,25%	-	11.596	(597)	-	19.833	680.476
Ekialde Solar Private Limited		933					
Moquegua FV, SAC					119		
Current account with partners	-	-	207	196	-	-	21.860
		3.566.369,26	3.810.385,60	1.855.677,61	118,86	25.670,43	5.505.903,46

(*) These balances correspond to the part of the transactions carried out with the JVs wherein the group is a shareholder, to the extent that they have not been eliminated as corresponding to the percentage of external shareholders.

(**) The balance as of 31 December 2017 is presented net of the impairment recorded in the amount of 334 592.66 euros (2016: 1 049 748.55 euros; 2015: 579 000.00 euros) (Note 25).

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c) Remuneration to the directors of the Parent Company

<u>Remuneration to the members of the Board of Directors</u>

During fiscal 2017, the members of the Board of Directors of the Parent Company and companies linked thereto have received by way of compensation for the performance of their managerial functions and the provision of consulting and management a total of 326 thousand euros (2016: 269 thousand euros; 2015: 489 thousand euros). They have also generated the right to receive a three-year bonus for the amount of 581 thousand euros that was pending payment at the end of 2017 and that was received in the year 2018 (Note 19). No loans were granted or other social benefits.

During fiscal 2017, the directors of the parent company, in addition, have received total remuneration of 99 thousand euros for the exercise of their functions (94 thousand euros during fiscal year 2016 and 84 thousand euros during fiscal year 2015).

The Board of Directors of the Parent Company considers as senior management only the members of the Board and does not consider that there is any additional senior management personnel apart from these aforementioned persons.

d) Article 229 of the consolidated text of the Law on Corporations

In the duty to avoid situations of conflict of interest in the Parent Company, during the year 2017, the directors who held positions on the Board of Directors have complied with the obligations set forth in article 228 of the consolidated text of the Spanish Law on Corporations. Likewise, both the directors and the persons related to them have abstained from incurring in the cases of conflict of interest foreseen in article 229 of said regulation, not having produced during the year communications of eventual conflict of interest, direct or indirect, for its consideration by the Board of Directors of the Company.

31 Joint ventures

The Group holds a 60% interest in Kabi Solar (PTY) Ltd, which under the agreement signed with the other partner, is considered a joint venture and is registered according to the equity method, given that, although the Group maintains 60%, pursuant to the shareholders' agreement, a large number of matters related to the ordinary activity of the company must be approved by 75% of the share capital (clause 10.4 of the Partnership Agreement). Likewise, the Administrative Body is made up by 4 members and there is parity, as each partner designates 2 directors. Likewise, the dismissal and appointment of directors is subject to the aforementioned qualified majority of 75%.

The data on the shareholdings (value) and the assets and liabilities of joint ventures that are accounted for using the equity method are disclosed in note 7.c).

32 Temporary Joint Ventures

The Solarpack Group participates in several temporary joint ventures, created to undertake the construction of certain photovoltaic solar plants abroad, owned by foreign subsidiaries. Those. as of 31 December 2017, 2016 and 2015 are included in Inventories. The amounts shown below represent the Group's shareholding in the assets, liabilities, sales and results of the Temporary Joint Ventures. These amounts have been included in the consolidated balance sheet and the consolidated profit and loss account (net of eliminations of inter-company operations).

	Assets	Liabilities	Results
Fiscal year 20	1.159.948	230.257	739.817
Fiscal year 20	1.801.332	1.513.376	.607.289
Year 2015	301.107	96.027	129.135

33 Further information

a) Fees for auditors of accounts and companies of their group and related

The fees contracted from Auren Auditores SP SLP for the audit services for fiscal year 2017 amounts to 69 thousand euros (2016: 67 thousand euros; 2015: 52 thousand euros).

Other services provided by Auren Auditores SP SLP and other companies related with the Auren brand have amounted to 11 thousand euros (2016: 4 thousand euros, 2015: 3 thousand euros).

The amount of the fees contracted with other audit firms for the annual accounts of other investees amounts to 93 thousand euros in the year 2017 (2016: 68 thousand euros, 2015: 50 thousand euros). This data includes the contracted services for the entire period of the companies included in the consolidation perimeter in the fiscal year.

b) Environmental issues

Disbursements associated with the protection of the environment are charged through profit or loss in the period wherein they are incurred. Infrastructure work investments destined to comply with environmental requirements are activated following the general accounting criteria for properties, plants and equipment, in accordance with the provisions of IAS 16.

34 Subsequent events

Since December 31, 2017 and until the formulation of the consolidated annual accounts, new arbitration awards and new resolutions have been issued related to the legal proceedings and litigation in progress, which have been detailed in note 21 of this consolidated report.

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In addition, on 27 March 2018, the Official Gazette of Biscay published Statutory Regulation 2/2018, of 21 March where certain European long-term investment funds are characterised for tax purposes and which introduces amendments to the Regional Regulations on Personal Income Tax, Wealth Tax, Corporation Tax, Property Transfer Tax and Stamp Duty, Inheritance and Gift Tax and Cooperative Tax Regime, as well as the Standard General Tax Office of the Historical Territory of Biscay. This tax reform has entered into force on the day following its publication, 28 on March 2018 and will have effects for the tax periods beginning on 1 January 2018.

With regard to the reform of the Corporation Tax, important modifications are established, among which, among others, a reduction in the tax rate, which will move from the current 28% to 26% in 2018 and 24% from 2019, the establishment of a 50% limitation on the compensation of the negative tax bases pending compensation, the reduction of the quota limits on deductions and the establishment of quota limits for deductions without limit. Likewise, a minimum tax percentage is established, as well as a instalment payment on account.

The Group companies domiciled in Biscay have as of 31 December 2017 deferred tax assets amounting to 1502 thousand euros (Note 20), estimated in accordance with the tax regulations in force at that date. The content of the corporate tax reform will require re-estimating the amount thereof and applying modifications, where appropriate, in accordance with the income obtained, recording the differences that may arise in fiscal year 2018, as it is an approved and published standard with after the end of fiscal year 2017. According to a first estimate of the administrators, the amount of the deferred tax assets recorded will not be significantly modified as a consequence of said fiscal reform.

In fiscal year 2018, the Group Management changed its strategy regarding asset rotation. Until now, the Group executed a strategy of high asset turnover, selling in the short term the majority of the photovoltaic solar plants put into operation and keeping minority interests in some cases. From now on, the Group intends to maintain the ownership of a half of the photovoltaic solar plants developped and constructed by the Group, therefore the assets put into operation will not be systematically destined for sale. In this sense, it is the intention of the Directors of the Group to directly exploit certain photovoltaic plants, which as of 31 December 2017 were registered under "Inventories", given that, considering the strategy at that date, the Group had intention to sell them in the short term, but have been reclassified to Tangible fixed assets in the first half of 2018. Likewise, in relation to these assets, the Group has proceeded to reclassify the financing associated with them, considering their contractual maturity. Until then, financing was registered in the short term regardless of its contractual maturity.

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In line with this change in strategy, throughout the months of July and August 2018, the Group reached SPAs with third parties for the acquisition of 100% stakes of several companies holding 88 solar plants of 100 kWac, located in Isla Mayor Lebrija and Llerena (Spain). Likewise, and in the same period, the Group has reached purchase agreements with third parties for the acquisition of shares to reach a total shareholding of 96.5% in the Associated Company "Solarpack Promo2007 Cientoveintuno SL", owner of a solar plant located in Guijo de Coria (Spain). These holdings currently guarantee certain financial debts related to the construction of the plants. As of the date of these consolidated financial statements, this purchase is conditioned, among others, on obtaining prior to 31 March 2019 (a) approval by the financial entities granting the aforementioned financing of the transfer of such holdings, as well as (b) obtaining additional financing from the Group. The purchase price of these participations will amount to approximately 20 639 thousand euros. Additionally, the sellers of these participations may receive an additional amount in the event that, in accordance with Law 24/2013 on the Electricity Sector, the new reasonable profitability of said plants for the period 2020-2025 is above 5.184% . The maximum amount of this additional amount, which would be reached in the event that the maximum reasonable profitability was above 7.398%, would amount to approximately 4.3 million euros.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to a review and subsequent consideration by the Company and the time of such transaction would be subject to general trade and market conditions.

On 17 September 2018, the balance sheet of Solarpack Corporación Tecnológica SA as of 30 June 2018 and the explanatory notes have been stated to subsequently proceed to the transformation from a Limited Liability to a Public Corporation.

On 2 November 2018, the Parent Company agreed to an increase in share capital in the amount of 7,599,999 euros up to 8,000,000 euros, through the creation of new shares charged to unrestricted reserves. Simultaneously, in the same act, it was agreed to modify the nominal value of the shares, for the amount of forty euro cents, being 2.5 new shares created from each previous share.

Except as mentioned in this note and/or throughout the notes to these consolidated annual accounts, the Administrative Body is not aware of events occurring after the year-end and up to the formulation of the consolidated annual accounts that may alter the results of the year ended on 31 December 2017.

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ANNEX I: LIST OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Company:	Controlling company	Activity	Address	Effective stake % in Solarpack Corporation		Integration method
				Direct	Indirect	
Acrux Uno, S.L.U	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Antlia Dos,S.L.U	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Andromeda Veintiseis, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Cruz del Sur Cuarentainueve, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Orion Setentaicuatro, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Treintaitres, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Treintaicinco, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Cincuentaisiete, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Sesentaitres, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Setentaidos, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Promo2007 Ochentaidos, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	100,00%		Global integration
Solarpack Ingeniería, S.L.U	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Avda. Astronomia,1 Torre 1, 9º módulo 5 Sevilla	100,00%		Global integration

Company:	Controlling company	Activity	Address	Effective stake % in Solarpack Corporation		Integration method
				Direct	Indirect	
Solarpack Perú, S.A.C.	Solarpack Corporación Tecnológica, S.L	Design, promotion and construction of facilities for power plants	Avda. Manuel Olgui nº335 of 905 Urb. Monterrico Chico Lima	100,00%		Global integration
Solarpack Uruguay, S.A	Solarpack Corporación Tecnológica, S.L.	Ownership and operation of own real estate	Hermano Damasceno 1678 Bis- Montevideo	100,00%		Global integration
Solarpack Asia SDN. BHD.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	8-1 & 8-2, Level 8, Menara CIMB, No.1, Jalan Stesen Sentral 2, Kuala Lumpur Sentra 50470 Kuala Lumpur	100,00%		Global integration
Spk Services Singapore Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Development of projects of renewable energy	Wallich Street, 14-01, Guoco Tower, Singapore 078881	95,00%		Global integration
Solarpack India LLP.	Solarpack Corporación Tecnológica, S.L.	Promotion, development and construction of solar photovoltaic plants.	First Floor, Southern Park, D-2 District Centre, Saket, New Delhi, South Delhi, Delhi, 110017, India.	99,99%		Global integration
Padmajiwadi Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,64%		Global integration
Renjal Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,62%		Global integration
Gummadidala Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,66%		Global integration
Ghanpur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,66%		Global integration
Thukkapur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,66%		Global integration
Achampet Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi - 110017, Delhi, India	82,64%		Global integration

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Company:	Controlling company	Activity	Address	Effective stake % in Solarpack Corporation Direct	Indirect	Integration method
Solarpack Chile, S.L. (*)	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Avda, Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)	100,00%		Global integration
Arica Solar 1	Solarpack Chile, S.L.	Operation of photovoltaic systems	Avda, Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		100,00%	Global integration
Amunche Solar SpA	Solarpack Chile, S.L.	Operation of photovoltaic systems	Avda, Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		100,00%	Global integration
Maria Elena Solar (1)	Solarpack Chile, S.L.	Operation of photovoltaic systems	Avda, Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		100,00%	Global integration
PMGD Holdco, S.L.	Solarpack Chile, S.L.	Design, promotion and construction of facilities for solar photovoltaic farms.	c/ Avenida Algorta 16, 3° Getxo Bizkaia		80,00%	Global integration
PMGD Holdco Chile, SpA.	PMGD Holdco, S.L.	Operation of photovoltaic systems	Avda, Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		80,00%	Global integration
Pozo Almonte Solar 1, S.A.	PMGD Holdco Chile, SpA	Operation of photovoltaic systems	Avda.Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		80,00%	Global integration
Calama Solar 1 S.A.	PMGD Holdco Chile, SpA	Operation of photovoltaic systems	Avda.Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		80,00%	Global integration
Calama Solar 2 S.A.	PMGD Holdco Chile, SpA	Operation of photovoltaic systems	Avda.Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		80,00%	Global integration

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Company:	Controlling company	Activity	Address	Effective stake % in Solarpack Corporation Direct	Indirect	Integration method
Solarpack Development, Inc. (1)	Solarpack Corporación Tecnológica, S.L	Promotion and management of photovoltaic projects	3730 Mt. Diablo Boulevard, Suite 120 Lafayette, CA 94549 - USA	100,00%		Global integration
Solarpack Colombia, SAS (1)	Solarpack Corporación Tecnológica, S.L	Study, research, development and provision of all kinds of advisory services, assistance and technical management in the field of renewable energies	Bogotá D.C.	100,00%		Global integration
SPK Energias Renovables Mexico 1 SA de CV (1)	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Angel Urraza nº314 del valle Benito Juarez, Mexico, C.P. 03100. Distrito Federal, Mexico	100,00%		Global integration
Spk Alvarado, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Solarpack Monclova, S.L (1)	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Peñaflor Solar, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Promotion of the production of renewable energies	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Pedroso Solar, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Promotion of the production of renewable energies	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Sol De Alvarado, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Promotion of the production of renewable energies	c/ Avenida Algorta 16, 3º Getxo Bizkaia	100,00%		Global integration
Ekialde Solar Private Limited (1)	Solarpack Corporación Tecnológica, S.L.	Promotion, development and construction of solar photovoltaic plants.	4th Floor, Rectangle One District Centre Saket New Delhi, Delhi	100,00%		Global integration

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Company:	Controlling company	Activity	Address	in Solarpack Direct	in Solarpack Indirect	Integration method
Ataca Solar Holdco SpA (4)	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	Avda.Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)	19,00%		Equity method
Calama Solar 3, S.A	Solarpack Chile, S.A.	Operation of photovoltaic systems	Estoril 50 - Of.1013 Las Condes - Santiago - Chile		19,00%	Equity method
Pozo Almonte Solar 2, S.A	Solarpack Chile, S.A.	Operation of photovoltaic systems	Avda, Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		19,00%	Equity method
Pozo Almonte Solar 3, S.A.	Solarpack Chile, S.A.	Operation of photovoltaic systems	Avda, Vitacura nº2909 oficina nº306, Ciudad de Santiago (Chile)		19,00%	Equity method
Pampul Holdco, S.L. (5)	Solarpack Corporación Tecnológica, S.L.	Holdings of securities	c/ Cristóbal Colón, 8B Getxo Bizkaia	19,00%		Equity method
Moquegua FV, SAC	Pampul Holdco, S.L.	Operation of photovoltaic systems	Jr. Huáscar 205, Jesús María, Lima (Perú)		19,00%	Equity method
Solarpack Promo2007 Ciento Veintiuno, S.L.	Solarpack Corporación Tecnológica, S.L.	Operation of photovoltaic systems	c/ Cristóbal Colón, 8B Getxo Bizkaia	49,76%		Equity method
Kabi Energy Limited.	Solarpack Corporación Tecnológica, S.L.	Promotion of power plants	21 7th Avenue, Parktown North 2193, Johannesburg	60,00%		Equity method

(1) Companies incorporated to the perimeter in 2017

(2) Parent company of the investees shown below (located in Chile).

(3) (4) Parent company of the investees shown below (located in Chile).

(5) Parent company of the investee shown below in Annex (located in Peru).

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ANNEX II: FINANCIAL INFORMATION ON COMPANIES WITH NON-CONTROLLING INTERESTS

	Euros												
	31/12/2017												
	PMGD Holdco, S.L	PMGD Holdco Chile, SpA.	Pozo Almonte Solar 1, S.A.	Calama Solar 1, S.A.	Calama Solar 2, S.A.	Padmajiwadi Solar Pte. Ltd	Gummadidala Solar Pte. Ltd	Thukkapur Solar Pte. Ltd	Renjal Solar Pte. Ltd	Ghanpur Solar Pte. Ltd	Achampet Solar Pte. Ltd	Spk Services Singapure Pte Ltd	Total
Non-current assets	5.505.470	10.834.293	15.182.615	15.082.715	15.334.918	9.944.607	17.084.774	15.229.375	14.828.843	14.848.382	9.632.857	-	143.508.849
Current assets	808	1.106	1.215.357	1.109.299	2.522.201	1.569.305	1.253.851	1.224.588	2.163.017	1.500.569	1.427.566	1.628.610	15.616.276
Equity	5.506.623	10.796.944	4.366.777	2.986.652	2.839.983	1.436.924	2.624.305	2.106.444	2.140.914	1.919.628	1.370.917	388.840	38.484.951
Non-current liabilities	-	-	10.648.851	12.002.599	12.481.538	8.637.675	13.042.637	12.635.911	12.705.855	12.352.979	8.288.336	-	102.796.380
Current liabilities	(345)	38.454	1.382.345	1.202.762	2.535.599	1.439.313	2.671.683	1.711.607	2.145.092	2.076.344	1.401.169	1.239.770	17.843.794
Net sales figure	-	-	1.334.625	836.483	713.536	535.842	205.238	291.474	675.862	379.032	506.803	10.723.556	16.202.451
Other Operating expenses and income	(1.469)	(21.863)	(1.038.151)	(547.231)	(503.329)	47.586	947.090	224.475	(37.789)	(122.453)	(52.715)	(2.083.368)	(3.189.215)
Operating income	**(1.469)**	**(21.863)**	**296.474**	**289.252**	**210.207**	**583.428**	**1.152.329**	**515.949**	**638.073**	**256.580**	**454.088**	**8.640.188**	**13.013.237**
Financial performance	**(13)**	**(1.369)**	**(949.689)**	**(577.789)**	**(612.327)**	**(334.365)**	**(142.800)**	**(241.511)**	**######**	**(243.579)**	**(305.243)**	**20.505**	**(3.700.283)**
Expense on Corporation Tax	-	-	170.350	95.590	108.572	(67.492)	(267.607)	(72.237)	(75.608)	11.900	(38.291)	(1.347.438)	(1.482.262)
Profit for the year	**(1.482)**	**(23.233)**	**(482.865)**	**(192.947)**	**(293.547)**	**181.570**	**741.921**	**202.201**	**250.361**	**24.900**	**110.554**	**7.313.255**	**7.830.691**

	Euros																
	31/12/2016																
	PMGD Holdco, S.L	PMGD Holdco Chile, SpA.	Pozo Almonte Solar 1, S.A.	Calama Solar 1, S.A	Calama Solar 2, S.A.	Padmajiwadi Solar Pte. Ltd	Gummadidala Solar Pte. Ltd	Thukkapur Solar Pte. Ltd	Renjal Solar Pte. Ltd	Ghanpur Solar Pte. Ltd	Achampet Solar Pte. Ltd	Solarpack Chile, S.A	Amunche Solar, SpA	Solarpack Peru, S.A.C.	Arica Solar 1, S.A.	Diego de Almagro Solar, SpA	Total
Non-current assets	6.263.836	7.499.867	17.970.010	9.156.101	1.968.519	527.805	1.272.062	1.090.983	752.131	482.948	261.985	2.963.346	1.472	100.398	1.625.252	209.620	52.146.335
Current assets	7.497	1.469.546	559.764	454.821	171.626	476.856	455.632	649.749	464.280	772.236	351.687	26.110.578	38.922	468.246	53.116	16	32.504.572
Equity	6.264.563	8.966.058	5.483.909	2.098.365	229.988	870.722	1.663.028	1.585.210	1.006.847	1.106.421	504.646	18.764.951	70.869	329.947	-79.667	49.880	48.915.736
Non-current liabilities	-	-	637.611	1299.499,35	1835.218,69	-	-		-	-	-	167.335			1.522.979,28	159.777	5.622.420
Current liabilities	6 770,88	3 355,46	12.408.255	6.213.057	74.937	133.939	64.666	155.521	209.564	148.763	109.026	10.141.638	(30.475)	238.697	235.056,05	(20)	30.112.751
Net sales figure	-	-	1.428.956	-	-		-		-	-		11.598.258	5.807.162	646.987	-		19.481.364
Other Operating expenses and income	(8.300)	(865)	(1.163.061)	(12.047)	(12.921)	(64.781)	(81.656)	(72.304)	(81.656)	(82.105)	(67.762)	(9.968.788)	(123.455)	(523.661)	(2.176)	(11.817)	(12.277.356)
Operating income	**(8.300)**	**(865)**	**265.896**	**(12.047)**	**(12.921)**	**(64.781)**	**(81.656)**	**(72.304)**	**(81.656)**	**(82.105)**	**(67.762)**	**1.629.470**	**5.683.707**	**123.326**	**(2.176)**	**(11.817)**	**7.204.008**
Financial performance	**32.093**	**4**	**(172.335)**	**21.952**	**(15.446)**	**(342)**	**4.550**	**(2.370)**	**4.550**	**(2.348)**	**(342)**	**8.808.267**	**(2.672)**	**12.760**	**(39.220)**	**(32.277)**	**8.616.825**
Expense on Corporation Tax	(6.662)	(3.451)	(25.755)	32.485	9.832	12.074	14.429	14.852	16.087	15.427	13.407	(1.454.676)	(1.364.839)	(27.085)	2.844	13.552	(2.737.479)
Profit for the year	**17.130**	**(4.313)**	**67.806**	**42.390**	**(18.535)**	**(53.049)**	**(62.677)**	**(59.821)**	**(61.019)**	**(69.026)**	**(54.697)**	**8.983.061**	**4.316.196**	**109.001**	**(38.553)**	**(30.541)**	**13.083.354**

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	Euros										
	31/12/2015										
	PM GD Holdco, S.L.	Pozo Almonte Solar 1, S.A	Ataca Solar Holdco, SpA	Pozo Almonte Solar 2, S.A	Pozo Almonte Solar 3, S.A.	Calama Solar 3, S.A.	Pampul Holdco, S.A.	Moquegua FV, S.A.C.	Solarpack Chile, S.A.	Solarpack Peru, S.A.C	Total
Non-current assets	5.010.104	18.139.284	7.860	22.653.829	47.566.616	3.648.155	6.036.594	38.166.464	5.228	98.421	141.332.554
Current assets	1.046.075	1.821.046	15.616.253	1.517.339	4.662.107	628.497	1.234.831	7.089.611	15.073.296	556.411	49.245.465
Equity	6.047.213	5.241.573	9.159	1.172.942	3.544.754	295.746	7.271.701	6.121.243	8.542.990	191.397	38.438.718
Non-current liabilities	-	522.380	-	17.860.104	37.793.020	3.264.074	-	36.461.056	401.035	-	96.301.670
Current liabilities	8.966	14.196.377	15.614.954	5.138.122	10.890.949	716.831	-276	2.673.776	6.134.498	463.435	55.837.632
Net sales figure	-	749.618		1.995.363	5.343.336	380.832	-	5.109.241	18.152.384	1.164.631	32.895.405
Other Operating expenses and income	(1.854)	(545.166)		(1.438.409)	(3.111.707)	(239.625)	(2.306)	(2.380.135)	(20.850.336)	(1.036.546)	(29.606.084)
Operating income	**(1.854)**	**204.452**		**556.953**	**2.231.630**	**141.207**	**(2.306)**	**2.729.106**	**(2.697.953)**	**128.085**	**3.289.321**
Financial performance	**33.337**	**167.413**	-	**(1.264.160)**	**(2.682.837)**	**(181.313)**	**83.552**	**(2.123.070)**	**4.174.166**	**29.031**	**(1.763.881)**
Expense on Corporation Tax	(8.809)	(107.486)	7.815	37.723	(215.805)	(33)	(23.131)	(253.297)	(35.379)	(79.580)	(677.981)
Profit for the year	**22.675**	**264.380**	**7.815**	**(669.484)**	**(667.012)**	**(40.139)**	**58.115**	**352.740**	**1.440.835**	**77.536**	**847.460**

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MANAGEMENT REPORT - CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017

1. Situation of the entity

1.1 Organisational structure

Solarpack Corporación Tecnológica, S.L. ("**Solarpack**") has as of 31 December 2017 a Board of Directors made up of four directors: President, CEO and three members, as well as a non-director secretary.

The Board of Directors of Solarpack is the highest governing body of the company, in which the partners of Solarpack delegate their responsibility. It is the place where decisions are made that affect all areas of the company and that mark the operating guidelines of the Solarpack executive team.

The Chairman of Solarpack chairs Board of Directors meetings. The Board of Directors delegates to the Chairman, inter alia, the responsibilities of establishing the Company's strategies, approving management team appointments and taking charge of the institutional representation of Solarpack where this corresponds to the position of Chairman, including the Company's external communications.

The CEO of Solarpack has the executive functions of the Board of Directors and the necessary powers to exercise them. The CEO directly participates in management and supervisory activities of the company. The CEO is responsible for proposing the strategic direction of the company and for ensuring that the decisions made in the Board of Directors are implemented through functional measures. The CEO is a fundamental part in the creation of the culture of the organisation.

With regard to committees and additional bodies to the Board of Directors, the company has the following

Audit committee:
This committee of the Board of Directors of Solarpack meets on a quarterly basis and assesses corporate risks. It is also responsible for analysing, inter alia, the insurance programme and issues relating to health and safety at a global Company level.

Coordination Committee:
The Coordination Committee meets biweekly to keep a follow-up of each of the projects in execution. All the functional areas involved in the execution of the projects are part of this committee where the progress of the development and construction of the projects is analysed and potential risks and solution are identified in order to ensure that the projects are successfully executed.

Executive Committee:
The Executive Committee is held on a quarterly basis. All persons responsible for the functional areas of Solarpack meet and the CEO of the company presents the objectives and budget for the year, and its follow-up. The objective of this Committee is to establish common objectives to all the areas of the company, so that all people who are part of the organisation are aligned for achievement.

On 9 August 2018, the General Meeting of Shareholders expanded the composition of the Board of Directors to a total of 6 members, and appointed new directors. The six current directors have drafted these Consolidated Financial Statements. Likewise, the Board of Directors has set up an Audit Committee and an Appointments and Remuneration Committee, which shall entry into force at the same time as the execution of capital increase in which the company is working.

Solarpack and its subsidiaries (hereinafter the "**Solarpack Group**") are structured through 49 legal entities, included in the scope of consolidation of the Solarpack Group, as well as those temporary JVs whereto the Group is a part.

Subsidiaries are of two types:

- Operating companies: those through which the Solarpack Group develops activities of (i) development and construction of projects and (ii) services

- Special Purpose Vehicle Companies: those through which assets of photovoltaic solar electric power generation (hereinafter "**PV**") are operated

The section on Operation below describes in detail these activities developed by Solarpack Group. The usual administration structure in the subsidiaries is the existence of a sole administrator, although there are numerous subsidiaries that have a board as an administrative body, either due to (i) the existence of minority shareholders or (ii) the fact that regulation of the country where the company is established make it advisable or essential the existence of a board of directors.

In addition to the companies included in the consolidation perimeter, there are 14 companies wherein as of 31 December 2017 Solarpack Group holds interests, but not control, or else are inactive or highly irrelevant.

Note 1.1 and Annex I corresponding to the consolidated financial statements as of 31 December 2017 (the "**Consolidated Financial Statements"**) show a detail of the corporate structure of Solarpack Group.

1.2. Operation

The Solarpack Group is a multinational company focused on the development of solar PV. It specialises in promoting, financing, construction, asset management, operation and maintenance, and consulting of PV solar plants.
The Solarpack Group was created and exists as a company to:

- Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.
- With an attractive, talented business culture, which generates an environment where we give the best of ourselves and work at ease.
- With attractive business and financial results that reflect the success in resource management and that contribute to the prosperity of society, wherever we act.

Its activities are channelled through three operating segments, which are the generators of value and cash flows for the company:

- Development and Construction (DEVCON), which develops business opportunities and executes the construction of solar PV plants.
- Services (SVCS), which provides operation and maintenance services and asset management in solar PV plants.
- Power Generation (POWGEN), which includes the investments in power generation assets from solar PV.

Solarpack was founded in 2005 and, since that date, it has maintained a constant path of organic growth in which the generation of value has allowed to create a leading multinational group in the photovoltaic solar energy sector.
Solarpack Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the US, South Africa, India and South East Asia.

This geographic dissemination and growth were carried out having always in mind specific culture and values shared by any employee of the Solarpack Group, wherever they may be. Those values are the following:

Quality: we are obsessed with a job well done. A job well done the first time does not take more time than a mediocre one.
Integrity: honesty in our work and in the relationship with others as a basis for the trust we develop.
Agility: sense of anticipation, sense of urgency, which essential in the changing times we live and for our company profile.
Open mind: open-mindedness, sharing of knowledge, teamwork, as the foundation of a strong organisation with sound self-confidence.
Effort and dedication: essential in a highly competitive environment.
Results: our good work confirmed with economic results.

In summary, the activity of the operating segments is as follows:

- Development and Construction (DEVCON): Our DEVCON division focuses mainly on the development and construction of solar PV plants, which directly convert solar radiation into electrical power. The development phase of a solar PV project begins with the selection of suitable land, taking into account various factors, such as, e.g. solar radiation of the place, proximity to the transmission/distribution network, impact on the local community, sale alternatives for the electrical power and, depending on the size of the project, negotiations with possible co-investors. After obtaining the necessary internal approvals and administrative permits and licenses, we structure the financing of the project. Once this is achieved, we carry out our engineering activities, supply of main equipment and construction (EPC) in turnkey mode. A part of the solar plants that we develop and build are sold to third parties (Build & Sell mode) and another part is kept in our books for exploitation by our POWGEN division (Build & Own mode). Likewise, and opportunistically, the DEVCON division provides EPC services to third parties in projects in which the Group has not had any intervention in its development. The DEVCON division is the main generator of the company's future business, and its growth engine.
- Services (SVCS): Our SVCS division provides (i) technical Operation and Maintenance services and (ii) administrative and asset management services to PV solar power plants developed by both the Solarpack Group and third parties. This division develops a wide range of services and solutions to maximise the generation of electricity and the useful life of the PV solar systems it operates and manages. Specifically, we provide technical monitoring and supervision services, inspections, preventive maintenance of plants, repair and replacement of equipment in plant, and response to incidents. As of 31 December 2017, we provide technical Operation and Maintenance services in 11 solar PV plants (of which eight are owned mostly by third parties) with a total installed capacity of 154 MW. Our O&M services are monitored from our remote operations centre ("ROC") located in Getxo-Bizkaia, and executed by our operators in the field. In addition, as part of our asset management activities, we offer a wide range of commercial, accounting, financial, tax and corporate services for PV solar power plants in operation, with the objective of maximising the cash available for distribution to the shareholders of these assets. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising clients on how to optimise plant performance, refinancing senior debt and daily management and optimisation of PPA contracts. As of 31 December 2017, we provide this type of asset management services to 22 PV plants (owned by us or by third parties) that represent a total installed capacity of 219 MW.
- Power Generation (POWGEN): When our DEVCON division completes the construction of a solar PV plant and this enters into operation, our POWGEN division generates income by selling the electricity produced by our PV solar plants under a specific PPA contract or other type of sales model. The amount of income generated depends mainly on the production level of the plant and the sale price of the power. We generate income from solvent buyers, including a combination of government entities or central and national services, such as the national electricity systems of Spain and Chile, the Republic of Peru and Southern/Northern Power Distribution Company of

Telangana (Indian energy distribution companies), as well as private companies such as Collahuasi and Codelco (Chilean mining companies). In general, we establish long-term electricity sales agreements with these energy buyers who pay a fixed price, in certain cases subject to adjustments for inflation, for the electricity generated by our PV solar power plants. As of 31 December 2017, we have interests in the capital of 11 solar PV projects with a total installed capacity of 252 MW (of which 128 MW are attributable to our proportional shares in these projects). These projects are structured through Special Purpose Vehicle (SPV) Companies which include, in isolation, the assets and liabilities of each project. Thus, it is possible to obtain Debt Project Finance, which does not require other guarantees than the project itself.

Our competitive advantages are summarised in these five pillars:

- Vertically integrated project execution platform with a presence in highly attractive, fast-growing solar PV markets
- Solid history in the execution of quality PV solar projects
- Attractive portfolio of projects in development that provide good income visibility and future results
- Diversified geographical implantation in 10 international markets, which allows cushioning the effects of a possible fall in one specific market
- A management team with long experience in the industry, led by the founding partners with a long-term approach on the sustainable generation of value

1.3. Business model

Historically, the Solarpack Group has developed a vertical integration business model with high asset turnover. This rotation has been motivated by a limited amount of financial resources, sufficient for the maintenance of investments in solar PV plants in the long term. For this reason, the Group proceeded to divest majority share packages in operating PV solar plants in order to finance the construction and start-up of the following plants, which we call the Build & Sell mode.

During fiscal year 2018, the group has decided to change its strategy, going on to keep in the medium-long term a majority of the assets developed, build and started by the group, which we call the Build & Own mode. This requires a contribution of new capital, as indicated in Note 34 of the Consolidated Financial Statements and will allow growth and recurrence of revenue and operating income to the Group.

Regarding the projects that the Group maintains in the development portfolio and that it aims to put into operation in the short term, approximately one third thereof will be built in Build & Own mode.
Likewise, the Group plans to execute EPC constructions for third parties, in those opportunities that will allow the Group to create synergies while developing projects through Build & Own and Build & Sell.

2. Development and performance of the business

2.1. Fundamental financial and non-financial indicators

Operating income

In fiscal year 2017 operating income was EUR 32 286 thousand, down 24% on the EUR 42 300 thousand of the first half of 2016. During fiscal year 2016, total and partial disinvestments of the Group's shareholdings were executed in various companies that own PV solar plants; these divestments have not been repeated

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during the year 2017 and this meant a decrease in the sales of solar plants from 133 041 thousand euros in 2016 to 3640 thousand euros in 2017, which thus caused a decrease of the net amount of turnover of 139 774 thousand euros, from 152 934 thousand euros in fiscal year 2016 to 13 160 thousand euros in fiscal year 2017.

Revenue

The net amount of turnover decreased 139 774 thousand euros, to 13 160 thousand euros during fiscal year 2017, compared to 152 934 thousand euros during fiscal year 2016, mainly due to:

- In relation to our POWGEN division, income was reduced by 4461 thousand euros, to 6255 thousand euros in fiscal year 2017 from 10 715 thousand euros in fiscal year 2016. This decrease was mainly due to the fact that income was generated from the Moquegua FV and Ataca solar PV plants until the partial disinvestment thereof in September 2016, and did not have an equivalent income during 2017. In 2017 new solar PV plants have generated income in Telangana (India) and Calama (Chile) but not enough to compensate for the fall in revenues of the PV solar plants of Moquegua FV and Ataca.

- Regarding our DEVCON division:
  - the sales of solar plants classified as inventories, which have decreased from 133 041 thousand euros in fiscal year 2016 to 221 thousand euros in fiscal year 2017. These sales during the fiscal year 2016 came from the divestment in the PV solar plants of Alto Cielo (Uruguay), Moquegua FV (Peru) and Ataca (Chile). During fiscal year 2017, our income came from the sale of a special purpose company with rights on land and other permits and licenses related to the DAS project in Chile.
  - the income generated by development activities for third parties, which in 2016 reached 5807 thousand euros for the sale of a project in Chile; and in 2017 was non-existent.
  - income from EPC activities for third parties, which have increased by 3419 thousand euros in 2017, from zero during fiscal year 2016 and to 3419 million euros income during the fiscal year 2017. This income for 2017 is due to the construction of the DAS project in Chile.

- In relation to our SVCS division, income from third parties was reduced by 0.11 thousand euros in 2017 to 3264 thousand euros in fiscal year 2017 from 3370 thousand euros in fiscal year 2016.

Other operating income

"Other Operating Income" decreased by EUR 1331 thousand (-212%) to EUR 1959 thousand in fiscal year 2017, compared to EUR 628 thousand in fiscal year 2016.

Changes in inventories of finished goods and work in progress

Changes in inventories increased by EUR 128 429 thousand to EUR 17 167 thousand in the first half of 2017, from EUR 111 262 thousand in the first half of 2016. This increase was due to the fact that during fiscal year 2017 the inventories for PV solar plants available for sale increased by 17 167 thousand euros mainly due to the construction of the PV solar plants in Calama (Chile). However, during fiscal year 2016, there were divestments in the PV solar plants of Alto Cielo, Moquegua FV and Ataca that reduced the stock balance, above the increase in inventories due to the construction of the PV solar plants in Calama (Chile) during fiscal year 2016.

Operating expenses

The following table shows the breakdown of our operating expenses for fiscal years 2017 and 2016:

	Year		Percentage change
	2016	2017	
	(in thousand euros, except percentages)		
Procurements	(7.413)	(14.158)	91.0%

	Year		Percentage change
	2016	2017	
	(in thousand euros, except percentages)		
Personnel expenses	(5.434)	(7.622)	40.3%
Depreciation and amortisation charge	(367)	(416)	13.2%
Other operating income and expenses	(6.708)	(4.813)	(28.3)%
Operating expenses	**(19.922)**	**(27.008)**	**35.6%**

Operating expenses increased by 7086 thousand euros, or 35.6%, to 27 008 thousand euros in fiscal year 2017, from 19 922 thousand euros in fiscal year 2016, mainly due to an increase in procurement and personnel expenses.

Procurements
Procurement increased to 14 158 thousand euros in fiscal year 2017, from 7413 in fiscal year 2016. This increase was mainly due to procurement for the construction of the Calama and DAS (Chile) solar plants during fiscal year 2017, which were higher than those of 2016 due to the start of the construction of the PV solar plants in Calama (Chile) and the completion of the construction of the PV solar plant in Alto Cielo (Uruguay).

Personnel expenses
"Personnel expenses" increased by EUR 2118 thousand (+40.3%) to EUR 7622 thousand in fiscal year 2017, from EUR 5434 thousand in fiscal year 2016. This increase was mainly due to the extraordinary accrual in 2017 of a multi-year bonus to a group of employees, which was accounted for in full in fiscal year 2017

Depreciation and amortisation charge
The depreciation and amortisation charge increased by EUR 49 thousand to EUR 416 thousand in fiscal year 2017, from EUR 367 thousand in fiscal year 2016.

Other operating income and expenses
"Other Operating Income and Expenses" decreased by EUR 1895 thousand to EUR 4813 thousand in fiscal year 2017, from EUR 6708 thousand in fiscal year 2016. This decrease was mainly due to the extraordinary income due to late penalties paid by a contractor in relation to the construction of the solar PV plants in Telangana (India).

Net financial performance
In fiscal year 2017, the financial profit amounted to EUR 704 thousand, an increase of EUR 2715 thousand, from a net financial profit of EUR 2011 thousand in fiscal year 2016. This increase in the net financial performance was due to the combination of the following factors: (i) a financial income of 7884 thousand euros linked to the Telangana (India) project during the year 2017 linked to an exchange rate hedge contract, (ii) lower financial expenses for interest during fiscal year 2017 due to the lower amount of bank debt disposed during fiscal year 2016 arising form the divestments of solar PV plants made in September 2016 (iii) shareholding in Associates' income for 1215 thousand euros during fiscal year 2017, compared to 131 thousand euros in fiscal year 2016 and (iv) negative exchange differences of 3576 thousand euros in 2017 compared to positive exchange differences of 2716 thousand euros in 2016. The exchange rate differences come fundamentally from the variations of the US dollar and the rupee against the euro.

Profit tax
In fiscal year 2017 the Solarpack Group recognised income tax of EUR 623 thousand, down 88% on the EUR 5358 thousand recognised in the first half of 2016.

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Profit for the year

As a result, the profit or loss for the period is reduced to EUR 5360 thousand in fiscal year 2017, compared to EUR 15 009 thousand obtained during fiscal year 2016.

Information by business segment

Note 5 of the Consolidated Financial Statements broadly explains the evolution of the activity in terms of the amount of operating revenues, gross margin and consolidated operating income, segmenting the information by each of the three divisions, as well as the manner in which this information is prepared and its reconciliation with the IFRS figures through adjustments and eliminations, the details whereof are given in said note. The reasons and the use of segmented information are also explained in Note 5.

Below, these same data are shown compared with fiscal year 2016:

	from 01.01.2017 to 31.12.2017							
(Thousand euros)	DevCon (A)	SVCS (B)	Structure (C)	Aggregate total (A+B+C=D)	Pow Gen (E)	Divisions Aggregate Total (D+E=F)	Eliminations	Total (F+G)
Operating income (a)	36766	4.679	0	41446	13052	54498	-22211	32286
Direct costs (b)	-22.093	-2.571		-24.664	-1.713	-26.377	5.694.	20.683.
Gross Margin (a=b=c)	14.674	2.108	0	16.782	11.339	28.121	16.517.	11.603.
Gross Margin % (c/a)	39,9%	45,1%		40,5%	86,9%	51,6%		35,9
SGA (d)	-5.161	-539	-223	-5.923	0	-5.923	14	5.909.
EBITDA (c-d = e)	9.513	1.569	-223	10.859	11.339	22.198	16.503	5.695.
EBITDA Margin % (e/a)	25,9%	33,5%		26,2%	86,9%	40,7%		17,6
Depreciation and amortisation charge (f)	-36	-7	0	-43	-4.023	-4.066	3650	(416)
PROFIT (LOSS) FROM OPERATIONS-EBIT (e-f=g)	9.476	1.563	-223	10.816	7.316	18.132	12.854.	5.279.
EBIT Margin % (g/a)	25,8%	33,4%	N/A	26,1%	56,1%	33,3%	57,9	16,3

	from 01.01.2016 to 31.12.2016							
(Thousand euros)	DevCon (A)	SVCS (B)	Estructura (C)	Aggregate total (A+B+C=D)	Pow Gen (E)	Divisions Aggregate Total (D+E=F)	Eliminations	Total (F+G)
Operating income (a)	22.938	4.200	0	27.138	12.727	39.864	2.436.	42.300.
Direct costs (b)	-13.186	-2.244		-15.430	-2.528	-17.958	1.708.	16.250.
Gross Margin (a=b=c)	9.751	1.956	0	11.708	10.199	21.906.	4.144.	26.050.
Gross Margin % (c/a)	42,5%	46,6%		43,1%	80,1%	55,0		61,6
SGA (d)	-2.598	-413	-325	-3.336	0	-3.336	32	3.305.
EBITDA (c-d = e)	7.153	1.543	-325	8.371	10.199	18.570.	4.176.	22.745.
EBITDA Margin % (e/a)	31,2%	36,7%		30,8%	80,1%	46,6%		53,8
Depreciation and amortisation charge (f)	-14	-6	0	-20	-4.782	4.802.	4.435.	(367)
PROFIT (LOSS) FROM OPERATIONS-EBIT (e-f=g)	7.139	1.537	-325	8.351	5.416	13.768.	8.610.	22.378.
EBIT Margin % (g/a)	31,1%	36,6%	N/A	30,8%	42,6%	34,5	353,5	52,9

Fiscal year 2017 has been characterized by:

- A significant growth in DEVCON activities with respect to fiscal year 2016, which is a consequence of the construction of new PV solar plants in Chile and India; in particular 13 828 thousand euros more in Operating Income. In Chile, Solarpack Group developed the role of a turnkey contractor (EPC) in the construction of 3 solar plants in the north of the country, for a total capacity of approximately 30 MW. Also, although not in the role of EPC contractor, Solarpack Group developed DEVCON contracts during the execution of the new PV solar plants in the state of Telangana (India), for a total capacity of 104 MW.

- Slight increase in operating income in the POWGEN division, since the projects of India and Chile put into operation during the second half of 2017 have compensated for the loss of Operating

Income from the PV solar plants in Chile and Peru that were sold in September 2016 and that until that date were generating activity for Solarpack Group.

- Significant growth in SVCS activity, specifically 11.4% in terms of operating income, with a less significant 1.7% increase in EBIT.
- Overheads decreased significantly, from EUR 325 thousand in fiscal year 2016 to EUR 223 thousand in fiscal year 2017.

This year 2017 meant for the Solarpack Group a change in the scale of the projects undertaken. Up to that date, the fiscal year in which more MWs of new capacity were installed by Solarpack Group was 2012, with 43 MW. During fiscal year 2017, Solarpack Group put into operation 125 MW and almost completed the construction of 8.4 MW more.

2.2. Issues related to environment and personnel

In the Solarpack Group, as in many industrial and advanced technology activities, issues related to environment and personnel are key to future success and development.
Both elements, personnel and environment, are well identified in our mission as a business organisation:

- Generate attractive "products and services" for our clients (governments, companies, individuals) in the sector of renewable energies.
- With an **attractive, talented business culture**, which generates an environment where we give the best of ourselves and work at ease.
- With attractive business and financial results that reflect the success in resource management and that **contribute to the prosperity of society**, wherever we act.

These commitments have recently been publicised, since in December 2017 the Solarpack Board of Directors approved (i) a Quality, Environment and Health and Safety Policy, as well as (ii) a Corporate Social Responsibility Policy.

Both policies are published on our website (www.solarpack.es) and are accessible to any person or entity related in any way to us, or on which our activity has influence.

The information in this section also includes the information necessary to understand the evolution, the results and the situation of the group, and the impact of its activity regarding, at least, environmental and social issues, as well as regarding personnel, respect for human rights and the fight against corruption and bribery; all this in accordance with the principles established in Royal Decree-Law 18/2017, of 24 November which modifies the Code of Commerce, the revised text of the Law on Corporations approved by Legislative Royal Decree 1/2010, of 2 July and Law 22/2015, of 20 July on Audit of Accounts, regarding non-financial information and diversity.

In this sense, the basic pillars of our Quality, Environment, and Health and Safety Policy are the following:

1. **Quality.** Prioritise Quality, understood as the fulfilment of the Client's requirements and the satisfaction of a job well done, being able to attain their needs and expectations and anticipating possible changes, working at all times with professionalism, ethics and transparency.
2. **Management systems.** Establish management systems based on continuous improvement and the establishment of adequate objectives in order to optimise performance.
3. **Mitigate Risks.** Identify, evaluate, prioritise and mitigate the Health and Safety risks associated with the activities developed in our companies and the work places where they are carried out, with preventive purpose.
4. **Health and Safety.** Prioritise and give high visibility to Health and Safety practices in SOLARPACK, informing workers adequately about the risks to which they may be subjected.

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5. **Environment.** Prevent pollution and protect the environment, identifying and minimising the environmental impact derived from our activities, with a sustainable use of resources and the best available technologies and practices.
6. **Compliance.** Ensure compliance with applicable legislation, customer requirements and other minimum requirements that the company subscribes in each and every one of the countries where SOLARPACK develops its activity.
7. **Motivated employees.** Achieve the active and responsible involvement of all employees of SOLARPACK, promoting personal development, teamwork and adequate training to facilitate their performance and participation in the continuous improvement of the management of the company.
8. **Motivated contractors.** Integrate our contractors in the commitment of quality, the environment and safety and health, within the process of project execution.
9. **Commitment.** Carry out a specific follow-up of this Policy through the Audit Committee of the Board of Directors of SOLARPACK.

The basic pillars of our Corporate Social Responsibility Policy are the following:

1. **Compliance.** Comply with current legislation in the countries in which we operate, adopting, complementarily, international standards and guidelines where there is no adequate legal framework. No employee will consciously collaborate with third parties in the breaking of any law, nor participate in any action that compromises respect for the principle of legality.
2. **Human rights.** Respect the Declaration of Human Rights and, especially, those rights the violation whereof degrades the collective of workers, rejecting child and forced labour.
3. **Favourable Labour Framework.** Develop a favourable framework for labour relations based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and facilitating communication between the human team of SOLARPACK.
4. **Integrity.** Reaffirm Integrity as one of the main principles of SOLARPACK's corporate culture.
5. **Ethics.** Act ethically in all our relationships, both internal and external. Avoid conflicts of interest, dealing appropriately with them when they may occur.
6. **Development.** Contribute to the development of the social environments in which we operate, respecting the identity of local communities and maintaining a permanent dialogue with all stakeholders, incorporating their expectations into the projects.
7. **Social Projects.** Focus our Social Projects in meeting needs and in promoting our values in the environments where our work centres, facilities and offices are located.
8. **Participation.** Involve collaborators in all activities derived from these values and commitments, by communicating, instructing and demanding compliance in all activities developed in SOLARPACK.

2.2.1.Environment

The environmental impact of the Solarpack Group is reduced since its activity is the generation of solar PV projects. As is widely known, this technology allows the generation of significant volumes of electricity using a renewable resource, free of emissions harmful emissions for the environment. Therefore, our activity is in the front row of the fight against climate change, by directing the energy matrix of the countries towards non-polluting sources.

However, at the time of planning and building a new solar PV generation project, environmental considerations are of great importance and are constantly present in our decision making. Solarpack must overcome strict environmental controls set by public authorities prior to the construction of any PV solar project.

Voluntarily, the company applies the methodology called "IFC Performance Standards" in projects located in developing countries as a tool to control and monitor environmental and social risks in the construction of new solar PV generation plants. This tool is universally known in the industry of financing projects and meets the regulatory deficiencies that many developing countries have to ensure in all cases a correct environmental and social management of the projects.

The capabilities and experience of Solarpack in this field are supported by project financing executed by rigorous multilateral institutions such as the IADB, the CAF and Proparco.

2.2.2. Personnel

The Solarpack Group has a positive working environment and the vast majority of its employees work with high motivation rates. Note 24 of the Consolidated Financial Statements details how personnel expenses are structured, as well as the distribution of the personnel.

As of 31 December 2017, the Solarpack Group had 119 employees. The majority of our personnel (specifically 81.5%) is devoted to technical areas, which include engineering, construction, operation and maintenance activities.

Fiscal year 2017 represented a growth of 25.9% over the average headcount during fiscal year 2016. This growth was due to the entry into force of new operation and maintenance contracts, as well as the greater intensity of DEVCON activities. The average cost per employee during fiscal year 2017 was EUR 64,231, including both salary concepts and social security expenses. It should be noted that within this fiscal year, 1527 thousand euros are included as 100% of the accrual of the multi-year bonus for the 2015-2017 period, since with the profit and loss as of 31 December 2016, the foreseeable amount of liquidation of the aforementioned bonus was zero.

The Solarpack Group strives to keep cohesion in a group of employees dispersed in ten different countries, for which several activities are developed:

- Existence of a unified employee manual, so that all employees of the company have the same values and culture, as well as similar operating rules, always respecting the labour regulations of each country.

- A corporate communication platform that allows easy interconnection from any device connected to the Internet, with any employee of the company in their workplace, so that videoconferences and audioconferences can be made in a simple and economical way

- Regular company meetings in which a large majority of employees have the opportunity to meet personally, exchange experiences and align themselves with business objectives

The employee's manual contains a Code of Integrity and Conduct that is assumed by each employee when they join the Solarpack Group. This code raises four simple questions to assess whether a given behaviour is in line with the principles of integrity. Likewise, a specific e-mail box is available for anonymous reports on behaviours within the company that do not comply with said principles of integrity.

The prevention of occupational risks is a very important aspect in the construction and operation and maintenance activities. Therefore, in the development of these activities, the company maintains a high level of activity in training and awareness of employees, who are responsible for their own safety, as well as the safety of other subcontractors that carry out their work in facilities owned by the Solarpack Group. Control of accesses, induction talks and adequate supply of protective equipment is part of our daily activities.

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The Audit Committee of the Board of Directors of Solarpack performs a monitoring and quarterly review of all incidents and accidents in the Health and Safety area of the company. During fiscal year 2017 there have been no accidents or incidents classified as fatal or serious, which means that the employee needed to cease working as a consequence thereof.

3. Liquidity and capital resources

3.1. Liquidity

Prudent management of liquidity risk implies the maintenance of sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this connection, the Solarpack Group's strategy is to maintain, through its financial department, the required financing flexibility by means of available credit lines.

Note 3.1.c of the Consolidated Financial Statements shows the relevant information to evaluate Solarpack Group's liquidity reserve at 31 December 2017, and 2016 and 2015. The reserve of liquidity of Solarpack Group is as of 31 December 2017 an amount of 32 786 thousand euros. This liquidity reserve increased from 31 December 2016 in 746 thousand euros.

However, a portion of this liquidity, EUR 8,456 thousand at 31 December 2017, corresponds to various SPVs of the POWGEN division. This cash cannot be used for needs other than those of each project or SPV, as a result of the obligations that govern the long-term financing agreements of the aforementioned plants. It should be noted that priority in the use of this liquidity will be given to settling operating expenses and, afterwards, to project finance debt servicing. This liquidity can be used by the DEVCON and SVCS divisions when the conditions permitting cash distributions from the projects to the related shareholders have been met. That said, the directors consider that the liquidity reserves that can be used by the DEVCON and SVCS divisions, specifically EUR 24,330 thousand at 31 December 2017, are sufficient for their operating needs.

Note 3.1 to the consolidated financial statements also shows the Solarpack Group's working capital position at 31 December 2017 and the comparative figures at 31 December 2016 and 2015. In this sense, the composition of the Working Capital Fund has been significantly altered in 2017, as both current assets and current liabilities increased, as a result of the new PV solar plants put into operation during fiscal year 2017 in India and Chile. However, the total amount of the Working Capital Fund did not change greatly, reaching 41 291 thousand euros as of 31 December 2017, from 48 104 thousand euros as of 31 December 2016.

Although the size of the working capital considered in isolation is not a key parameter required to understand the Group's interim consolidated financial statements and related explanatory notes, the Group actively manages the working capital through the net operating working capital and the current and non-current net financial debt, on the basis of the solidity, quality and stability of relationships with its customers and partners with which it has made investments in other countries, as well as an exhaustive monitoring of its position with the banks.

Note 16 to the consolidated financial statements shows the Solarpack Group's debt at 31 December 2017 and the comparative figures at 31 December 2016.

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Indebtedness increased notably in 2017 due to the construction of new PV solar plants in Chile and India that were financed mostly with external resources in the form of Project Finance Debt. As of 31 December 2017, the balance of this type of debt was equal to 85 098 thousand euros in the short term and 3 352 thousand euros in the long term.

In the case of the new PV solar plants in Chile and India, to be sold in the short term, the debt is classified in the short term, consistent with the classification of the PV solar plants as stocks in the asset.
Likewise, these PV solar plants have minority shareholders, and the subordinated debt they have contributed to the subsidiaries that own these PV solar plants has also increased with respect to fiscal year 2016, where this circumstance did not exist. Specifically, as of 31 December 2017 there is a total of 3717 thousand euros in this type of subordinated debt.
However, the directors consider that there is no significant liquidity risk.

3.2. Capital resources

The Group's capital management objectives are to safeguard its ability to continue as a going concern, generate returns for the shareholders and maintain an optimal capital structure while reducing the cost thereof.

The POWGEN division has the greatest influence on the capital structure. This is due to the significant level of investment it requires and the high visibility of the long-term cash flows it offers. Therefore, it is habitual for investments in the POWGEN division to be around 75% financed with non-current borrowings with limited guarantees. These non-current borrowings are more than sufficiently secured by the solar PV plants that they are financing, and in general terms guarantees are not provided by the shareholders ("**project finance borrowings**"). Therefore, most of the Solarpack Group's borrowings are arranged in "watertight compartments", and any repayment problems affecting one project finance arrangement would not affect Solarpack Group assets other than those associated with the solar PV plant that is experiencing the repayment difficulties.

The monitoring of capital resources is carried out by Solarpack Group in accordance with the leverage ratio, which is calculated as the net financial debt divided by the total capital employed in the business. This index changed substantially during fiscal year 2017, since the net financial debt was increased by 87 542 thousand euros as a result of the new Debt Project Finance subscribed and paid in the new solar PV plants built in India and Chile. Note 3.3 of the Consolidated Financial Statements shows the leverage ratio as of 31 December 2017, which stood at 0.58. Thus, the leverage ratio grew from -0.32 at 31 December 2016 to +0.58 at 30 December 2017.

This leverage ratio is below the usual leverage ratio of 0.75 at the POWGEN division, which indicates that the DEVCON and SVCS divisions have additional capital resources.

3.3. Analysis of contractual obligations and off-balance sheet transactions

Note 29 to the consolidated financial statements shows the main items relating to these matters. It should be noted in this regard that there were no investment commitments at 31 December 2017, although the information contained in Note 34 to the consolidated financial statements should be considered in connection with the acquisition of certain ownership interests in solar PV plants.

As regards its contractual lease obligations, the Solarpack Group leases most of the land on which its solar PV plants are located, with the exception of that corresponding to its assets in Telangana, India. These leases are long-term leases, but most can be terminated by the lessee in the event of the discontinuation of power generation activities. Before the solar PV plants are built and brought into service the leases arranged are essentially lease options for the lessee and, accordingly, they do not give rise to any material contractual obligations.
The great majority of the off-balance sheet transactions relate to guarantees and surety bonds associated with the various activities of the Solarpack Group's divisions. Note 29 to the consolidated financial statements includes information on the amount of these obligations. The division that requires the most guarantees for its activities is the DEVCON division. In this regard, it is customary to have to provide guarantees or surety bonds in electricity supply tenders in order to obtain new PPAs. Also, the construction activity requires guarantees to secure the obligations to which we commit ourselves within the framework of EPC contracts, which we provide as a turnkey constructor.

4. Main risks and uncertainties

4.1. Operational risks

4.1.1. Regulatory risk

The electricity generation activity is regulated in all the jurisdictions in which the Solarpack Group operates. Therefore, regulation can have a direct impact on the Group's earnings. Note 1.1 to the consolidated financial statements contains an overview of the most relevant regulatory frameworks affecting the Group.

Regulatory risk can arise in the following ways:

- At the POWGEN division
  - It can impact the power generation revenue of the power generation assets subject to regulated selling prices. This is the case of the generation assets in Chile (small distributed generation means ("PMGDs")) and in Spain. Unfavourable changes in the regulations in either market could affect the average selling price of these assets.
  - New technical requirements or new taxes on generation could give rise to an increase in the operating costs of any asset that is adversely affected by regulatory changes of this nature.

- At the DEVCON division
  - If the regulations make the process of obtaining permits and licences for a project more expensive, for example by demanding greater investments in electricity interconnection work, the margins of our DEVCON division could be reduced.
  - In addition, any regulatory change that makes the use of solar PV technology in the generation market less attractive could result in lower growth possibilities for the industry and a lower volume of future business for our DEVCON division.

- There are not expected to be any significant regulatory risks affecting the SVCS division.

4.1.2. Operational risk

Operational risk in the Solarpack Group's activities exists to the extent that the Group carries on industrial power generation activities at its POWGEN division, and construction activities when the process of developing a project at its DEVCON division has been completed.

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The operational risk lies in the impossibility of generating electricity or of completing work on a solar PV plant. In order to minimise these risks, the Solarpack Group takes the following measures:

- Insurance: the vast majority of the aforementioned operational risks can be insured. Thus, during both the operation and the construction of the solar PV solar plants the Group designs a complete insurance programme with insurers of acknowledged solvency in order to adequately cover these risks.

- Quality processes: the Group develops adequate O&M processes so that uninsurable power generation outages are kept to a minimum. Also, the Group keeps certain spare parts at plant so that generation outages can be resolved rapidly.

4.1.3. Customer concentration

The Solarpack Group operates at its POWGEN division with PPAs for the sale of electricity or with regulatory schemes that in many cases have a principal customer as the buyer of the power (100% in the case of PPAs with a single customer). As regards its DEVCON division, when the Group performs "Build&Sell" projects, high customer concentrations arise as a result of the volume of EPC contracts signed. The SVCS division generally generates less revenue, has greater customer dispersion than the other two divisions and is more stable from one period to the next and, therefore, it is not significant for the purpose of analysing the concentration of the Solarpack Group's customers.

In fiscal year 2017 the volume of business under "Build&Sell" projects dropped and, therefore, the degree of customer concentration was determined by the POWGEN division. Specifically, in fiscal year 2017 47% of the Solarpack Group's billings were concentrated at 3 customers, specifically the Chilean company S-Energy Chile SPA and the Indian state electric utilities Southern Power Distribution Company of Telangana, Ltd. and Northern Power Distribution Company of Telangana, Ltd. The Chilean company S-Energy Chile SPA belongs to the DEVCON division and was provided with development and construction services, thus concentrating 27% of the Solarpack Group's turnover in fiscal year 2017. The Indian state electric companies are under the POWGEN division and electricity buyers through PPA contracts.

This high concentration of customers is mitigated by the fact that PPAs are long term and oblige the buyer to purchase power during the whole term of the agreements and, therefore, after a PPA has been signed, any loss of business in the future would only arise in the event of the insolvency of the buyer and not as a result of commercial decisions of the latter. In other words, in this case of customers of this nature the risk is more financial and not so much operational, since these two customers that account for a significant percentage of our sales will continue to acquire, for the next 25 years, the electricity that we generate due to the firm obligations provided for in the related PPAs.

The EPC contracts that are usually signed in "Build&Sell" projects are also binding for the buyer and generally have a construction period of less than one year.

4.2. Financial risks

4.2.1. Market risk

4.2.1.1. Interest rate risk

The existence at the Group of bank borrowings tied to a floating interest rate, as part of the financial debt, means that the Solarpack Group is exposed to the risk of interest rate fluctuations, which directly affect profit or loss and the generation of cash flows. This is made even more significant by the fact that the average term of the Solarpack Group's borrowings is high, due to the relative importance of project finance borrowings.

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The objective of the Solarpack Group in this area is to arrange hedging financial instruments, mainly interest rate derivatives (IRSs), which eliminate a substantial portion of this risk. The complete elimination of risk in project finance arrangements is also undesirable because it introduces barriers to future refinancing or early partial repayments of the debt.

The specific policies that the Solarpack Group seeks to apply in this regard are:

- No IRS hedging for floating-rate loans or credit lines with maturity of three years or less.

- IRS hedging for up to 74% of the term and 75% of the outstanding balance in the case of financing with a term longer than three years.

Note 17 to the consolidated financial statements shows the IRSs that the Solarpack Group had arranged at 31 December 2017.

Also, there are some currencies, for example the Indian rupee, for which it is difficult to arrange effective IRS hedging and in liquid markets; with this, the Solarpack Group seeks to arrange fixed-rate borrowings with the longest term possible. Therefore, the borrowings in Indian rupees indicated in Note 16, with an equivalent euro value of EUR 57,782 thousand, bear interest at a fixed rate for a period of ten years from the date on which they were arranged in fiscal year 2017.

In addition to the interest rate risk associated with borrowings, given the nature of its business, the Solarpack Group must manage interest rate risk from the date on which it signs a PPA or is awarded a tender for the long-term sale of power under any regulatory framework and the date on which it is able to conclude a financing agreement. In this case, having used interest rate assumptions when bidding for the PPA or tendering some kind of other bid, there is an interest rate risk that can make the project unfeasible when interest rates have been increased when concluding the financing. As a result, and when there are periods of longer than 18 months between the signing of the PPA and the conclusion of the financing agreement, the sensitivity of the interest rate risk in the operation is analysed and derivative instruments such as swaptions or IRS forwards are arranged where necessary.

4.2.1.2. Foreign exchange risk

The activity of the Solarpack Group is highly international and, therefore, subject to the influence of various currencies. These currencies include most notably the US dollar and the Indian rupee.

The foreign currency risk is different for each of the Solarpack Group's divisions.

- POWGEN: In this case, the foreign currency risk arises when the revenue from the sale of electricity is denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
    - The project finance borrowings must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, repayments of project finance borrowings must be hedged with a long-term foreign currency risk hedging instrument.
    - The EPC turnkey construction contract for each new solar PV plant must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, the payments under the EPC contract must be hedged with a short-term foreign currency risk hedging instrument with a maximum term of one year.
    - Equity investments in SPVs owning solar PV plants whose long-term revenue is denominated in currencies other than the euro or the US dollar must be hedged by foreign currency hedges with a minimum term of one year, and these must be renewed on expiry if the Solarpack Group has retained its ownership position. These foreign currency hedges only cover the risk relating to the capital invested in the SPV, and not the latter's profit or loss or dividends.

- DEVCON: The foreign currency risk arises when the development and construction contracts for a project are denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
  - When the EPC turnkey construction contract is entered into, any supply of equipment or construction and assembly contract denominated in a currency other than that of the EPC must be analysed and, depending on the term, amount and currency risk, a foreign currency derivative must be arranged.

- SVCS: In this case, the main risk arises when the currency in which staff costs are denominated is different from that in which the related SVCS contract is denominated. The Solarpack Group applies the following policies for managing this risk:
  - For contracts (i) with a term of more than four years; (ii) whose selling price is not indexed to inflation; and (iii) in which the staff costs exceed 40% of the selling price, the foreign currency risk must be hedged.

Note 17 to the consolidated financial statements shows the foreign currency hedging instruments that the Solarpack Group has arranged.

Specifically, an Indian rupee-euro foreign currency hedge to hedge the foreign currency risk relating to the equity invested in the PV solar plants located in Telangana, India, whose long-term power sale contracts are denominated in Indian rupees; under this hedge the Group sells euros and buys rupees. Likewise, there is a hedge in favour of the EPC contractor of the Telangana project (India) for the exchange rate risk Indian rupee v US dollar; under this hedge, the Group buys rupees and sells US dollars.

4.2.1.3. Financial instrument price risk

The Solarpack Group's exposure to equity security price risk is close to zero because it does not hold any investments classified in the consolidated balance sheet as available for sale or as at fair value through profit or loss.

4.2.1.4. Commodity price risk

Within the POWGEN division and given the renewable nature of the Solarpack Group's power generation business, there is no exposure to commodity price risk relating to raw materials used in the production process.
The DEVCON division does have slight exposure to commodity price risk relating to raw materials such as steel or zinc, in the supply of metallic structures and profiles in the construction of its projects, but it is not material and the contracts for the supply of these materials are generally negotiated at fixed prices.

The SVCS division is not exposed to any input that might have an impact on the risk of the activity due to changes in raw material prices.

4.2.2. Credit risk

Note 9 to the consolidated financial statements shows the balances of "Trade and Other Receivables". Note 11 to the consolidated financial statements shows the balances of "Cash and Cash Equivalents".

The credit risk that arises in relation to cash and cash equivalents and bank deposits is considered to be immaterial due to the credit ratings of the banks with which the Group operates and the instruments in which the cash equivalents are invested.

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The credit risk relating to accounts receivable is not considered to be high because the customers are leading companies in each of the countries in which these plants operate, with high credit ratings and, therefore, no specific hedges are arranged to hedge this risk. The accounts receivable as of 31 December 2017 are concentrated mainly at the companies in the POWGEN division, since 45% of the balance of the trade receivables relates to this division. These companies are mostly public and private electricity distributors.

The main credit risks are in the Operations and Maintenance and Asset Management activities in Spain, since the customers of these activities are companies affected by the reduction of the compensation to solar generators. However, all these clients have a stable cash flow and in their long-term non-recourse senior debt agreements it is stipulated that the payment of operating expenses is a priority before the payment of debt, specifically to keep the assets operating and generating cash.

As of 31 December 2017, the Group does not have any amount of impairment corresponding to receivables when considering the credit analysis of its assets positions.

4.2.3. Liquidity risk

Liquidity risk is addressed in detail in section 3.1, Liquidity.

5. Important circumstances that occurred after the end of the fiscal year

As detailed in Note 34 to the consolidated financial statements, in July and August 2018 Solarpack entered into various agreements for the purchase of shares of companies owning solar PV plants located in Spain.

All these agreements are subject to conditions precedent, including the obtainment of financing by the Group and, therefore, these transactions do not give rise to any liquidity risk for the Group. See paragraph in Note 34 to the consolidated financial statements for information on the obtainment of financing by the Group.

The purpose of entering into these agreements is to strengthen our POWGEN division and increase the volume of electricity sold in order to shore up the Group's ability to achieve its growth targets. These are quality assets, and the Group has been operating them for more than ten years in some cases, meaning that it has extensive experience in this regard.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to a review and subsequent consideration by the Company and the time of such transaction would be subject to general trade and market conditions.

6. Information on the expected evolution of the entity

The Solarpack Group decided in May 2018 a change in its business model, going from high activity in rotation of solar PV assets, to a greater degree of retention of these assets under the Build & Own mode. This change in business model has two fundamental impacts:

- Higher levels of investment and growth of the balance volume
- Increased revenue recurrence due to the increase in the importance of the PWGEN and SVCS divisions in the company's income

The Solarpack Group is working intensively on two fronts in order to successfully implement this new business model:

- A process for obtaining financing as detailed in Note 34 of the Consolidated Financial Statements
- The consolidation of a portfolio of ready projects whose construction can be executed in the coming months

The culmination of these two fronts will imply an important transformation of the company, due to an increase in volume of activity and of power generation.

In relation to the second front, the company has managed to to largely advance during 2017 a volume of project contracts in Build & Own and Build & Sell modes that offer a very good visibility of business achievement during the next 24 months.

The objectives of the company during the period January 2018 to December 2019 go through the following milestones:

- Continuous improvement in the operation of (i) the operating assets of POWGEN and (ii) the existing contracts of SVCS
- Complete the construction of
  - A solar PV plant currently under construction in Colombia, with an installed capacity of 10.5 MW, under an EPC contract mode.
  - Two solar PV plants located in Spain for a total of 100 MW of installed power under the Build & Sell mode, for which it has already signed EPC and PPA contracts with a third party. These contracts are subject to the condition of obtaining of permits and authorisations that will allow to start construction.
  - Three solar PV plants located in Spain for a total of 111 MW of installed power under the Build & Own mode. These solar PV plants will benefit from the rights obtained by Solarpack in the renewable energy auction convened by the Government of Spain in July 2017, in which Solarpack was awarded rights for an installed capacity of 100 MW.
  - One solar PV plant located in Chile for a total of 124 MW of installed power under the Build & Own mode. This solar PV plant will benefit from the PPA contracts that the Solarpack Group has signed with the regulated electricity distribution companies of Chile, after the renewable energy auction convened by the Government of Chile in 2016 in which Solarpack was awarded rights for the sale of power of up to 280 GWh annually during a period of 20 years starting on 1 January 2021.
  - Six solar PV plants located in Chile for a total of 66 MW of installed power under the Build & Sell mode, for which it has already signed EPC and PPA contracts with a third party. These contracts are subject to the condition of obtaining of permits and authorisations that will allow to start construction.
  - Five solar PV plants located in India for a total of 130 MW of installed power under the Build & Own mode. This solar PV plants will benefit from the PPA contracts that the Solarpack Group has signed with three public electricity companies of the state of Karnataka (India), after the renewable energy auction convened by the Government of state of Karnataka in 2018 in which Solarpack was awarded rights for the sale of the power generated by those plants during a period of 25 years.
- Conclude the purchase and sale of shares in holding companies of solar PV plants located in Spain, as indicated in section 5 of this Management Report.

The achievement of these objectives will lead to

- a significant volume of cash generated by the activities of DEVCON, both in Build & Sell and in Build & own projects

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- a high investment to be made in the Equity capital required by the SPVs of the new Build & Own facilities

- start the year 2020 with an installed power proportionally attributable to Solarpack in our POWGEN division of 507 MW

This Management Report of the Solarpack Group contains certain prospective information that reflects the plans, forecasts, or estimates of the company's managers, which are based on assumptions that are considered reasonable by them. However, the user of this report must bear in mind that prospective information should not be considered as a guarantee of the entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that imply that the future performance of the entity does not have to coincide with its planned performance. Such risks and uncertainties are described throughout the management report, mainly, although not exclusively, in the section that deals with the main risks and uncertainties that the entity faces.

7. RD&I activities

The Solarpack Group has always given relevance to the knowledge of new technologies in solar PV generation and other complementing technologies. Our activity is not manufacturing, but system integration. In this sense, the company pursues the knowledge of innovative technologies that can increase competitiveness of its future projects, as a guarantee of the future growth of the Group.
During fiscal year 2017, the company has focused its efforts on the following RD&I lines.

- Storage Committee Electrical storage systems with batteries are a novelty that can bring important changes in how the solar PV plants of the future are designed on an industrial scale. Every month this committee meets to analyse the novelties of the battery market, evaluate business models in the field of battery system uses, and propose RD&I investments as indicated in the previous point.
- In the DEVCON division, work is being done on the processing of permits and licenses for two projects, on an industrial scale, for the integration of battery systems with solar PV generation, with the aim of
  - Run one of them as a pilot installation, with a total of 3 MW of installed power.
  - Prepare the second to offer PPA contracts exceeding the generation time limitations of solar PV.
- In the SVCS division, the company has continued with the improvement and fine-tuning of the computer remote operating centre (ROC) to monitor the technical activities of operation and maintenance.
- Likewise, in the SVCS division, a new computerised system for reporting and recording the activities of the entire team of operators has been implemented, through which the traceability of activities and the performance and design of maintenance plans will be improved.

8. Acquisition and disposal of own shares

Not applicable.

9. Further relevant information.

9.1. Dividend policy

Solarpack intends to reinvest the generation of cash in new developments of projects that will allow the company's business to grow in the medium term and thus increase the value of the shares of its partners. Therefore, Solarpack does not plan to pay dividends in the next three years. Once that period has ended, with visible growth, the company will analyse the growth opportunities at that time and reassess the dividend policy.

Annex I: Alternative Performance Measures

Alternative Performance Measures	Unit	Definition	31/12/2015	31/12/2016	31/12/2017
Direct costs	th euros	Procurement + Direct personnel expense + Other income/direct operating expenses	(45,354 th€) = (37,564 th€) + (3685 th€) + (4,105 th€)	(16,250 th€) = (7,413 th€) + (3,867 th€) + (4,971 th€)	(20,683 th€) = (14,158 th€) + (3,957 th€) + (2,569 th€)
Gross Margin	th euros	Operating income + Direct costs	12,935 th€= 58,289 th€+ (45,354 th€)	26,050 th€= 42,300 th€+ (16.250 th€)	11,603 th€= 32,286 th€+ (20,683 th€)
Gross Margin %	%	Gross Margin / Operating Income	22.2% = 12,935 th€/ 58,289 th€	61,6% = 26,050 th€/ 42,300 th€	35.9% = 11,603 th€/ 32,286 th€
SGA	th euros	Procurement + personnel expense + Other income/operating expenses - Direct expense	(2,700 th€) = (37,564 th€) + (4515 th€) + (5975 th€) + 45,354 th€	(3,305 th€) = (7,413 th€) + (5,434 th€) + (6,708 th€) + 16,250 th€	(5,909 th€) = (14,158 th€) + (7,622 th€) + (4,813 th€) + 20,683 th€
Profit (Loss) from operations-EBITDA	th euros	Operating income + Procurement + Personnel expenses + Other income/operating expenses	10,235 = 58,289 th€+ (37,564 th€) + (4,515 th€) + (5,975 th€)	22,745 th€= 42,300 th€ + (7413 th€) + (5434 th€) + (6,708 th€)	5,695 th€= 32,286 th€ + (14158 th€) + (7622 th€) + (4,813 th€)
EBITDA %	%	Gross Operating Result (EBITDA) / Operating Income	17.6% = 10,235 th€/ 58,289 th€	53.8% = 22,745 th€/ 42,300 th€	17.6% = 5,695 th€/ 32,286 th€
EBIT	th euros	Gross Operating Result (EBITDA) + Amortisation of fixed assets	9,873 th€= 10,235 th€+ (362 th€)	22,378 th€= 22,745 th€+ (367 th€)	5,279 th€= 5.695 th€+ (416 th€)
EBIT %	%	Gross Operating Result (EBIT) / Operating Income	16.9% = 9,873 th€/ 58,289 th€	52.9% = 22,378 th€/ 42,300 th€	16.3% = 5,279 th€/ 32,286 th€
Net financial debt	th euros	Debts with credit institutions + Other current financial liabilities - Cash and other cash equivalents - Other short-term financial assets - Short-term credit	98,739 th€= 113,101 th€+ 6,913 th€+ (16,338 th€) + (4,916 m€) + (20 th€)	(14,362 th€) = 4,023 th€+ 5,156 th€+ (16,474 th€) + (6,495 m€) + (571 th€)	73,181 th€= 88,478 th€+ 8,989 th€+ (19,529 th€) + (4,648 m€) + (109 th€)
Indebtedness	%	Net financial debt / (Equity + Net financial debt)	66.88% = 98,739 th€/ (48,903 th€+ 98,739 th€)	(34,2 th€) = (14,362) th€/ ((14,362) th€+ 56 373 th€)	58% = 73.181 th€/ (52,960) th€+ 73 181 th€)

th€= thousand euros

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Signature certificate

CLASE 8.ª

In compliance with the provisions of the Law on Corporations, the directors of Solarpack Corporación Tecnológica S.A., who met on 6 November 2018, formulate these consolidated annual accounts (consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flow and consolidated report) and the consolidated management report for the fiscal year ended on 31 December 2017, comprising 146 pages numbered from 1 to 146, all of them signing on this page, as an acceptance sign, as well as Mr Joseba Olamendi Lopez, Secretary (Non-Director) of the Board of Administrators in each of the pages of the documents mentioned for identification purposes.

[illegible signature]

Mr Jose María Galindez

[illegible signature]

Mr Pablo Burgos Galindez

Mr Antonio Galindez Zubiria *

[illegible signature]

Mr Ignacio Artázcoz Barrena

Ms Begoña Beltran de Heredia Villa *

Ms Ines Arellano Galindez *

[illegible signature]

Mr Joseba Olamendi López

* The above-mentioned person does not sign these Interim Financial Statements due to her not being physically present at the time of the formulation; their connection at that time was by telephone.

[initialled]

I, Enrique Íñiguez Rodríguez, Sworn Translator of the English language, certified by the Spanish Ministry of Foreign Affairs, do hereby certify this is a full and faithful translation of a certificate written in the Spanish language. Witness my hand and seal on this 12th day of November, 2018.

Don Enrique Íñiguez Rodríguez, Traductor-Intérprete Jurado de inglés nombrado por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Valencia, 12 de noviembre de 2018

Interim Condensed Consolidated Financial Statements of Solarpack Corporación Tecnológica, S.A and its subsidiaries for the nine months ended September 30, 2018

Solarpack Corporación Tecnológica, S.A. and Subsidiaries

Report on Limited Review

Interim Condensed Consolidated Financial Statements and Explanatory Notes thereto for the nine-month period ended at 30 September 2018

Deloitte, S.L.
Ercilla, 24
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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Solarpack Corporación Tecnológica, S.A. at the request of Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Solarpack Corporación Tecnológica, S.A. ("the Parent") and Subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 30 September 2018, and the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and explanatory notes thereto for the nine-month period then ended. The Parent's directors are responsible for preparing these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing has come to our attention that might cause us to believe that the accompanying interim financial statements for the nine-month period ended 30 September 2018 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements.

Emphasis of Matter

We draw attention to Note 2.1 to the accompanying interim condensed consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2017. Our conclusion is not modified in respect of this matter.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report for the nine-month period ended 30 September 2018 contains the explanations which the Parent's directors consider appropriate about the significant events that took place in that period and their effect on the interim financial statements presented, of which it does not form part. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the nine-month period ended 30 September 2018. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Solarpack Corporación Tecnológica, S.A. and Subsidiaries.

Other Matters

This report was prepared at the request of the Board of Directors of Solarpack Corporación Tecnológica, S.A. with the intention of updating the information contained in the interim consolidated financial statements for the six-month period ended 30 June 2018 and in the most recent annual consolidated financial statements prepared by the Group, and it emphasises new activities, events and circumstances that arose in the nine-month period and does not duplicate information previously reported in the 2017 consolidated financial statements.

DELOITTE, S.L.

Pablo Mugica
9 November 2018

Translation of interim consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 24). In the event of a discrepancy, the Spanish-language version prevails.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED CONDENSED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018 AND 31 DECEMBER 2017 (Notes 1 and 2)

(Euros)

ASSETS	Explanatory notes	30.09.2018	31.12.2017 (*)
NON-CURRENT ASSETS			
Intangible assets	**6**	**4,652,231**	**85,762**
Concessions		4,415,368	-
Patents, licenses, trademarks and similar items		4,760	600
Computer software		232,103	85,162
Property, plant and equipment	**6**	**113,732,292**	**5,196,459**
Property, plant and equipment-solar PV plants		109,878,541	4,767,131
Property, plant and equipment in the course of construction-solar PV plants		3,281,569	-
Other items of property, plant and equipment		572,182	429,328
Non-current investments in Group companies and associates		**4,978,079**	**4,971,115**
Non-current equity instruments of Group companies and associates	8	-	955,144
Long-term loans to Group companies and associates	8	-	1,094
Investments accounted for using the equity method	7	2,474,729	1,426,567
Loans to companies accounted for using the equity method	8	2,503,350	2,588,310
Non-current financial assets		**4,887,780**	**2,082,613**
Non-current equity instruments	8	4,030,627	1,589,941
Long-term loans to third parties	8	90,801	453,247
Derivatives	8 and 15	726,927	-
Other non-current financial assets	8	39,425	39,425
Deferred tax assets		**4,317,420**	**4,143,075**
		132,567,802	**16,479,024**
CURRENT ASSETS			
Inventories	**10**	**1,690,624**	**117,958,115**
Goods held for resale		1,538,151	117,958,115
Advances to suppliers		152,473	-
Trade and other receivables	**9**	**10,699,565**	**8,291,947**
Trade receivables for sales and services		8,790,200	5,264,710
Trade receivables from Group companies and associates		320,714	498,222
Sundry accounts receivable		93,136	342,075
Other accounts receivable from public authorities	17	1,495,515	2,186,940
Current investments in Group companies and associates		**909,176**	**978,059**
Current equity instruments of Group companies and associates		1,170	1,170
Loans to companies accounted for using the equity method	7 and 8	888,823	957,706
Short-term loans to Group companies and associates		19,183	19,183
Current financial assets	**8**	**6,515,311**	**4,046,331**
Short-term loans to third parties		69,767	108,956
Derivatives		1,333,031	267,516
Other current financial assets		5,112,513	3,669,859
Current prepayments and accrued income		**243,964**	**248,281**
Cash and cash equivalents	**11**	**12,439,545**	**19,528,749**
Cash		12,439,545	19,528,749
		32,498,185	**151,051,482**
TOTAL ASSETS		**165,065,987**	**167,530,506**

EQUITY AND LIABILITIES	Explanatory notes	30.09.2018	31.12.2017 (*)
EQUITY			
Attributable to the Parent-		**46,702,080**	**48,939,283**
Share capital	**12.1**	**400,001**	**426,650**
Registered share capital		400,001	426,650
Share premium	**12.1**	**4,887,233**	**5,213,067**
Reserves		**41,062,661**	**41,870,263**
Legal and bylaw reserves		80,000	80,000
Other reserves		40,982,661	41,790,263
Profit for the period		**2,285,581**	**4,725,480**
Interim dividend		**-**	**(262,900)**
Translation differences	**12.2**	**(4,274,112)**	**(3,033,277)**
Assets measured at fair value through other comprehensive income		**2,340,716**	**-**
Attributable to non-controlling interests	**12.3**	**4,517,986**	**4,020,259**
		51,220,066	**52,959,542**
NON-CURRENT LIABILITIES			
Long-term provisions	**13**	**417,939**	**324,645**
Non-current payables	**14**	**91,167,280**	**3,352,146**
Bank borrowings associated with solar PV plants		78,113,872	3,352,146
Subordinated debt with non-controlling interests related to solar PV plants		3,416,639	-
Other financial liabilities		9,636,769	-
Non-current payables to Group companies and associates		**34,173**	**161**
Deferred tax liabilities		**2,297,180**	**1,133,038**
		93,916,572	**4,809,990**
CURRENT LIABILITIES			
Short-term provisions	**13**	**187,413**	**332,104**
Current payables		**11,269,220**	**94,895,270**
Bank borrowings and other financial liabilities	14	2,857,099	27,569
Bank borrowings associated with solar PV plants	14	7,212,719	85,098,029
Subordinated debt with non-controlling interests related to solar PV plants	14	494,787	3,717,218
Derivatives	8 and 15	176,618	780,461
Other financial liabilities	14	527,997	5,271,993
Current payables to Group companies and associates		**123**	**-**
Trade and other payables	**16**	**8,431,110**	**14,331,731**
Payable to suppliers		5,725,691	9,867,039
Sundry accounts payable		5,903	5,777
Remuneration payable		682,441	2,008,824
Other accounts payable to public authorities	17	938,545	2,448,758
Customer advances		1,078,530	1,333
Current accruals and deferred income		**41,483**	**201,869**
		19,929,349	**109,760,974**
TOTAL EQUITY AND LIABILITIES		**165,065,987**	**167,530,506**

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the consolidated statement of financial position as at 30 September 2018.

Translation of interim consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 24). In the event of a discrepancy, the Spanish-language version prevails.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS CONDENSED FOR THE NINE-MONTH PERIODS ENDED 30 DE SEPTEMBER OF 2018 AND 2017 (Notes 1 y 2)

(Euros)

	Explanatory notes	Three-month period ended 30 September 2018	Three-month period ended 30 Septiember de 2017 (*)	Nine-month period ended 30 September 2018	Nine-month period ended 30 Septiember de 2017 (*)
CONTINUING OPERATIONS					
Revenue	19.1	**7,597,994**	**3,895,381**	**20,029,015**	**7,875,737**
Sales		7,597,994	3,895,381	20,029,015	7,875,737
Changes in inventories of finished goods and work in progress		-	**527,886**	**203,463**	**15,241,000**
In-house work on non-current assets		**462,378**	-	**479,883**	-
Other operating income	19.2	**14,150**	**113,653**	**108,715**	**1,797,947**
Non-core and other current operating income		14,150	113,653	62,003	1,797,947
Income-related grants transferred to profit or loss		-	-	46,712	-
OPERATING INCOME		**8,074,522**	**4,536,920**	**20,821,076**	**24,914,684**
		-			
Procurements		**(2,276,852)**	**(430,025)**	**(2,234,143)**	**(14,721,858)**
Cost of goods held for resale sold	10	(2,276,852)	(430,025)	(2,234,143)	(14,721,858)
Staff costs	19.3	**(1,577,219)**	**(1,525,297)**	**(4,827,042)**	**(4,660,923)**
Wages, salaries and similar expenses		(1,245,208)	(1,022,713)	(3,899,818)	(3,592,724)
Employee benefit costs		(332,011)	(502,584)	(927,224)	(1,068,199)
Other operating expenses	19.4	**(1,772,734)**	**(2,063,615)**	**(4,467,268)**	**(4,792,641)**
Outside services		(1,483,913)	-1809979	(4,144,652)	(4,425,384)
Taxes other than income tax		(275,922)	(80,985)	(393,501)	(194,606)
Losses on and write-down of trade receivables and changes in provisions for commercial transactions		(12,899)	(172,651)	70,885	(172,651)
Depreciation and amortisation charge	6	**(1,302,772)**	**(102,684)**	**(2,101,916)**	**(309,112)**
Other income and expenses	19.5	**880,735**	**(5,000)**	**1,361,724**	**(10,000)**
OPERATING EXPENSES		**(6,048,842)**	**(4,126,621)**	**(12,268,645)**	**(24,494,534)**
		-			
PROFIT FROM OPERATIONS		**2,025,680**	**410,299**	**8,552,431**	**420,150**
Finance income	19.6	**109,948**	**56,724**	**454,769**	**186,441**
From investments in equity instruments		-	28,888	-	148,932
From marketable securities and other financial instruments		109,948	27,836	454,769	37,509
Finance costs	19.6	**(2,190,963)**	**(548,903)**	**(6,430,022)**	**(1,003,039)**
On debts to third parties		(2,190,963)	(548,903)	(6,430,022)	(1,003,039)
Changes in fair value of financial instruments	8 and 15	**602,805**	**1,071,471**	**1,179,432**	**8,176,035**
Exchange differences		**(476,106)**	**(1,958,555)**	**(152,220)**	**(3,322,002)**
Impairment and gains or losses on disposals of financial instruments		**(351)**	-	**(82,624)**	-
FINANCIAL PROFIT (LOSS)		**(1,954,667)**	**(1,379,263)**	**(5,030,665)**	**4,037,435**
Share of profits (losses) of companies accounted for using the equity method	7	**(51,645)**	-	**275,765**	**(11,051)**
PROFIT BEFORE TAX		**19,368**	**(968,964)**	**3,797,531**	**4,446,534**
Income tax	18	**(112,748)**	**589,673**	**(983,819)**	**(49,232)**
PROFIT FOR THE PERIOD		**(93,380)**	**(379,291)**	**2,813,712**	**4,397,302**
Profit attributable to non-controlling interests		69,689	(422,645)	528,131	86,182
Profit attributable to the Parent		(163,069)	43,354	2,285,581	4,311,120
Profit / (Loss) per participación (en euros):					
Basic	20.1	(0.40)	0.10	5.42	10.10
Diluted	20.2	(0.40)	0.10	5.42	10.10

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the consolidated condensed statement of profit or loss for the nine-month period ended 30 september 2018.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2018 AND 2017 (Notes 1 and 2)
(Euros)

A) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

	Three-month period ended 30 September 2018	Three-month period ended 30 September 2017(*)	Three-month period ended 30 September 2018	Three-month period ended 30 September 2017(*)
A) CONSOLIDATED PROFIT PER STATEMENT OF PROFIT OR LOSS	**(93,380)**	**(379,291)**	**2,813,712**	**4,397,302**
B) OTHER COMPREHENSIVE INCOME				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation differences	(651,689)	(2,910,899)	(1,243,362)	(5,513,272)
Assets measured at fair value through other comprehensive income	24,436	-	2,441,436	-
Tax effect	(1,720)	-	(100,720)	-
	(628,973)	**(2,910,899)**	**1,097,354**	**(5,513,272)**
TOTAL COMPREHENSIVE INCOME (A+B)	**(722,353)**	**(3,290,190)**	**3,911,066**	**(1,115,970)**
Attributable to:				
a) Attributable to the Parent	(723,104)	(1,982,730)	3,385,462	(529,841)
b) Attributable to non-controlling interests	752	(1,307,460)	525,605	(586,129)

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the consolidated statement of comprehensive income for the nine-month period ended 30 September 2018.

B) CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY FOR NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2018 AND 2017

	Share Capital (Nota 12.1)	Share premium (Nota 12.1)	Retained earnings	Profit for the period	Interim dividend (Note 12.3)	Translation differences	Assets measured at fair value through other comprehensive income	Non-controlling interests	Total equity
Balance at 1 January 2017	**426,650**	**5,213,067**	**31,507,850**	**13,666,641**	**-**	**259,311**	**-**	**5,299,948**	**56,373,467**
Distribution of profit for the period:	-	-	-	-	-	-	-	-	-
To reserves	-	-	13,666,641	(13,666,641)	-	-	-	-	-
Recognised income and expense	-	-	-	4,311,120	-	(4,840,961)	-	(586,129)	(1,115,970)
Dividends (Note 12.3)	-	-	(319,243)	-	-	-	-	-	(319,243)
Other changes								1,915,568	1,915,568
Balances at 30 September 2017 (*)	**426,650**	**5,213,067**	**44,855,248**	**4,311,120**	**-**	**(4,581,650)**	**-**	**6,629,387**	**56,853,822**
Recognised income and expense	-	-	-	414,360	-	1,731,229	-	495,435	2,641,024
Dividends (Note 12.3)	-	-	(30,662)	-	-	-	-	-	(30,662)
Interim dividends	-	-	-	-	(262,900)	-	-	-	(262,900)
Changes in the scope of consolidation (Note 2.8)	-	-	(1,219,694)	-	-	(326,063)	-	1,389,311	(156,446)
Other changes in equity (Note 12)	-	-	(1,703,132)	-	-	52,296	-	(460,049)	(2,110,885)
Other changes	-	-	(31,497)	-	-	90,911	-	(4,033,825)	(3,974,411)
Balances at 31 December 2017	**426,650**	**5,213,067**	**41,870,263**	**4,725,480**	**(262,900)**	**(3,033,277)**	**-**	**4,020,259**	**52,959,542**
Other financial liabilities (Notes 2.2 and 8)	-	-	(75,577)	-	-	-	-	-	(75,577)
Adjusted beginning balances at 1 January 2018	**426,650**	**5,213,067**	**41,794,686**	**4,725,480**	**(262,900)**	**(3,033,277)**	**-**	**4,020,259**	**52,883,965**
Distribution of profit for the period:							-		
To reserves	-	-	4,725,480	(4,725,480)	-	-	-	-	-
Recognised income and expense	-	-	-	2,285,581	-	(1,240,835)	2,340,716	525,605	3,911,067
Dividends (Note 12.3)	-	-	(168,012)	-	-	-	-	-	(168,012)
Interim dividends	-	-	(262,900)	-	262,900	-	-	-	-
Other transactions (Note 12.1)	(26,649)	(325,834)	(5,084,469)	-	-	-	-	-	(5,436,952)
Other changes-non-controlling interests	-	-	-	-	-	-	-		-
Other changes	-	-	57,876	-	-	-	-	(27,878)	29,998
Balances at 30 June 2018	**400,001**	**4,887,233**	**41,062,661**	**2,285,581**	**-**	**(4,274,112)**	**2,340,716**	**4,517,986**	**51,220,066**

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the consolidated statement of changes in total equity for the nine-month period ended 30 September 2018.

SOLARPACK CORPORACIÓN TECNOLÓGICA, S.A.
AND SUBSIDIARIES COMPOSING THE SOLARPACK GROUP

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2018 AND 2017 (Notes 1 and 2)

(Euros)

	Explanatory notes	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2017 (*)
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(3,530,108)**	**(74,296,833)**
Profit for the period before tax		3,797,531	4,446,534
Adjustments for-			
- Depreciation and amortisation charge	**6**	2,101,916	309,112
- Impairment and gains or losses on disposal of financial instruments	**7 and 8**	82,624	-
- Changes in fair value of financial instruments	**7, 8 and 15**	(1,179,432)	(798,126)
- Changes in provisions	**13**	(81,039)	-
- Finance income	**21**	(454,769)	(186,441)
- Finance costs	**21**	6,430,022	1,003,039
- Exchange rate differences		152,220	3,322,002
- In-house work on non-current assets		(70,885)	172,651
- Other income and expenses	**7**	(275,765)	11,051
Changes in working capital-			
- Inventories	**10**	(2,814,056)	(75,621,016)
- Trade and other receivables	**9**	(2,737,229)	(8,199,765)
- Trade and other payables	**16**	(5,787,584)	3,325,532
- Other non-current assets and liabilities		-	(174,259)
Other cash flows from operating activities-			
- Interest paid		(3,618,364)	(1,003,039)
- Interest received		454,769	186,441
- Other payments		-	(1,090,550)
- Dividends received	**7**	469,933	-
CASH FLOWS FROM INVESTING ACTIVITIES (II)		**(4,063,970)**	**(48,461)**
Payments due to investment-			
- Non-current assets	**6**	(1,814,948)	-
- Other financial assets	**8**	(2,257,063)	(4,134,795)
Proceeds from disposal-			
- Fixed assets	**6**	8,041	-
- Non-current assets		-	4,086,334
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**1,272,323**	**85,468,430**
Proceeds and payments relating to financial liability instruments-			
- Proceeds from issue of bank borrowings, net	**14**	4,714,563	90,167,251
- Proceeds from issue of borrowings Group companies and associates		190,395	-
- Repayment of bank borrowings	**14**	(2,920,444)	(4,042,182)
- Repayment of other borrowings	**14**	(544,179)	(337,396)
Dividends and returns on other equity instruments paid-			
- Dividends	**12**	(168,012)	(319,243)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (IV)		**(767,449)**	**(751,489)**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(7,089,204)**	**10,371,647**
Cash and cash equivalents at beginning of period		19,528,749	16,473,715
Cash and cash equivalents at end of six-month period		12,439,545	26,845,362

(*) Information not audited or reviewed (*) Presented for comparison purposes only (see Note 2.5).

The accompanying explanatory Notes 1 to 24 are an integral part of the consolidated statement of comprehensive income for the nine-month period ended 30 September 2018.

Translation of interim consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 29). In the event of a discrepancy, the Spanish-language version prevails

Solarpack Corporación Tecnológica, S.A. and Subsidiaries

Explanatory notes to the condensed consolidated interim financial statements for the nine-month period ended as of 30 September 2018

1. Group's incorporation and business purpose

1.1. Business Purpose

Solarpack Corporación Tecnológica, S.A., hereinafter the Parent, was incorporated as a private limited liability company in Spain on 1 April 2005 for an indefinite period of time. Tax Id No. B-95.363.859 Its registered office is located at Avenida Algorta, 16 3º of Getxo Bizkaia, where it carries out its activity.

Solarpack Corporación Tecnológica, S.A. and subsidiaries' purpose and main activity is the promotion, management and administration of companies producing renewable energies, including the supply, installation, installation and assembly of equipment and facilites for power plants and the construction and sale of photovoltaic parks, as well as the production and sale of photovoltaic solar energy from solar farms whose ownership it retains.

Solarpack Group develops its activities in the photovoltaic solar energy sector.

The Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the US, South Africa, India and South East Asia.

Solarpack Corporación Tecnológica, S.A. is 75% owned by Beraunberri, S.L. and, therefore, together with other companies, forms part of a corporate group as defined by Article 42 of the Spanish Commercial Code. However, in accordance with current legislation, the directors of Solarpack Corporación Tecnológica, S.A. formally prepare consolidated financial statements for the subgroup controlled by the latter in order to fairly reflect its financial position and results, and those consolidated financial statements are presented, voluntarily, in accordance with the International Financial Reporting Standards (IFRSs) adopted for use in the European Union (EU-IFRSs), approved by European Commission Regulations and in force as of 30 September 2018.

On September 17, 2018, the Board of Solarpack Corporación Tecnológica, SA, on their Extraordinary General Meeting, decided to transfrom the Private Limited Company into a Public Limited Company, which has been notarised on October 25, 2018 and has been registered in the Mercantile Register of Vizcaya on October 30, 2018.

The financial statements for 2017 were approved by the shareholders at the Annual General Meeting held on 29 June 2018. Said financial statements were reformulated on November 6, 2018 and approved at the General Meeting of Shareholdersheld on November 6, 2018. Additionally, on November 6, 2018, the Board of Directors has prepared consolidated interim financial statements for the six-month period ended June 30, 2018, together with the explanatory notes.

1.2 Regulatory framework

Both Solarpack Corporación Tecnológica, S.A. and some of its fully consolidated subsidiaries and investees accounted for using the equity method carry on solar PV activities in Spain and abroad (see the Appendix to these explanatory notes), which are heavily influenced by the applicable regulatory frameworks. The fundamental regulation affecting the Solarpack Group is the same applicated to the consolidated annual accounts of the group for the year 2017 and their corresponding explanatory notes gathering in the Note 1.2 of the memory of the aforementioned annual accounts.

2. Basis of presentation of the consolidated interim financial statements and basis of consolidation

2.1 Basis of presentation

The Group's consolidated interim financial statements and related explanatory notes as at 30 September 2018 were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted for use in the European Union (EU-IFRSs), approved by European Commission Regulations and effective at 30 September 2018. The consolidated financial statements of the Solarpack Group as at 31 December 2014 were the first consolidated financial statements that the Group headed by Solarpack Corporación Tecnológica, S.L. presented in accordance with EU-IFRSs, the date of transition being 1 January 2013.

The consolidated annual accounts for the year 2017 of the Group have been restated on November 6, 2018 by the Parent Company's Directors in accordance with the provisions of the International Financial Reporting Standards adopted by the European Union, applying the consolidation principles, accounting policies and valuation criteria described in Notes 2 and 4 of the notes to these consolidated annual statements, so that they reflect the fair image of the consolidated equity and consolidated financial position of the Group as of December 31, 2017, and of the consolidated results of its operations, changes in consolidated equity and consolidated cash flows for the year ended on that date.

These consolidated condensed interim financial statements are prepared under the IAS 34 on interim Financial Information, and have been prepared by the Group's Directors on November 6, 2018.

In accordance with the provisions of IAS 34, the interim financial information is solely aimed at the updating of the contents of the latest consolidated annual accounts prepared by the Group, highlighting the new activities, events and circumstances occurred during the nine-month period without duplicating previously published information. Therefore, for a proper understanding of the information included in these condensed consolidated interim financial statements, these should be read together with the consolidated annual statements of the Group for the year 2017 and with the consolidated interim financial statements for the six-month period ended on June 30, 2018.

The accounting policies and methods used in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated annual statements for fiscal year 2017, which are included in notes 2 and 4 of annual accounts report.

The Group's directors prepared the interim consolidated financial statements in accordance with the going concern basis of accounting.

2.2 Adoption of International Financial Reporting Standards (IFRSs)

In 2018 the following mandatory standards and interpretations already adopted by the European Union came into force, which, where applicable, were used by the Group in preparing these half-yearly consolidated financial statements:

(1) *New standards, amendments and interpretations of mandatory application in the period:*

Approved for use in the European Union		**Obligatory application in annual reporting periods beginning on or after:**
IFRS 15, Revenue from Contracts with Customers (issued in May 2014) and the related clarifications (issued in April 2016)	New revenue recognition standard (supersedes IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31).	01 January 2018
IFRS 9, Financial Instruments (issued in July 2014)	It replaces the requirements in IAS 39 relating to the classification, measurement, recognition and derecognition of financial assets and financial liabilities, hedge accounting and impairment.	01 January 2018
Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions (issued in June 2016)	Various amendments to the standard on share-based payment transactions in relation to vesting conditions on cash-settled share-based payment transactions, amendments to the terms and conditions of plans, net settlements, etc.	01 January 2018
Amendments to IFRS 4, Insurance Contracts (issued in September 2016)	Provide entities within the scope of IFRS 4 with the option of applying IFRS 9 ("overlay approach") or the temporary exemption therefrom.	01 January 2018
Amendments to IAS 40, Reclassification of Investment Property (issued in December 2016)	Guide to investment property transactions when there is a change in use.	01 January 2018
IFRS 1, First-time Adoption of International Financial Reporting Standards (issued in December 2016)	Deletion of short-term exemptions (Annual Improvements to IFRSs 2014–2016 Cycle)	01 January 2018
IAS 28, Investments in Associates and Joint Ventures (issued in December 2016)	Clarification in relation to the election to measure at fair value through profit or loss (Annual Improvements to IFRSs 2014–2016 Cycle)	01 January 2018
IFRIC 22, Foreign Currency Transactions and Advance Consideration (issued in December 2016)	Establishes the date of the transaction for the purpose of determining the exchange rate to use in transactions with advance consideration in a foreign currency.	01 January 2018

<u>IFRS 15</u>

In relation to IFRS 15, in May 2014 the IASB and the FASB jointly issued a converged standard on the recognition of revenue from contracts with customers. Under this standard, revenue is recognised when a customer obtains control of the good or service sold, i.e., when the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the good or service. This IFRS contains new guidance for determining whether revenue should be recognised over time or at a particular point in time. IFRS 15 requires comprehensive disclosures about both the revenue recognised and the revenue expected to be recognised in the future in relation to existing contracts. It also requires qualitative and quantitative information about significant judgements made by management when determining the revenue to be recognised and about changes in those judgements.

Subsequently, in April 2016 the IASB published amendments to this IFRS which, despite not altering its basic principles, clarify certain of the most complex issues.

Amendments to IFRS 15, Clarifications to IFRS 15 Revenue from Contracts with Customers

The IASB amended IFRS 15 in order to:

- Clarify the guidance for identifying performance obligations, accounting for licences of intellectual property and principal versus agent considerations (recognition of net revenue or of revenue in the gross).

- Include new illustrative examples and changes for each of these areas of the guidance.

- Provide additional practical tools relating to the transition to the new standard.

Although these amendments do not alter the basic principles of IFRS 15, they do clarify certain of its most complex areas.

The Group has analysed whether the new requirements of IFRS 15 have given rise to changes as, under the new standard, revenue must be recognised in such a way as to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Since the Group recognised revenue relating to the principal activities indicated below (see Note 3.10), the following is a summary of the analysis performed, from which the conclusion was drawn that the application of this standard will not give rise to significant differences:

- Sales of solar farms, which include a warranty agreed on with the customer: the revenue is recognised when the significant risks and rewards of ownership of the farm have been transferred to the buyer, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The warranties provided, which provide assurance that the farms meet the specifications agreed on, cannot be purchased separately and, therefore, the Group will continue to account for them in accordance with IAS 37

- Construction of solar farms, including a warranty agreed on with the customer: in general, the Group recognises contract revenue and the outcome of each contract by reference to the estimated stage of completion of the contract activity, a practice which continues to be permitted under IFRS 15. The related warranties are treated in a similar way to those in the previous case.

- Provision of O&M services or power sales: this revenue is recognised as and when the services are provided or the power is transferred. The treatment in both cases is consistent with that being applied up until 2018.

The Group has not opted for the retroactive application method.

<u>IFRS 9</u>

IFRS 9 has superseded IAS 39 for reporting periods beginning on or after 1 January 2018. There are very significant differences with respect to the previous standard for the recognition and measurement of financial instruments. However, the most significant difference applicable to the Group is that relating to impairment losses on financial assets, since IFRS 9 requires the application of a model based on the expected credit loss, as opposed to the model in IAS 39 which is based on incurred credit losses. Under this model, the Group updates the expected loss and the changes therein at each reporting date to reflect the changes in credit risk since initial recognition; therefore, it is no longer necessary for an impairment event to have occurred before credit losses are recognised. In addition, changes in the contractual cash flows of a financial liability leading to the derecognition of the financial liability must be recognised as a change in estimate of the contractual cash flows of the liability, maintaining the original effective interest rate and adjusting its carrying amount to enable the recognition of a balancing entry in profit or loss.

The Group applied IFRS 9 retrospectively without restating the comparative information and using the simplified approach. In this regard, applying the new expected credit loss impairment model, the Group estimated at 1 January 2018 that the financial assets measured at amortised cost are subject to impairment losses, on the basis of the facts and circumstances that existed at that date, as indicated below, over the lifetime of those assets:

	Euros		
Concept	**Balance at 01/01/18**	**Estimated credit loss (%) (*)**	**Loss estimated 01/01 / 2018**
Trade receivables (Note 9)	5,264,710	0%-1%	21,802
Other receivables (Notes 8 and 9)	5,851,710	0% - 5%	31,420
Liquid assets and deposits (Notes 8 and 11)	22,355,331	0.1%	22,355
TOTAL	**33,471,751**		**75,577**

(*) The estimate has taken into account the credit rating of the counterparties issued by agencies of acknowledged prestige. In estimation for certain customers it was opted to recognise an allowance based on historical experience as no separate public credit rating was available.

Additionally, and with respect to certain equity instruments (see Note 8), valued at their fair value, the Group, using the options established by said IFRS, has irrevocably decided upon the presentation within "Other Comprehensive Result" of the subsequent changes in the fair value of said equity instruments.

Finally, IFRS 9 amends the treatment of refinancing of financial liabilities with respect to the one applied under IAS 39, since it requires the adjustment of the amount in the balance sheet of the debt to the sum of the modified flows discounted at the effective original interest rate, maintaining said rate for the years following the restructuring.

Regarding refinancing, the IFRS has not had an impact so far (See Note 14).

(2) *New standards, amendments and interpretations of mandatory application in annual reporting periods subsequent to the calendar year beginning on 1 January 2018*

At the date of authorisation for issue of these interim consolidated financial statements, the following standards and interpretations had been published by the IASB but had not yet come into force, either because their effective date is subsequent to the date of the interim consolidated financial statements or because they had not yet been adopted by the European Union:

Approved for use in the European Union		**Obligatory application in annual reporting periods beginning on or after:**
IFRS 16, Leases (issued in January 2016)	The new standard on leases (supersedes IAS 17 and the related interpretations).	01 January 2019
Amendments to IFRS 9, Prepayment Features with Negative Compensation (issued in October 2017)	It will allow for measurement at amortised cost of certain financial assets which may be put back to the issuer before maturity for an amount lower than the unpaid amounts of principal and interest.	01 January 2019

Not yet approved for use in the European Union		Obligatory application in annual reporting periods beginning on or after:
IFRS 17, Insurance Contracts (issued in May 2017)	Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. Will supersede IFRS 4.	01 January 2021
IFRIC 23, Uncertainty Over Income Tax Treatments (issued in June 2017)	Clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over whether the relevant taxation authority will accept a tax treatment used by an entity.	01 January 2019
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures (issued in October 2017)	It clarifies that IFRS 9 must be applied to long-term interests in an associate or joint venture if the equity method is not used.	01 January 2019
Improvements to IFRSs, 2015-2017 cycle (issued in December 2017)	Amendments to a series of standards	01 January 2019
Amendments to IAS 19, Plan Amendments, Curtailments and Settlements (issued in February 2018)	Clarifies how to calculate the current service cost and net interest for the remainder of the reporting period when there is an amendment, curtailment or settlement of a defined benefit plan	01 January 2019

The Group is performing a preliminary assessment of the impact that the future application of the standards that come into force in annual reporting periods beginning on or after 1 January 2019 might have on the interim consolidated financial statements once they become effective. In particular, the Group considers that the main impact might arise as a result of the future application of IFRS 16, since IAS 17 does not require the recognition of any right-of-use asset or liability for future payments under these leases; however, certain information is disclosed, such as operating lease obligations, in Note 19.7 (relating mainly to the leases for the land on which solar plants have been installed in Spain, which expire in the period from 2031 to 2046). A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16 and, therefore, the Group will recognise a right-of-use asset and the related liability.

2.3 Translation of foreign currency items to euros

Functional and presentation currency

The items included in the summarised consolidated interim financial statements and related explanatory notes of each Group company are measured using the currency of the primary economic environment in which the company operates (its “functional currency”). The functional currency of the Group companies is the currency of the country in which they are located, except for the companies located in Chile and Peru, whose functional currency is the US dollar. The Chilean company Solarpack Chile SA, however, has the country’s currency defined as its functional currency. In addition, Pampul Holdco, S.L. and PMGD Holdco, S.L., with registered office in Spain, have adopted the US dollar as their functional currency.

The Group’s summarised interim consolidated financial statements and related explanatory notes are presented in euros, except when the contrary explanatory notes expressly indicate otherwise, since the euro is the functional and presentation currency of the Parent.

2.4 Responsibility for the information and use of significant estimates

The information in these summarised consolidated interim financial statements is the responsibility of the Board of Directors of de Solarpack Corporación Tecnológica, S.L.

The consolidated income and the determination of the consolidated equity are sensitive to accounting principles and policies, valuation criteria and estimates agreed upon by the Parent Company's Directors for the preparation of the summarised consolidated interim financial statements. The main accounting principles and policies and valuation criteria are indicated in Notes 2 and 3 of the consolidated interim financial statements for the six-month period ended 30 June 2018.

The summarised consolidated interim financial statements have used estimates made by the Directors and Senior Management of the Parent Company and the consolidated entities to quantify some of the assets, liabilities, income and expenses and commitments recorded therein. Essentially, these estimates, made based on the best available information, refer to:

- Assumed hypothesis to evaluate the recoverability of the assets by deferred tax

- Intangible and tangibles assets useful life estimation

- The expense for Corporation Tax, which, in accordance with IAS 34, is recognised in interim periods, estimated on the basis of the best estimate of the weighted average tax rate that the Group expects for the annual period.

- The estimates relating to the calculation of provisions for plant dismantling and warranties (see Note 13).

- Compliance with covenants in relation to certain financing received (see Note 14).

- The assumptions used to evaluate the recoverability of property, plant and equipment (solar PV plants) (see Note 6).

- The net realisable value of the inventories (see Note 10).

- The recognition of revenue by reference to the stage of completion of the projects (see Note 9).

Although the aforementioned estimates were made on the basis of the best information available to date on the events analysed, events that take place in the future might make it necessary to change these estimates (upwards or downwards). Changes in accounting estimates would be applied, if required, prospectively in accordance with the requirements of IAS 8, recognising the effects of the change in estimates in the consolidated profit and loss account of the fiscal years impacted.

During the nine-month period ended on 30 September 2018 there have been no significant changes in the estimates made at the end of 2017.

2.5 Comparative information

The information relating to 2017 contained in these summarised consolidated interim financial statements, as well as the information referred to the nine-month period ended on 30 June 2018, is presented solely for comparison purposes with the information relating to the nine-month period ended 30 September 2018.

Also, for the purposes of the comparative information, it should be borne in mind that Group management recently changed its strategy in relation to asset rotation. Until this reporting period the Group had been implementing a high-asset-rotation strategy, rapidly selling most of the solar PV plants brought into operation and retaining non-controlling interests in certain cases. The Group now intends to retain title to more than one-half of the solar PV plants developed and built by it and, accordingly, the assets brought into operation will not be systematically put up for sale. In this regard, the intention of the Group's directors is for the Group to operate directly certain solar PV plants that at 31 December 2017 had been recognised under "Inventories" since, on the basis of the previous strategy, the Group intended to sell the plants at short term. Also, the Group reclassified the financing associated with these assets, on the basis of the related contractual maturities (see Note 14). Until this reporting period the financing had been classified as current liabilities regardless of the related contractual maturity date.

2.6 Seasonality of the Group's transactions

In view of the business activity in which the Group companies engage, their transactions are not significantly cyclical or seasonal in nature. However, although the power sale business can be considered to be somewhat seasonal, the geographical diversity of the businesses mitigates this effect. Therefore, no specific disclosures in this connection are included in these explanatory notes to the interim consolidated financial statements for the nine-month period ended 30 September 2018.

2.7 Relative importance

In determining the information to be broken down on the different items of the summarized financial statements or other matters, the Group, in accordance with IAS 34, has taken into account the relative importance in relation to these consolidated summary financial statements for the nine-month period.

2.8 Events after the reporting period

During the months of July and August 2018, the Group reached agreements with third parties for the acquisition of ownership interests equal to 100% of the various companies that owned 88 100 kWAC solar power plants, located at Isla Mayor, Lebrija and Llerena (Spain). Also, in the same period, the Group reached agreements with third parties for the acquisition of shares in order to achieve a total stake of 96.5% of the associate "Solarpack Promo2007 Cientoveintuno, S.L.", owner of a solar power plant located at Guijo de Coria (Spain). These ownership interests currently secure the specific borrowings related to their construction. At the date of these interim consolidated financial statements, this purchase is conditional, inter alia, upon the obtainment, before 31 March 2019 of (a) the approval from the lender banks of the aforementioned financing and the transfer of these ownership interests, which at the date of these interim consolidated financial statements had been obtained, and (b) the obtainment of additional financing by the Group (see Note 12.a.). The purchase price of these ownership interests will amount to approximately EUR 20,639 thousand.

Also, the sellers of these ownership interests will be able to receive an additional amount if, as envisaged in the Spanish Electricity System Law 24/2013, the new reasonable return of these plants for the period 2020 - 2025 exceeds 5.184%. The maximum of this additional amount, which would be achieved if the maximum reasonable return exceeded 7.398% would be approximately EUR 4,335 thousand.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to a review and subsequent consideration by the Company and the time of such transaction would be subject to general trade and market conditions.

On 2 November 2018, the Parent Company agreed to an increase in share capital in the amount of 7,599,999 euros up to 8,000,000 euros, through the creation of new shares charged to unrestricted reserves. Simultaneously, in the same act, it was agreed to modify the nominal value of the shares, for the amount of forty euro cents, being 2.5 new shares created from each previous share.

No significant events occurred in addition to those indicated in this Note or in the notes to the consolidated summarised consolidated financial statements as at 30 September 2018 that could have an impact on the interim consolidated financial information for the nine-month period ended 30 September 2018.

3. Group structure and changes in the scope of consolidation

The consolidation principles used in the preparation of these summarised consolidated interim financial statements are consistent with those used in the preparation of the consolidated annual accounts for the year ended 31 December 2017.

Group structure

Appendix I to these summarised consolidated interim financial statements and related explanatory notes for the nine-month period ended 30 September 2018 contains a list of all the subsidiaries, associates and joint arrangements at 30 September 2018, information on them and the method used to account for them in the interim consolidated financial statements.

At 31 December 2017, the Parent had direct or indirect ownership interests in certain companies excluded from the scope of consolidation. The main aggregates of those companies at 31 December 2017 and the reasons for their exclusions are as follows (in euros):

31 December 2017

Company	Country	Line of business	Carrying amount of the investment	Direct share %	Direct share %	(Note 8)	Share capital (euros)	Reserves (euros)	Total assets (euros)
Solarpack, SARL (1), (3)	France	Development and management of solar PV projects	-	100%	-	60,000	(137,510)	(1,374)	8,608
Gestión Solar Perú, S.A.C. (1), (3)	Peru	Provision of operation and maintenance services for photovoltaic plants	49,943	-	50%	8,348	3,733	596,809	916,015
Solargés Perú, S.L. (1), (3)	Spain	Development of renewable energy, mainly solar PV, projects	1,503	50%	-	3,006	1,003	-	43,079
Ecuador Solar Holdco, S.L. (2), (3)	Spain	Promotion, development and production of solar PV plants	901,654	50%	-	4,000	2,292,025	(492,717)	1,803,308
Itok Solar Incorporated , S.L. (2), (3) (4)	Spain	Advisory services relating to renewable energies, promotion, development and construction of solar PV plants and ownership of securities	-	-	48.98%	49,000	1,858,209	(952,769)	1,796,832
Generación de Energía Solar Solarconection, S.A. (2), (3), (4)	Ecuador	Development of renewable energy projects	-	-	48.98%	1,440,136	(769,567)	(325,191)	392,362
Condorsolar, S.A. (2), (4)	Ecuador	Development of renewable energy projects	-	-	48.98%	2,349,130	(963,152)	(359,762)	1,368,156
Energía Regional, S.A. de C.V. (1), (3)	El Salvador	Power production, generation and retailing	-	90%	-	34,685	-	-	40,919
Tricahue Solar, SpA (1), (3) (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(1,400)	(218)	657
Tamarugal Solar 1, SpA (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(1,470)	(1,455)	1,258
Taltal Solar, S.A. (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(280)	(195)	257

Company	Country	Line of business	Carrying amount of the investment	Direct share %	Direct share %	(Note 8)	Share capital (euros)	Reserves (euros)	Total assets (euros)
Diego Almagro Solar 2, S.A. (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(280)	(142)	255
Diego Almagro Solar 3, S.A. (1), (3)	Chile	Operation of solar PV facilities	-	-	100%	678	(1,299)	(205)	583
Los Libertadores Solar, SpA (1), (3) (1), (3)	Chile	Operation of solar PV facilities	25	20%	80.	136	-	(710)	389

(1) Company excluded from the scope of consolidation due to its scant materiality.

(2) In January 2014 50% of the ownership interest in Ecuador Solar Holdco, S.L. was sold to a third party, not giving rise to any gain or loss. These companies have been dormant since mid-2014, when the decision was taken to discontinue their activity in Ecuador and to sell them. The Parent includes Ecuador Solar Holdco, S.L. as a financial asset under “Non-Current Investments in Group Companies and Associates - Non-Current Equity Instruments of Group Companies and Associates” (see Note 7) because, had it been included in the scope of consolidation, since it is a joint operation, the main impact would have been to reclassify the carrying amount of the investment to “Non-Current Investments in Group Companies and Associates - Investments Accounted for Using the Equity Method”.

(3) Amounts obtained from unaudited financial statements.

(4) Companies wholly owned by Ecuador Solar Holdco, S.L.

Had these companies been included in the consolidation perimeter in fiscal year 2017, their approximate effect, with the figures of their unaudited Financial Statements, in the main magnitudes of the Financial Statements of the Consolidated Annual Accounts would have been a variation of around 0.3% in total assets, 0.2% in total liability and 0.4% in total consolidated equity, which would mean a variation of around 0.25% on the profit for the fiscal year.

Changes in the scope of consolidation

On 7 February 2018, the subsidiaries Suvan Solar, SpA, Apolo Solar, SpA, Astro Solar, SpA and Cuenca Solar, SpA. were incorporated, and the Parent subscribed all their share capital and included them in the scope of consolidation on that date.

On 23 February 2018, the subsidiaries Yala Solar Private Limited, Alpur Solar Private Limited, Nanj Solar Private Limited, Ekialde Sun Solar Private Limited and Holen Solar Private limited were incorporated, and the subsidiary Ekialde Solar Private Limited subscribed 99.99% of their share capital and included them in the scope of consolidation on that date.

On 18 May 2018, the subsidiary Eureka Energías Renovables, S.L. was incorporated, and the Parent subscribed all its share capital and included it in the scope of consolidation on that date.

Also, four foreign companies were included into the consolidated perimeter on 1 January 2018 (Diego Almagro Solar 2, S.A., Diego Almagro Solar 3, S.A., Taltal Solar, S.A. and Tamarugal Solar 1, S.A.), all incorporated in prior years, whose share capital was 98% subscribed by the subsidiary Solarpack Chile, Ltda., were not included in the scope of consolidation in previous years, since the effect of the consolidation was not significant. In addition, at 1 January 2018 the Group accounted for its investments in Ecuador Solar Holdco, S.L., Gestión Solar Perú, S.A.C. and Solargés Perú, S.L. by the equity method (see Note 7). Also, Solarpack, SARL Energía Regional, S.A. de CV, Tricahue Solar, SpA., and Los Libertadores Solar, SpA., have been consolidated by global integration. All of them, until that moment, were excluded from consolidation because their impact was very insignificant, and have been incorporated to provide greater transparency, as well as to give a more detailed view of the Group, based on the criteria of the Directors. The integration in the consolidated interim financial statements of the Group was carried out as if they had been recorded from the initial moment, having recorded the impact corresponding to previous years with credit to reserves.

On 9 July 2018, the subsidiaries Granja Solar Holdco S.P.A. and Valle Solar S.P.A. were incorporated, and the Parent subscribed all their share capital and included them in the scope of consolidation on that date.

Until then these companies had been excluded from the scope of consolidation. None of the inclusions indicated had a material effect on the consolidated figures for the nine-month period ended 30 September 2018.

Also, on 6 January 2018 and 20 April 2018 the Group made contributions of INR15,000 thousand and INR 17,500 thousand, respectively, equal to a total of approximately EUR 410 thousand, to the subsidiary Ekialde Solar Private Limited. Lastly, on 23 February 2018 the Parent Company made a capital contribution of USD 50 thousand, equal to approximately EUR 41 thousand, to the subsidiary Solarpack Development Inc.

4. Dividends paid by the Group in the fiscal year

On 13 April 2018, the General Meeting of Solarpack Corporación Tecnológica, S.L. resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A. amounting to USD 42 thousand, the equivalent euro value of which was EUR 34 thousand. This resolution was approved unanimously by the shareholders. Dividend was paid in full in the first nine-months of 2018.

On 29 June 2018, the General Meeting of Solarpack Corporación Tecnológica, S.L. resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A. amounting to USD 156 thousand, the equivalent euro value of which was EUR 134 thousand. This resolution was approved unanimously by the shareholders. Dividend was paid in full in the first nine-months of 2018.

On 9 August 2018, the General Meeting of Solarpack Corporación Tecnológica, S.L. resolved to distribute an extraordinary dividend with a charge to voluntary reserves to be distributed to the shareholder ACE Renewable Holding USD, S.A. amounting to USD 528 thousand, the equivalent euro value of which was EUR 456 thousand. This resolution was approved unanimously by the shareholders. Dividend was paid in full in the first nine-months of 2018. Said dividend has been recorded as a lower debt with Ace Renewable Holding USD S.A. (See Note 12).

5. Segment reporting

Note 5 of the consolidated annual accounts report of the Group for the year ended on 31 December 2017 details the criteria used by the Group to define its operating segments. There have been no changes in the segmentation criteria.

The information by business segment of the Group for the three-month period ended 30 September 2018 and 2017 is detailed below:

	Euros							
	Three-month period ended on 30/09/2018							
	DevCon (A)	SVCS (B)	Structure (C)	**Aggregate total (A+B+C=D)**	PowGen (E)	**Aggregate total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	2.963.633	1,115,475		4,079,108	5,266,763	9,345,871	(1,271,349)	**8,074,522**
Non-group customers	2,963,633	840,626		3,804,259	5,266,763	9,071,022	(1,507,153)	**7,563,869**
Related-party customers	0	274,849		274,849		274,849	235,804	**510,653**
Operating expenses	(3,976,067)	(730,133)	(654,354)	(5,360,554)	(2,048,327)	(7,408,881)	(1,360,039)	**(6,048,842)**
Direct costs	(3,173,183)	(633,274)		(3,806,457)	(506,232)	(4,312,689)	(1,111,629)	**(3,201,060)**
SGA	(800,819)	(89,837)	(654,354)	(1,545,010)		(1,545,010)		**(1,545,010)**
Depreciation and amortisation charge	(2,065)	(7,022)		(9,087)	(1,542,095)	(1,551,182)	248,410	**(1,302,772)**
PROFIT (LOSS) FROM OPERATIONS-EBIT	**(1,012,434)**	**385,342**	**(654,354)**	**(1,281,446)**	**3,218,436**	**1,936,990**	88,690	**2,025,680**

	Euros							
	Three-month period ended on 30/09/2017							
	DevCon (A)	SVCS (B)	Structure (C)	**Aggregate total (A+B+C=D)**	PowGen (E)	**Aggregate total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	2,045,779	1,334,602		3,380,381	2,616,076	5,996,457	(1,459,537)	**4,536,920**
Non-group customers	2,029,432	1,522,393		3,551,825	2,616,076	6,167,901	(644,135)	**5,523,766**
Related-party customers	16,347	(187,791)		(171,444)		(171,444)	(815,402)	**(986,846)**
Operating expenses	(3,634,799)	(871,486)	(18,400)	(4,524,685)	(1,695,480)	(6,220,165)	2,093,544	**(4,126,621)**
Direct costs	(2,402,560)	(674,920)		(3,077,480)	(573,456)	(3,650,936)	(1,098,302)	**(2,552,634)**
SGA	(1,225,847)	(205,902)	(18,400)	(1,450,149)		(1,450,149)	(21,154)	**(1,471,303)**
Depreciation and amortisation charge	(6,392)	9,336		2,944	(1,122,024)	(1,119,080)	1,016,396	**(102,684)**
PROFIT (LOSS) FROM OPERATIONS-EBIT	**(1,589,020)**	**463,116**	**(18,400)**	**(1,144,304)**	**920,596**	**223,708**	**634,007**	**410,299**

The information by business segment of the Group for the nine-month period ended 30 September 2018 and 2017 is detailed below:

	Euros							
	Nine-month period ended on 30/09/2018							
	DevCon (A)	SVCS (B)	Structure (C)	**Aggregate total (A+B+C=D)**	PowGen (E)	**Aggregate total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	5,459,385	3,333,974		8,793,359	15,397,731	24,191,090	(3,370,014)	**20,821,076**
Non-group customers	5,350,102	2,508,738		7,858,840	15,397,731	23,256,571	(3,541,332)	**19,715,239**
Related-party customers	109,283	825,236		934,519		934,519	171,318	**1,105,837**
Operating expenses	(7,780,279)	(2,292,264)	(945,966)	(11,018,509)	(6,181,008)	(17,199,517)	4,930,872	**(12,268,645)**
Direct costs	(4,893,951)	(2,022,414)		(6,916,365)	(1,501,284)	(8,417,649)	2,325,592	**(6,092,057)**
SGA	(2,879,546)	(249,160)	(945,966)	(4,074,672)		(4,074,672)		**(4,074,672)**
Depreciation and amortisation charge	(6,782)	(20,690)		(27,472)	(4,679,724)	(4,707,196)	2,605,280	**(2,101,916)**
PROFIT (LOSS) FROM OPERATIONS-EBIT	**(2,320,894)**	**1,041,710**	**(945,966)**	**(2,225,150)**	**9,216,723**	**6,991,573**	**1,560,858**	**8,552,431**

	Euros							
	Nine-month period ended on 30/09/2017							
	DevCon (A)	SVCS (B)	Structure (C)	**Aggregate total (A+B+C=D)**	PowGen (E)	**Aggregate total (D+E=F)**	Eliminations (G)	**Total (F+G)**
Operating income	35,157,989	3,312,803	0	38,470,792	6,235,460	44,706,252	(19,791,568)	**24,914,684**
Non-group customers	15,039,549	3,057,769	0	18,097,318	6,235,460	24,332,778	(13,649,226)	**10,683,552**
Related-party customers	20,118,440	255,034	0	20,373,474	0	20,373,474	(6,142,342)	**14,231,132**
Operating expenses	(22,897,662)	(2,261,526)	(168,741)	(25,327,929)	(3,890,261)	(29,218,190)	4,723,656	**(24,494,534)**
Direct costs	(20,036,579)	(1,869,326)	0	(21,905,905)	(1,282,882)	(23,188,787)	(2,400,989)	(20,787,798)
SGA	(2,841,181)	(387,702)	(168,741)	(3,397,624)	0	(3,397,624)	0	**(3,397,624)**
Depreciation and amortisation charge	(19,902)	(4,498)	0	(24,400)	(2,607,379)	(2,631,779)	(2,322,667)	**(309,112)**
PROFIT (LOSS) FROM OPERATIONS-EBIT	**12,260,327**	**1,051,277**	**(168,741)**	**13,142,863**	**2,345,199**	**15,488,062**	**(15,067,912)**	**420,150**

Detail by project of the Power Generation segment:

	Euros											
	Three-month period ended on 30/09/2018											
	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guijo	**Total PowGen**
Operating income												
Non-group customers	972,666	2,658,649	342,715	244,385	200,795	225,201	63,621	41,596	41,870	66,782	408,483	**5,266,763**
Operating expenses	(542,361)	(627,201)	(242,655)	(109,784)	(99,075)	(103,382)	(35,066)	(22,713)	(22,629)	(31,250)	(212,211)	**(2,048,327)**
Direct costs	(148,882)	(49,310)	(111,342)	(38,748)	(20,307)	(22,563)	(9,971)	(6,751)	(6,465)	(8,621)	(83,272)	**(506,232)**
SGA	0	0	0	0	0	0	0	0	0	0	0	**0**
Depreciation and amortisation charge	(393,479)	(577,891)	(131,313)	(71,036)	(78,768)	(80,819)	(25,095)	(15,962)	(16,164)	(22,629)	(128,939)	**(1,542,095)**
OPERATING INCOME	430,305	2,031,448	100,060	134,601	101,720	121,819	28,555	18,883	19,241	35,532	196,272	**3,218,436**

	Euros											
	Three-month period ended on 30/09/2017											
	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guijo	**Total PowGen**
Operating income												
Non-group customers	715,094	0	331,833	223,450	190,678	233,331	59,579	38,715	39,148	63,400	720,848	**2,616,076**
Operating expenses	640,387	0	(218,771)	(109,873)	(96,172)	(99,031)	(32,798)	(21,068)	(20,657)	(30,157)	(426,566)	**(1,695,480)**
Direct costs	(212,019)	0	(88,766)	(39,577)	(18,827)	(20,752)	(7,703)	(5,105)	(4,493)	(7,528)	(168,686)	**(573,456)**
SGA	0	0	0	0	0	0	0	0	0	0	0	**0**
Depreciation and amortisation charge	(428,368)	0	(130,005)	(70,296)	(77,345)	(78,279)	(25,095)	(15,963)	(16,164)	(22,629)	(257,880)	**(1,122,024)**
OPERATING INCOME	232,287	0	113,062	113,577	94,506	134,300	26,781	17,647	18,491	33,243	294,282	**920,596**

	Euros											
	Nine-month period ended on 30/09/2018											
	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guijo	**Total PowGen**
Operating income Non-group customers	2,689,183	8,101,544	1,018,212	593,475	639,875	654,510	177,117	115,605	115,462	188,914	1,103,834	**15,397,731**
Operating expenses	(1,592,553)	(2,025,997)	(681,411)	(324,529)	(293,880)	(300,337)	(104,319)	(67,686)	(67,288)	(93,542)	(629,466)	**(6,181,008)**
Direct costs	(430,579)	(200,758)	(293,634)	(114,769)	(61,273)	(64,343)	(29,032)	(19,801)	(18,795)	(25,654)	(242,646)	**(1,501,284)**
SGA	0	0	0	0	0	0	0	0	0	0	0	**0**
Depreciation and amortisation charge	(1,161,974)	(1,825,239)	(387,777)	(209,760)	(232,607)	(235,994)	(75,287)	(47,885)	(48,493)	(67,888)	(386,820)	**(4,679,724)**
OPERATING INCOME	1,096,630	6,075,547	336,801	268,946	345,995	354,173	72,798	47,919	48,174	95,372	474,368	**9,216,723**

	Euros											
	Nine-month period ended on 30/09/2017											
	PMGD	Telangana	Ataca	Moquegua	Tacna	Panamericana	Isla Mayor	Lebrija	Llerena 1	Llerena 2	Guijo	**Total PowGen**
Operating income Non-group customers	1,332,736	0	1,039,734	572,981	625,893	666,421	173,359	112,848	113,428	186,524	1,411,536	**6,235,460**
Operating expenses	(1,100,449)	0	(667,568)	(344,265)	(309,252)	(315,628)	(101,281)	(65,693)	(64,499)	(91,562)	(830,064)	**(3,890,261)**
Direct costs	(374,421)	0	(255,610)	(118,909)	(64,163)	(68,058)	(25,994)	(17,807)	(16,006)	(23,674)	(318,240)	**(1,282,882)**
SGA												**0**
Depreciation and amortisation charge	(726,028)	0	(411,958)	(225,356)	(245,089)	(247,570)	(75,287)	(47,886)	(48,493)	(67,888)	(511,824)	**(2,607,379)**
OPERATING INCOME	**232,287**	**0**	**372,166**	**228,716**	**316,641**	**350,793**	**72,078**	**47,155**	**48,929**	**94,962**	**581,472**	2,345,199

All the costs and expenses directly attributable to our activities, including procurements, direct labour costs as detailed in personnel expenses (see Note 19.3), other operating expenses (see Note 19.4) and other income and expenses (see Note 19.5) are included as direct costs. Direct costs do not include corporate, administrative or other overheads.

SGA includes corporate and administrative overheads, which include corporate, commercial, administrative and other overheads, not directly related to the different projects and activities.

The column "Eliminations" reflects:

(i) intra-group transactions, which according to IFRS are eliminated in the consolidation of our results,

(ii) the transactions carried out by companies integrated by means of the equity method and financial assets at fair value with changes in other comprehensive income, which are accounted for in the different segments.

(iii) transactions attributable to non-controlling interests in companies that are fully consolidated in the consolidated results of the Group under IFRS, but that are partially eliminated in the segments to reflect our proportional holding in the income,

(iv) reclassifications of project transactions that under accounting standards are classified under accounting headings that do not allow a correct analysis of the activity of the segment such as (a) income from penalties for loss of profits that under accounting standards are accounted for as a lower operating expense but whose purpose objective is to compensate income not obtained (b) financial results of project agreements that under accounting standards, as this financial activity is not the main activity of the group, are classified as financial results, but they are a part of the operational results of the projects.

Below are the elimination adjustments:

	Euros				
	Three-month period ended on 30/09/2018				
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	**Eliminations**
Operating income	32,824	4,972,999	(5,695,461)	(581,711)	**(1,271,349)**
Non-group customers		4,972,999	(5,898,441)	(581,711)	**(1,507,153)**
Related-party customers	32,824		202,980		**235,804**
Operating expenses	97,202	(2,310,262)	2,906,037	667,063	**1,360,039**
Direct costs	61,357	(672,866)	996,304	726,834	**1,111,629**
SGA					
Depreciation and amortisation charge	35,845	(1,637,397)	1,909,733	(59,771)	**248,410**
OPERATING INCOME	**130,026**	**2,662,736**	**(2,789,423)**	**85,352**	88,690

	Euros				
	Three-month period ended on 30/09/2017				
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	**Eliminations**
Operating income	(890,169)	(2,151,924)	186,494	1,396,062	**(1,459,537)**
Non-group customers		(2,226,691)	186,494	1,396,062	**(644,135)**
Related-party customers	(890,169)	74,767			**(815,402)**
Operating expenses	1,941,510	1,409,336	(165,847)	(1,091,455)	**2,093,544**
Direct costs	1,453,776	791,015	(55,034)	(1,091,455)	**(1,098,302)**
SGA		(21,154)			**(21,154)**
Depreciation and amortisation charge	487,734	639,475	(110,813)		**1,016,396**
OPERATING INCOME	**1,051,341**	**(742,588)**	**20,647**	**304,607**	**634,007**

	Euros				
	Nine-month period ended on 30/09/2018				
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	**Eliminations**
Operating income	(31,662)	2,301,890	(4,208,132)	(1,432,110)	**(3,370,014)**
Non-group customers		2,301,890	(4,411,112)	(1,432,110)	**(3,541,332)**
Related-party customers	(31,662)		202,980		**171,318**
Operating expenses	2,008,923	(740,767)	2,433,012	1,229,705	**4,930,872**
Direct costs	125,843	(67,031)	977,304	1,289,476	**2,325,592**
SGA					
Depreciation and amortisation charge	1,883,080	(673,737)	1,455,708	(59,771)	**2,605,280**
OPERATING INCOME	**1,977,261**	**1,561,122**	**(1,775,119)**	**(202,405)**	1,560,858

	Euros				
	Nine-month period ended on 30/09/2017				
	i. Intra-group transactions	ii. Non-controlled societies	iii. Minority shareholding	iv. Heading adjustments	**Eliminations**
Operating income	(6,142,342)	(4,928,827)	(333,184)	(9,053,583)	**(19,791,568)**
Non-group customers		(4,928,827)	(333,184)	(9,053,583)	**(13,649,226)**
Related-party customers	(6,142,342)				**(6,142,342)**
Operating expenses	917,523	2,787,674	(275,112)	1,293,571	**4,723,656**
Direct costs	57,714	1,143,309	(93,605)	1,293,571	**2,400,989**
SGA					
Depreciation and amortisation charge	859,809	1,644,365	(181,507)		**2,322,667**
PROFIT (LOSS) FROM OPERATIONS-EBIT	(5,224,819)	(2,141,153)	58,072	(7,760,012)	**(15,067,912)**

In accordance with paragraph 23 of IFRS 8, the Group does not disclose the interest expense, the interest in the profit or loss of associates or the income tax expense since this information is not regularly provided to the chief operating decision maker (Board of Directors).

Geographical information

The geographical distribution relating to the nine-month periods ended 30 September 2018 and 30 September 2017 is as follows:

	Euros			
Revenue	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Spain	715,760	701,277	2,122,269	1,861,111
Chile	1,292,514	2,945,231	4,637,232	4,721,211
India	2,343,136	46,462	8,440,934	408,268
Colombia	2,940,357	-	4,035,827	-
Other tax receivables	306,227	202,411	792,753	885,147
	7,597,994	**3,895,381**	**20,029,015**	**7,875,737**

	Euros	
Property, plant and equipment	30/09/2018	31/12/2017
Spain	5,424,840	4,975,261
Chile	34,627,073	215,663
India	73,680,379	5,535
	113,732,292	5,196,459

Information on the main customers

The breakdown of sales to non-Group customers that were billed in the nine-month periods ended 30 September 2018 and 2017 for amounts equal to or which exceeded 10% of revenue is as follows:

Company	Euros	
	30/09/2018	30/09/2017
Southern Power Distribution Company of Telangana Limited	5,722,303	-
Northern Power Distribution Company of Telangana Limited	2,718,631	-
S-energy Chile	-	2,498,413
Empresa de Energía del Pacífico, S.A.	4,035,827	-
	12,476,761	**2,498,417**

6. Property, Plant and Equipment

The changes in "Property, Plant and Equipment" in the consolidated statement of financial position in the first nine months of 2018 and in 2017, were as follows (in euros):

	Balance at 31/12/17	Additions/ (Withdrawals)	Transfers (Note 2.5 & 10)	Other changes (*)	Balance at 30/09/18
Cost					
Land	-	743,526	5,090,463	(464,685)	5,369,304
Property, plant and equipment - solar PV plants	7,985,157	(54,947)	106,978,149	(5,330,732)	109,577,627
Property, plant and equipment in progress-solar PV plants	-	808,829	2,475,517	(2,777)	3,281,569
Plant and other items of property, plant and equipment	847,939	228,650	74,765	(84,859)	1,066,495
Total cost	**8,833,096**	**1,726,058**	**114,618,894**	**(5,883,053)**	**119,294,995**
Depreciation					
Solar PV plants	(3,218,026)	(1,922,341)	-	71,977	(5,068,390)
Plant and other items of property, plant and equipment	(418,611)	(79,032)	-	3,330	(494,313)
Total accumulation depreciation	**(3,636,637)**	**(2,001,373)**	**-**	**75,307**	**(5,562,703)**
Total	**5,196,459**	**(275,315)**	**114,618,894**	**(5,807,746)**	**113,732,292**

(*) Including mainly the effect of the change in the currency exchange rate of foreign subsidiaries' assets.

	Euros				
	Balance at 31/12/16	Additions/ (Withdrawals)	Transfers	Other changes (*)	Balance at 31/12/17
Cost					
Property, plant and equipment - solar PV plants	7,985,157	-	-	-	7,985,157
Plant and other items of property, plant and equipment	827,481	35,219	-	(14,761)	847,939
Total cost	**8,812,638**	**35,219**	-	**(14,761)**	**8,833,096**
Depreciation					
Solar PV plants	(2,898,621)	(319,405)	-	-	(3,218,026)
Plant and other items of property, plant and equipment	(341,808)	(72,133)	-	(4,670)	(418,611)
Total accumulation depreciation	**(3,240,429)**	**(391,538)**	**-**	**(4,670)**	**(3,636,637)**
Total	**5,572,209**	**(356,319)**	**-**	**(19,431)**	**5,196,459**

(*) Including mainly the effect of the change in the currency exchange rate of foreign subsidiaries' assets.

At 31 December 2017, the Group had recognized the PV plants in operation in Spain under "Property, Plant and Equipment". In this connection, on 1 May 2018 the Group decided to retain for its own operation six solar plants located in Telangana state (India) and three solar plants located in Chile (Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A.), which were transferred from "Inventories" based on the change in strategy explained in Note 2.5. As a result, the solar plants of the Group that it intends to operate are recognized under "Property, Plant and Equipment".

These solar PV plants are included in the consolidated figures at the cost of construction for the Group.

The solar plants located in the state of Telangana (India), the construction of which began in 2016 and was completed in 2017, were recognized under "Inventories". In 2017 interest amounting to EUR 2,544 thousand, at an average rate of 11.09%, were capitalized by adding it to the production cost of the aforementioned plants. These plants entered into operation between August 2017 and November 2017.

The Group holds the rights to use land for the installation of PV plants in Chile, which amount to EUR 4,415 thousand recognised under "Intangible Assets - Concessions" in the statement of financial position as at 30 September 2018. This value is determined by the updated value of the lease payments throughout the life of the contract at a discount rate, which takes into account the risks associated with said asset. These leases are referenced to the Chilean development unit and have a fixed maturity between 2042 and 2046. The amount corresponding of depreciation of intangible assets was EUR 101 thousand for the first nine months of 2018.

Also, the Group estimates the costs it will incur to dismantle the plants in those cases in which there is an obligation to do so, for which a long-term provision was recognised at 30 September 2018 amounting to EUR 300 thousand (31 December 2017: EUR 279 thousand) (see Note 13).

At the end of each period, the Directors evaluate the existence of deterioration signs in their photovoltaic plants in operation, except in the case that an event entailing indication of deterioration be detected, in which case the periodicity of the revision is less. For the review of signs of impairment, the Group uses, among others, the financial projections of each asset. These financial projections are characterized by having a structure that allows to determine the costs that the project will have (both in the construction phase and in the exploitation phase) therefore allowing to project income throughout the life of the plant, since income is regulated by long-term sales contracts.

In this sense, at 30 September 2018, all the Group's plants were obtaining revenue and to a reasonable extent complying with the established business plans and, therefore, the directors consider that there is no indication of the impairment thereof. Additionally, in the case of Spanish plants, the regulations in force contemplate a minimum reasonable profitability for those plants.

Property, plant and equipment by geographical area

The detail of the property, plant and equipment by geographical location at 30 September 2018 and 31 December 2017 is as follows:

	Euros					
	30/09/2018			31/12/2017		
	Cost	Accumulated depreciation / Provisions	Carrying amount	Cost	Accumulated depreciation / Provisions	Carrying amount
Americas	35,259,718	(632,645)	34,627,073	270,901	(55,238)	215,663
Europe	9,287,813	(3,862,973)	5,424,840	8,546,829	(3,571,568)	4,975,261
Asia	74,747,464	(1,067,085)	73,680,379	15,366	(9,831)	5,535
Total	**119,294,995**	**(5,562,703)**	**113,732,292**	**8,833,096**	**(3,636,637)**	**5,196,459**

Property, plant and equipment pledged as security

At 30 September 2018, the solar plants were pledged as securities for bank borrowings payable amounting to EUR 85,327 thousand (31 December 2017: EUR 88,450 thousand).

Insurance contracts

The Group has taken out several insurance policies to cover the risks to which its property, plant and equipment are subject. It is considered that these policies sufficiently cover the related risks.

Property, plant and equipment by project

The detail of the total property, plant and equipment by project at 30 September 2018 is as follows:

	Euros	
Project	**Age**	**Carrying amount**
OFFICE FURNITURE AND OTHER	-	572,182
ISLA MAYOR	01/10/07	1,411,462
LEBRIJA 1	01/12/07	915,181
LLERENA 1	01/12/07	916,001
LLERENA 2	01/12/07	1,284,934
PMGD	01/07/15	32,397,914
TELANGANA	01/10/17	72,230,522
KARNATAKA	in progress	722,527
Projects under development (*)	in progress	3,281,569
Total	**-**	**113,732,292**

(*) Corresponds to activated identifiable expenses (such as processing of permits, expenses related to the land preparation, as well as personnel hours in relation with those projects) of certain plants, which will be operated by the Group and are in an initial phase of development, once they are put into operation.

7. Investments in companies accounted for using the equity method

7.1 Investments in companies accounted for using the equity method

The detail of the investments in these companies accounted for using the equity method at 30 September 2018 and 31 December 2017 and of the changes therein in those periods is as follows:

Interim reporting period ended 30 September 2018

	Euros					
	Beginning balance	Share of profits (losses) of companies accounted for using the equity method	Dividends received	Addition to the perimeter (Note 3)(*)	Other movements (**)	Ending balance
Solarpack Promo2007 Ciento Veintiuno, S.L.	-	332,979	(332,979)	-	-	-
Kabi Solar PTY Ltd.	-	-	-	-	-	-
Ataca Solar Holdco, SpA	577,635	(141,102)	-	-	-	436,533
Ecuador Solar Holdco, S.L.	-	(39,801)	-	901,654	25,550	887,403
Pampul Holdco, S.L.	848,932	54,087	(136,954)	-	-	766,064
Solargés Perú, S.L.	-		-	1,503	1,988	3,492
Gestión Solar Perú, S.A.C. (***)	-	69,602	-	51,987	259,648	381,237
	1,426,567	**275,765**	**(469,933)**	**955,144**	**287,186**	**2,474,729**

(*) Reclassification performed on 1 January 2018. At 2017 December 2017, this ownership interest was recognised under “Non-Current Investments in Group Companies and Associates - Non-Current Equity Instruments in Group Companies and Associates”.
(**) The amount included in the “Other movements” column has been recorded as a credit to reserves, and has been generated as a result of the first incorporation of the aforementioned companies into the consolidation perimeter, dated

1 January 2018. This has been made by incorporating the accumulated reserves corresponding to the Group and not recorded in previous years since those companies were not included in the perimeter.

Fiscal year 2017

	Euros				
	Beginning balance	Share of profits (losses) of companies accounted for using the equity method at 31/12/17	Dividends received	Investment	Ending balance
Solarpack Promo2007 Ciento Veintiuno, S.L.	-	168,464	(168,464)	-	-
Kabi Solar PTY Ltd.	-	(779,523)	-	779,523	-
Ataca Solar Holdco, SpA	736,388	(158,753)	-	-	577,635
Pampul Holdco, S.L.	1,440,302	(445,034)	(146,336)	-	848,932
	2,176,690	**(1,214,846)**	**(314,800)**	**779,523**	**1,426,567**

There are consolidation adjustments that imply that the profit share in companies consolidated by the equity method does not correspond to the application of the share percentage over the result of the exercise of these shares. While applicating the equity method, the group corrects the amount of the margin of the transactions made with companies integrated by equity method, which is recognised in these companies individually. Therefore, the value of investment on Solarpack Promo2007 Ciento Veintiuno, S.L. is equal to zero and the amount recognised in consolidated profit and loss by the method of equity are dividends received from this company. During the first nine months of 2018 there were no dividends distributed by Solarpack Promo2007 Ciento Veintiuno, S.L.

The main aggregates of these associates of the Group are as follows:

Interim reporting period ended 30 September 2018

	Effective percentage of ownership	Euros			
		Share	Capital	Profit or loss for the period	Adjustments for change of value
Solarpack Promo2007 Ciento Veintiuno, S.L.	49%	2,857,510	655,407	374,111	(286,029)
Kabi Solar PTY Ltd.	60% (*)	1,082,619	(1,631,891)	(177,914)	-
Ataca Solar Holdco, SpA	19%	6,345,430	(3,250,455)	(797,431)	-
Ecuador Solar Holdco, S.L.	50%	4,000	1,799,308	(28,501)	-
Pampul Holdco, S.L.	19%	3,445,888	215,836	370,193	-
Solargés Perú, S.L.	50%	3,006	(5,105)	(31)	-
Gestión Solar Perú, S.A.C.	50%	8,648	619,037	134,816	-

(*) Per the agreement entered into by the shareholders, this company is deemed to be a joint venture.

Fiscal year 2017

	Effective percentage of ownership	Euros			
		Share	Capital	Profit or loss for the period	Adjustments for change of value
Solarpack Promo2007 Ciento Veintiuno, S.L.	49%	3,380,057	327,573	474,465	(299,910)
Kabi Solar PTY Ltd.	60% (*)	1,202,146	(1,751,711)	(6,625)	-
Ataca Solar Holdco, SpA	19%	6,124,798	(2,251,346)	(833,266)	-
Pampul Holdco, S.L.	19%	3,903,973	266,737	297,350	-

(*) Per the agreement entered into by the shareholders, this company is deemed to be a joint venture (see Note 25).

7.2 Loans to companies accounted for using the equity method

The Group granted a subordinated loan to Solarpack Promo 2007 Ciento Veintiuno, S.L. in 2011, which was novated on 30 September 2015 with new terms and conditions. The novation agreement establishes a maximum amount of EUR 1,463 thousand with the repayment of the principal within a maximum term of 17 years and 6 months. This loan bears interest at a rate of Euribor + 3.5%. The agreement establishes that the subordinated loan will be payable in a single payment on the maturity date. However, pursuant to the repayment terms and conditions thereof, it may be repaid early by the company -annually and in full or in part- if certain conditions are met. At 30 September 2018, the long-term loan amount totalled EUR 558 thousand (31 December 2017: EUR 858 thousand) and EUR 139 thousand were transferred to short-term. The amount classified at short-term at 31 December 2017, totaling EUR 168 thousand, was repaid in the reporting period.

Also, the Group has granted a loan to Ataca Solar HoldCo, SpA amounting to EUR 2,150 thousand (31 December 2017: EUR 2,080 thousand). This loan matures within twelve months, is automatically renewed if neither party requests otherwise and bears interest of LIBOR12M + 3 %. Pursuant to the loan agreement, it is claimable at short term. However, the directors consider that it will not be repaid in the short term, but have no doubts as to its repayment in the long term. On the basis of the expected cash flows at that company EUR 1,945 thousand and EUR 205 thousand were recognized at short term at 30 September 2018 (31 December 2017: EUR 1,898 thousand and EUR 181 thousand).

In addition, the Group granted a loan to Kabi Solar (PTY) Limited amounting to EUR 769 thousand (31 December 2017: EUR 837 thousand) with a related impairment of EUR 442 thousand (31 December 2017: EUR 335 thousand). Moreover, the interest receivable in relation to this loan amounts to EUR 219 thousand (31 December 2017: EUR 106 thousand). This loan bears interest at an annual rate of 8.5%. Since the Group has not incurred legal or constructive obligations or made payments on behalf of this associate, it has not recognized any liabilities in relation to this ownership interest.

Investments in associates at 30 September 2018 and 31 December 2017 do not include goodwill. Neither are there contingent liabilities related to these investments in associates.

On the Annex 3, other magnitudes of these companies are detailed. None of them are listed.

8. Non-current and current financial assets

The detail, by nature and category for measurement purposes, of the Group's financial assets at 30 September 2018 and 31 December 2017 is as follows:

	Euros				
	30/09/2018				
	At fair value through other comprehensive income (*)	At fair value through profit or loss	At amortised cost (**)	Other tax receivables	Total
Non-current equity instruments	4,030,627	-	-	-	4,030,627
Long-term loans to equity method companies		-	2,503,350	-	2,503,350
Long-term loans to third parties	-	-	90,801	-	90,801
Derivatives	-	726,927	-	-	726,927
Other non-current financial assets	-	-	39,425	-	39,425
Total non-current financial assets	**4,030,627**	**726,927**	**2,633,576**	-	**7,391,130**
Current equity instruments of Group companies and associates	-	-	-	1,170	1,170
Short-term loans to equity method companies	-	-	888,823	-	888,823
Loans to third parties	-	-	19,183	-	19,183
Derivatives	-	1,333,031	-	-	1,333,031
Other current financial assets	-	-	5,112,513	-	5,112,513
Total current financial assets	**-**	**1,333,031**	**6,090,286**	**1,170**	**8,668,123**
Total	**4,030,627**	**2,059,958**	**8,723,862**	**1,170**	**16,193,438**

(*) (*) This heading includes mainly the item called “Available-for-Sale Financial Assets” in 2017.

(**) This heading includes mainly the items called “Loans and Receivables” and “Loans and receivables” in 2017. The amounts are presented net of related impairment losses.

	Euros			
	31/12/2017			
	Available-for-sale financial assets	Loans and receivables	Derivatives	Total
Non-current equity instruments of Group companies and associates	955,144	-	-	955,144
Non-current equity instruments	1,589,941	-	-	1,589,941
Long-term loans to Group companies and associates	-	2,589,404	-	2,589,404
Long-term loans to third parties	-	453,247	-	453,247
Other non-current financial assets	-	39,425	-	39,425
Total non-current financial assets	**2,545,085**	**3,082,076**	**-**	**5,627,161**
Current equity instruments of Group companies and associates	1,170	-	-	1,170
Short-term loans to Group companies and associates	-	976,889	-	976,889
Loans to third parties	-	108,956	-	108,956
Derivatives	-	-	267,516	267,516
Other current financial assets	-	3,669,859	-	3,669,859
Total current financial assets	**1,170**	**4,755,704**	**267,516**	**5,024,390**
Total	**2,546,255**	**7,837,780**	**267,516**	**10,651,551**

Financial assets measured at fair value through other comprehensive income

The Group keeps the investments in Tacna Solar SAC and Panamericana Solar SAC, amounting to 9.5% of the share capital in each, for a combined amount of 4031 thousand euros. As of 31 December, 2017, these investments were recorded at cost value of 1,590 thousand euros under “Available-for-sale financial assets”. In that year, the range of reasonable estimates of fair value was very broad and the probabilities of compliance with the various estimates could not be reasonably assessed, so the Directors recorded said holding at cost. However, during the year 2018, the project has begun to meet the flows expected in the financial model, so the variability of the range of estimates has been reduced and it has been considered possible to value this asset by discounting the expected flows.

In order to measure these ownership interests, the directors considered the most reliable best estimate to be the discounted present value of the projected cash flows based on the business plan and, due to the variability of future cash flows, added a correction factor taking into account historical performance and the sales rate of previous projects. This rate is 11%.

The key variables whereon the Directors have relied to determine the fair value of these companies, in accordance with future forecasts, are the following:

- Power sale price: While in the power sales contract the sale value of the energy, measured in $/MWh produced, is fixed, the contract itself establishes a mechanism for adjusting said price considering the CPI in the United States. The Directors have considered, based on the forecasts of different financial organizations, that the CPI will vary annually by 2% during the life of the contract.

- Incident Radiation: The Directors have considered an incident radiation of 3,152 KWh/m^2/year based on the production study prepared by the technical advisor of the project. The value is obtained from the historical data recorded in the areas where the plants are located.

The Directors have considered the sensitivity of the fair value of these shares to changes in key variables, as well as to the discount rate, considering the following scenarios:

- Scenario 1: Variation of the CPI at 2%-0.5% and 2%+ 0.5%.
- Scenario 2: 5% decrease and increase in the hours of expected energy production
- Scenario 3: Discount rate of 11%-1% and 11%+ 1%

	Thousand euros	
	(-)	(+)
Scenario 1	(407)	438
Scenario 2	(391)	158
Scenario 3	319	(285)

Financial assets at amortised cost

The detail of "Financial Assets at Amortised Cost" at 30 September 2018 and 31 December 2017 is as follows:

	Euros	
	30/09/2018	31/12/2017
Long-term deposits	39,425	39,425
Long-term loans to third parties	90,801	453,247
Loans to related parties	3,411,356	3,566,293
Short-term loans to third parties	69,767	108,956
Short-term deposits	4,386,170	2,826,582
Other current financial assets	726,343	843,277
Total	**8,723,862**	**7,837,780**

(*) Other current financial assets mainly includes a current account with economic interest groupings wherein the Group holds minority interests, which centralize the treasury of the companies of some solar parks that the Group has in Spain.

The Group recognises the loans granted to the investees Tacna Solar, S.A.C. and Panamericana Solar, S.A.C., as well as the interest receivable, under "Long-Term Loans to Third Parties". During the nine-month period ended on 30 September 2018, principal amounting to 177 thousand euros was amortised.

At 30 September 2018, the Group held various term deposits at banks amounting to EUR 3,820 thousand (31 December 2017: EUR 1,966 thousand), with restrictions as to their drawability based on the terms and conditions of the loans arranged to finance the solar PV plants (see Note 14). The short-term deposits earn interest at an average rate of 1.04% (2017: interest at an average rate of 1.46%).

Both the term deposits and the loans earn interest at market rates in the country and currency of the financial asset.

At fair value through profit or loss

At 30 September 2018, long-term derivatives amounting to EUR 727 thousand were recognised under "At Fair Value through Profit or Loss" in relation to forward-starting IRSs arranged in November 2016 for the purpose of mitigating the effects of fluctuations in the 180-day Libor rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under the "Property, Plant and Equipment" of the subsidiaries Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A. These agreements are measured at fair value through profit or loss. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges between 2.5441% and 2.5675%. The notional principal amounts of these contracts total USD 22,400 thousand with the start date in April 2017 and maturity in October 2032. At 31 December 2017, the aforementioned derivative amounting to EUR 180 thousand was recognised under "Current Payables - Derivatives" (see Note 15), according to which the financial debt arising at the subsidiaries that the Group planned to sell in the short term was classified as current in 2017. The change in the aforementioned derivative to 30 September 2018 gave rise to a gain of EUR 848 thousand recognised under “Changes in Fair value of Financial Instruments”.

In addition, the Group has recorded in the short term under “Derivatives” an amount of EUR 346 thousand related to forward contracts in foreign currency. Of this amount, EUR 262 thousand correspond to the fair value as of 30 September 2018 of exchange insurance contracted by the Group to ensure the variation of the rupee exchange rate. The face value thereof amounts to INR 1,043,422 thousand. These derivatives were classified as of 31 December 2017 under the heading “Short-term debt-Derivatives” amounting to EUR 263 thousand (see Note 15). The remaining EUR 84 thousand euros (which at that date had an equivalent value INR 73,294 thousand) correspond to the fair value as of 30 September 2018 of an exchange-rate hedge contract that the Group has with a non-related entity, signed on 7 November 2016 whereby the Group provides exchange rate hedging services by buying Indian rupees and selling US dollars. The amount covered by said derivative will be an amount related to the collections that this third party receives from the equipment supply agreement for a project of the Group in India. The amount of this agreement is 3,865,578 thousand rupees. The hedge dates are variable since they will be equal to the dates wherein the independent third party receives the payments for the equipment supply agreement. This agreement had a suspensive condition, which was not met until 24 January 2017, so until that date the amount insured was zero. At the signing of the hedge contract no premium was paid. The fair value of this derivative as of 31 December 2017 amounted to EUR 268 thousand (the equivalent value whereof at that date amounted to INR 395,719). The key variables whereon the Directors have relied to determine the fair value of that derivative, in accordance with future forecasts, it would be the estimated expiration date, estimated at 1 month. If this moment had been 15 days before/after the value of the derivative are would have modified EUR 2/(2) thousand.

During fiscal year 2017, payments amounting to INR 3,486,664 thousand were settled, which resulted in a positive result for the Group of USD 9,977 thousand, equivalent to EUR 9053 thousand. In turn, the Group partially hedged this risk with hedge contracts with third parties, which represented an expense during the fiscal year 2017 of EUR 1,436 thousand. These figures are included in the financial result under “Variation in fair value of financial instruments”. As of 30 September 2018 and 31 December 2017, there was no living notional corresponding to this partial HEDGE made by the Group.

Under short-term “Derivatives”, the Group has EUR 987 thousand that correspond to the fair value as of 30 September 2018 of an option contracted by the Group to ensure the variation of the variable interest rate of a future debt associated with the Granja Solar project in Chile. The notional principal amount of this agreement totalled USD 60,005 thousand (EUR 50.901 thousand). The Group contracted this option on 26 March 2018, paying a premium of USD 1,415 thousand equivalent to EUR 1,156 thousand. The change in the fair value between the arrangement date and 30 September 2018 gave rise to an expense of EUR 169 thousand recognised under “Changes in Fair value of Financial Instruments”.

The movement of the exercise is as follows:

	31/12/17	Change in fair value with effect in the profit or loss account (*)	Acquisition / Settlement	30/09/2018
Forward foreign currency contracts	267,516	(54,459)	(129,167)	83,891
Forward foreign currency contracts (**)	-	262,211	-	262,211
Interest rate swaps	-	668,675	58,252	726,927
Interest rate option contract	-	(168,895)	1,155,824	986,929
Total Derivatives - Assets	**267,516**	**707,533**	**1,084,910**	**2,059,958**
Forward foreign currency contracts (**)	600,155	(352,103)	(71,434)	176,618
Interest rate swaps	180,306	(180,306)	-	-
Total Derivatives-Liabilities (note 15)	**780,461**	**(532,409)**	**(71,434)**	**176,618**

(*) Additionally, the heading of the profit and loss account for the nine-month period ended 30 September 2018 includes EUR 61 thousand corresponding to the variation in the value of the loan with “ACE Renewable Holding USD, SA”, as explained in Note 12.

(**) During the nine-month period ended on 30 September 2018 some variations were produced that cause that some derivative instruments became debtor (see Note 15).

9. Trade and other receivables

The detail of "Trade and Other Receivables" in the accompanying consolidated statements of financial position as at 30 September 2018 and 31 December 2017 is as follows:

	Euros	
	30/09/2018	31/12/2017
Customers	8,790,200	5,264,710
Trade receivables from related parties (Note 22.1)	320,714	498,222
Other receivables	93,136	342,075
Receivable from public authorities	1,495,515	2,186,940
Total	**10,699,565**	**8,291,947**

The balances of "Trade and Other Receivables" do not differ from their fair values on the basis of their cash flows discounted at market rates. "Trade Receivables" includes an amount of EUR 434 thousand in relation to "Amounts to be Billed for Work Performed", which was generated by reference to the stage of completion. A new project was commenced in 2018. At 30 September 2018, 78% of the costs budgeted in relation to this project had been incurred, EUR 3,602 thousand of which had been billed at that date. The difference not yet billed will be billed in accordance with the milestones established in the contract; having recognised EUR 4,036 thousand as revenue from this project.

"Customers" includes the balances of product sales (power supplies) and the billings to customers for work performed or services rendered not yet collected at the end of the reporting period or year. The main changes on the amount registered is due to advancement of work of previous project and the increase of customers of Telangana Plants by the purchase of energy, which are operating since ending of 2017.

At 30 September 2018 and 31 December 2017, no trade and other receivables had been discounted or advanced.

Credit risk is highly concentrated in relation to the trade receivables because the Group sells most of the energy from each of its solar plants in service to a small number of customers. The directors consider that, since these customers have high credit ratings, the credit risk is not significant and is largely mitigated by the acknowledged solvency of the companies in question. Also, in the case of Chilean accounts receivable, invoices not yet collected are directly enforceable instruments and, in the event of non-payment, the rules of the electricity system in that country establish serious consequences for defaulters. In the case of Indian customers, they are state electricity companies with a high rating.

The maximum exposure to credit risk at the reporting date is the carrying amount of each of the receivables detailed above.

The carrying amounts of the trade receivables are denominated in the following currencies (in euros):

	Euros	
	30/09/2018	31/12/2017
Euros	600,238	426,465
US dollars	1,537,753	2,410,020
Chilean peso	878,364	810,470
Indian rupees	4,593,110	1,617,755
Colombian peso	1,180,735	-
Total	**8,790,200**	**5,264,710**

10. Inventories

The detail of "Inventories" in the consolidated statement of financial position as at 30 September 2018 and 31 December 2017 is as follows (in euros):

	Euros	
	30/09/2018	31/12/2017
Goods	-	80,421,489
Work in progress and semi-finished goods	1,538,151	2,857,112
Finished goods	-	34,679,514
Advances to suppliers	152,473	-
Ending balance	**1,690,624**	**117,958,115**

At 30 September 2018, the Group had only recognised under "Inventories" the construction cost of the solar PV plants that the Group had built for subsequent sale to a third party (see Note 2.5).

At 31 December 2017, the Group recognised under "Work in Progress and Semi-Finished Goods" the construction cost for the Group of the solar PV plants that the Group had built for subsequent sale, or that were under construction, through the subsidiaries Pozo Almonte Solar 1, S.A., Calama Solar 1, S.A. and Calama Solar 2, S.A., as well as other projects that were under development and, during the reporting period, they were transferred to "Property, Plant and Equipment" in the accompanying consolidated statement of financial position. In 2017 the construction of the Calama Solar 1, S.A. and Calama Solar 2, S.A. solar plants was completed and, therefore, the production cost thereof was reclassified to "Finished Goods" at 31 December 2017. In 2017 interest amounting to EUR 248 thousand was capitalised to the production cost of these solar plants, mainly in relation to the Calama Solar 1, S.A. and Calama Solar 2, S.A. solar plants located in Chile (no amount of interest has been capitalised during the first nine months of fiscal year 2018). In accordance with Note 2.5, during the first nine-month period of 2018 these plants were reclassified to property, plant and equipment (see Note 6).

The changes in the inventories of solar plants in the first nine months of 2018 and in fiscal year 2017 were as follows:

	Euros	
	30/09/2018	31/12/2017
Beginning balance	**117,958,115**	**34,069,549**
Change in inventory finished products	-	17,167,332
Changes in goods held for resale	2,558,343	73,714,471
Transfers to property, plant and equipment (Note 6)	(114,618,894)	-
Transfers to Intangible fixed assets (Note 6)	(4,356,879)	-
Translation differences	(107,955)	(9,986,775)
Other (*)	105,421	2,993,538
Ending balance	**1,538,151**	**117,958,115**

(*) (*) Includes, among others, financial expenses and concessions of activated land as an increased cost of the plants.

"Procurements" is broken down as follows:

	Euros	
	30/09/2018	31/12/2017
Purchases of raw materials and other supplies	4,792,486	87,872,193
Changes in goods held for resale	(2,558,343)	(73,714,471)
Total	2,234,143	14,157,722

The Group has taken out insurance policies to cover the risks to which its inventories are subject and considers that the coverage is sufficient.

There are no write-downs in relation to the inventories of work in progress and finished goods and, therefore, it was not necessary to recognise write-downs for obsolescence.

11. Cash and cash equivalents

The detail of "Cash and cash equivalents" in the consolidated statement of financial position as at 30 September 2018 and 31 December 2017 is as follows (in euros):

	Euros	
	30/09/2018	31/12/2017
Cash on hand and at banks	7,595,436	17,444,200
Short-term, highly liquid investments	4,844,109	2,084,549
Total	**12,439,545**	**19,528,749**

At of 30 September 2018 the Group has deposits in short-term credit institutions with a maturity of less than three months for an amount of EUR 4,844 thousand (31 December 2017: EUR 2,085 thousand). At of 30 September 2018 and according to long term financial agreements, an amount of EUR 7,827 thousand (31 December 2017: EUR 8,456 thousand) recorded in Cash and cash equivalents and an amount of EUR 3,820 thousand (31 December 2017: EUR 1,966 thousand) recorded in Other current financial assets has restrictions on use. The restriction is that the treasury cannot be used centrally by the Group, but is destined to the payment of (i) operating expenses and (ii) servicing the debt of the companies holding such treasury, the largest part of which belong to the POWGEN division. Therefore, it should be noted that there is no restriction on this restricted treasury being used to repay long-term financing.

The carrying amounts of cash and cash equivalents of the Group companies are denominated in the following currencies:

	Euros	
	30/09/2018	31/12/2017
Euros	407,319	6,038,993
US dollars	2,056,090	4,263,026
Indian rupees	8,589,616	7,804,757
Other	1,386,520	1,421,973
Total	**12,439,545**	**19,528,749**

12. Consolidated equity and shareholders' equity

12.1 Share capital and share premium

Share Capital

The statement of changes in Net Equity as of 30 September 2018 and 31 December 2017, shows the evolution of the equity attributed to Parent Company's Partners and to minority shareholders during said periods.

At 30 September 2018, the share capital of Solarpack Corporación Tecnológica, S.L. was represented by 400,001 fully subscribed and paid shares, all of which carry the same rights, of EUR 1 par value each. At 30 September 2018 and 31 December 2017, the companies that directly owned more than 10% of the share capital of Solarpack Corporación Tecnológica, S.L. were Beraunberri, S.L. with a 75% ownership interest and Burgest 2007, S.L. with a 14.06% ownership interest and the remainder of the share capital was distributed among other shareholders.

As indicated in note 1, on 17 September 2018, the Board of Solarpack Corporación Tecnológica, S.A. decided through the Extraordinary General Shareholders' Meeting the transformation from Limited Company to Public Corporation, so that the Company's shareholdings have become shares with the same nominal value.

On 24 June 2016, the Company's shareholders, the original shareholders, who held all of the share capital, the Company itself, the other shareholders with interests in the share capital of the subsidiaries- Ataca Solar Holdco, Spa., Pampul Holdco, S.L. and Axa Clean Energy Fund I (ACE) - entered into an agreement whereby certain commitments and undertakings were agreed upon, including most notably:

- The purchase by Falcon Solar S.L.U., a subsidiary of ACE, of 81% of the share capital of the subsidiary Ataca Solar Holdco, Spa. (of which 80% of the share capital is directly owned by the Company), which in turn owns 99% of the subsidiaries of Pozo Almonte Solar 2, S.A., Pozo Almonte Solar 3, S.A. and Calama Solar 3 S.A. (subsidiaries whose main assets are solar PV plants in Chile) and the acquisition of an 81% share of the participating loans granted to the subsidiary.

- The purchase by Falcon Solar, S.L.U., a subsidiary of ACE, of 81% of the share capital of the subsidiary Pampul Holdco, S.L., (of which 80% of the share capital is directly owned by the Company), which in turn owns 99.99% of the subsidiary Moquegua FV, S.A.C. (subsidiary whose main asset is a solar PV plant in Peru).

- Following this share purchase and sale, the composition of the shareholder structure of both companies will be 81% held by Falcon Solar S.L.U. and 19% held by the Company. They will also hold the same proportion of the participating loan granted to Ataca Solar Holdco, Spa. (see Note 8). This participating loan bears interest of 10%.

- Two capital increases will be performed at the Company in 2016, for non-monetary contributions that will be fully subscribed by ACE Renewable Holding USD, S.A., a subsidiary of ACE, after the waiver by the shareholders of their pre-emption rights, which will give rise to a total contribution of USD 5,879,570, including the share premium. Following the capital increases the original shareholders of the Company will hold 93.754% of the company's share capital and ACE Renewable Holding USD, S.A., 6.246%.

- The original shareholders assume, in certain cases, the obligation to repurchase the shares to be subscribed by a subsidiary of ACE in proportion to their ownership interests, and also assume an obligation of a joint and several nature, establishing the bases for the determination of the repurchase price, within a ceiling. A security interest will be established on the distributions that are made to the original shareholders in a subsidiary of ACE.

- Also, the Company grants a subsidiary of ACE a put option over its equity interests in the Company, pursuant to which a subsidiary of ACE will be entitled to sell to the Company, who will purchase, any new shares that were not purchased by the original shareholders in breach of their obligations. In order to guarantee the performance of this obligation by the Company, a security interest was established in the shares retained representing 19% of the share capital of Pampul Holdco, S.L. and Ataca Solar Holdco, Spa, and 19% of the balance of the participating loans granted to the latter subsidiary.

- Under this agreement, the Company has the right to convert ACE Renewable Holding USD, S.A.'s shares into debt through capital reduction, based on a valuation mechanism established in the agreement, in the event of disagreements on matters that require unanimity among the shareholders to be approved at the general meeting (deadlock).

In relation to the put option granted, its activation would occur in the event of default by the original shareholders of the obligation to repurchase the shares, which will arise in any of the following events controlled by the company:

a) Not convening a General Meeting agreeing to the distribution of a minimum dividend agreed upon in the agreement and related to the cash received from the subsidiaries affiliated together with ACE. It is the company, through its Board of Directors, who has control convene meetings an the agendas thereof, with the General Meeting (controlled by the original members) deciding on the possible distribution of dividends. Taking into account the Company's business plan, its financial and equity situation and the fact that the cash flows to be received from the Chilean and Peruvian investees are only slightly relevant with respect to the Company's total cash flows, it is considered that the possibility of not being able to convene a board that can decide on the distribution of the agreed minimum amount would happen in case extremely rare, highly abnormal and very improbable financial and/or mercantile circumstances.

b) Sale by the company of the shareholdings it holds in the companies of Chile and Peru whose majority shareholder is ACE. This decision falls on the company and is therefore under its control.

Therefore, these events are either under the control of the company or they depended on extremely rare, highly abnormal and highly unlikely financial and/or mercantile circumstances, and consequently, the Company considered these contingent settlement clauses as non-genuine (in accordance with the provisions of IAS 32).

Likewise, with respect to the right to conversion into debt and capital reduction, the Company had control over the occurrence of events wherefore unanimity was required between the partners, for which reason it considered these contingent settlement clauses as non-genuine (in accordance with the provisions of IAS 32).

In 2018, the Company had initiated proceedings to obtain financing that implied the need to have certain agreements approved in the General Meeting unanimously, wherefore it was not possible to have the agreement of the partner ACE Renewable Holding USD SA. Therefore, the partners initiated conversations in order to apply the mechanisms of the agreement in events (deadlock).

As a result, and considering the aforementioned facts and agreements, as of 30 June 2018, the Parent Company recorded lower share premium and reserves for the amount equivalent to the return of contributions to the partner ACE Renewable Holding USD SA amounting to 26,649 shareholdings at the rate of one euro each, amounting to 6,338 thousand US dollars, equivalent to 5,437 thousand euros, as well as a debt with said partner for the aforementioned amount recorded under the "Other financial liabilities". The amount of said debt was fixed based on a valuation mechanism previously included in the initial agreement between both parties.

On 9 August 2018, a dividend distribution was agreed to ACE Renewable Holding USD, S.A for the amount of USD 528 thousand - equivalent to EUR 456 thousand - which reduces said debt.

Once the distribution of dividends was agreed on the same day, 9 August 2018, the Extraordinary General Meeting of Shareholders of the Parent Company, pursuant to the mechanisms agreed upon with the ACE subsidiary described above, agreed to reduce capital by 26,649 shareholdings at the rate of one euro each, euros through the substantial amortisation of ownership interests ACE Renewable Holding USD, SA and the subsequent subscription of a loan with said partner for an amount of USD 5,880 thousand, equivalent to EUR 5,072 thousand, recorded on amortized cost liabilities. Likewise, and as the Group already had a liability under this concept, an amount of EUR 61 thousand was registered with charge to the profit and loss account (see Note 14) as a consequence of the difference between the initial amount and the amount finally set on the capital reduction.

The loan subscribed with ACE Renewable Holding USD on 9 August 2018, will be payable on 15 March of 2023 bears an interest of 11%.

At 30 September 2018, the shares of the Company were not listed on any market and the Parent does not hold options or obligations over its own shares. However, on 4 April 2018 the Company's Board of Directors resolved to take certain steps to raise sufficient funds in order to undertake projects in the pipeline, which could include the admission to trading of the Company's shares through an initial public offering.

In the reporting period no grants or donations were received by the Parent Company from its shareholders.

12.2 Translation differences

The detail of the translation differences by country at 30 September 2018 and 31 December 2017 is as follows:

		Euros	
	Local currency	30/09/2018	31/12/2017
India	Indian rupees	(2,201,672)	(1,234,334)
Chile	Chilean peso	(1,279,145)	(771,729)
Chile	US dollars	(695,686)	(864,149)
Spain	US dollars	180,124	89,348
Singapore	US dollars	(137,812)	(148,455)
Other	(*)	(139,921)	(103,958)
Total		**(4,274,112)**	**(3,033,277)**

(*) Mainly includes US dollars

12.3 Equity attributable to non-controlling interests

The changes in "Equity attributable to non-controlling interests" in the consolidated statement of financial position in the first nine months of 2018 and in 2017, were as follows (in euros):

	Euros	
	30/09/2018	31/12/2017
Beginning balance	**4,020,259**	**5,299,949**
Income / (Expense) recognised directly in equity		
Profit for the period	528,131	634,798
Foreign currency translation differences	(2,526)	(725,493)
	4,545,864	**5,209,254**
Dividends paid to non-controlling interests	-	(3,992,525)
Changes in the perimeter	-	1,420,905
Other changes	(27,878)	1,382,625
Ending balance	**4,517,986**	**4,020,259**

* The other changes in 2017 relate mainly to the contributions made by non-controlling interests based on their percentages of ownership.

The detail of the ownership interests of the main non-controlling interests at 30 September 2018 and 31 December 2017 is as follows (in euros):

Company	Company activities	Euros		
		30/09/2018		
		% of ownership	Profit (Loss) for the period	Accumulated reserves
PMGD Holdco, S.L.	Design, development and construction of solar PV plant facilities	20%	(117)	1,140,998
PMGD Holdco Chile, S.L.	Operation of solar PV facilities	20%	4,098	975,910
Padmajiwadi Solar Pte, Ltd	Operation of solar PV facilities	17.36%	35,353	242,159
Gummadidala Solar Pte, Ltd	Operation of solar PV facilities	17.36%	40,994	421,079
Thukkapur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	38,533	343,293
Renjal Solar Pte, Ltd	Operation of solar PV facilities	17.38%	52,520	352,081
Ghanpur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	46,302	313,282
Achampet Solar Pte, Ltd	Operation of solar PV facilities	17.36%	161,069	230,476
Spk Services Singapore Pte Ltd	Operation of solar PV facilities	5%	37,231	24,555
Calama Solar 1, S.A.	Operation of solar PV facilities	20%	49,964	(71,527)
Calama Solar 2, S.A.	Operation of solar PV facilities	20%	49,037	(109,954)
Pozo Almonte Solar 1, S.A.	Operation of solar PV facilities	20%	13,148	176,612
Total			**528,132**	**3,989,854**

Company	Company activities	Euros		
		31/12/2017		
		% of ownership	Profit (Loss) for the period	Accumulated reserves
PMGD Holdco, S.L.	Design, development and construction of solar PV plant facilities	20%	(296)	1,056,660
PMGD Holdco Chile, S.L.	Operation of solar PV facilities	20%	(4,648)	902,510
Padmajiwadi Solar Pte, Ltd	Operation of solar PV facilities	17.36%	48,462	217,942
Gummadidala Solar Pte, Ltd	Operation of solar PV facilities	17.36%	137,086	326,308
Thukkapur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	47,821	330,363
Renjal Solar Pte, Ltd	Operation of solar PV facilities	17.38%	59,657	328,464
Ghanpur Solar Pte, Ltd	Operation of solar PV facilities	17.34%	20,066	329,733
Achampet Solar Pte, Ltd	Operation of solar PV facilities	17.36%	35,097	218,782
Spk Services Singapore Pte Ltd	Operation of solar PV facilities	5%	334,293	(346,211)
Calama Solar 1, S.A.	Operation of solar PV facilities	20%	3,007	(84,720)
Calama Solar 2, S.A.	Operation of solar PV facilities	20%	(53,306)	(58,105)
Pozo Almonte Solar 1, S.A.	Operation of solar PV facilities	20%	7,560	163,734
Total			**634,799**	**3,385,460**

The financial information of the companies with non-controlling interests at 30 September 2018 and 31 December 2017 is included in Appendix III accompanying these notes to the consolidated financial statements.

13. Provisions

Provisions for dismantling costs and restoration work

An obligation arises to incur dismantling and restoration costs when a change caused by development or production in the course of business arises. The costs are estimated based on a formal closure plan and are subject to a formal review.

Certain subsidiaries whose facilities are recognised under property, plant and equipment (see Note 6), are obliged to recognise future dismantling costs when removing the facilities from their original site at the end of the concession arrangement. As a general rule, when the construction period of these plant facilities ends, the Group records a provision for the present value of the discounted cash flows. Specific changes in measured dismantling liabilities will entail a modification to the cost of the corresponding asset; the asset's adjusted depreciable amount will subsequently be depreciated on a prospective basis throughout the remainder of its useful life.

Provisions for warranties

There are Group companies with obligations to guarantee and cover any inconsistency that may arise from the delivery of materials, supplies and spare parts and penalties due to delays in the connection of certain solar power plants. At 30 September 2018 and 31 December 2017, the Group recognised provisions for these items based on best possible estimates.

At 30 September 2018 and 31 December 2017, there were no material provisions or contingent liabilities that were not recognised or disclosed in these summarised interim consolidated financial statements and the corresponding explanatory notes thereto.

The changes in "Provisions" in the first nine-months of 2018, and in 2017 were as follows (in euros):

	Euros
	Amount
At 1 January 2017	**381,180**
Charge for the period	343,212
Reversals	-
Amounts used	(38,197)
Transfers and other changes (*)	(29,446)
At 31 December 2017	**656,749**
Charge for the period	97,074
Reversals	(102,536)
Amounts used	(45,935)
As of 30 September 2018	**605,352**
2018	
Long-term provisions	417,939
Short-term provisions	187,413
2017	
Long-term provisions	324,645
Short-term provisions	332,104

(*) Mainly relating to foreign currency exchange rate fluctuations.

The long-term provisions at 30 September 2018 relate, mainly, to the provision covering the costs of dismantling certain plants recognised under "Property, Plant and Equipment", totalling EUR 300 thousand (31 December 2017: EUR 279 thousand), since, as they must be removed from their current sites at the end of the term of the concession arrangement on the land on which they are located and, in one case, in compliance with local environmental legislation. The remainder of the amount recognised under "Property, Plant and Equipment" relates mainly to provisions for warranties of the same nature as those recognised under short-term provisions.

Short-term provisions at 30 September and 31 December 2017 relate to provisions to guarantee and cover any flaws that could arise in the materials, supplies and spare parts delivered and provisions for penalties due to the delay in connection of certain solar power plants.

Court proceedings and / or claims in process

Note 20 of the annual report of the consolidated financial statements of the Group for the year ended 31 December 2017 provides information on legal proceedings and/or claims in progress as of that date. During the first nine months of 2018 there have been no significant changes in this matter, except for:

- There were two judicial proceedings filed by contractor and subcontractor workers against Solarpack Uruguay SA, for the payment of different salary concepts, among others. In relation to one of these, a ruling at first instance was handed down on 19 February 2018 dismissing the employees' claim. The court decision was not subject to appeal by the employees and accordingly, is final. In relation to the second of the legal proceedings, on 2 April 2018 a ruling at first instance was handed down declaring the lack of standing of Solarpack Uruguay S.A. to be sued. The employees' appeal against the ruling of lack of standing was answered by Solarpack Uruguay, S.A. on 15 May 2018. At the date of preparation of the interim consolidated financial statements this appeal lies at the second instance and is awaiting resolution by the court of appeal.

Both the Group's legal advisers and the directors of the Parent consider that the conclusion of these proceedings and claims will not have an additional material effect on the summarised interim consolidated financial statements and the explanatory notes thereto for the nine-month period ended 30 September 2018 and, accordingly, it was not considered necessary to recognise any provision in respect of this matter.

14. Bank borrowings and other financial liabilities

The detail of "Bank Borrowings and Other Financial Liabilities" in the consolidated statement of financial position as at 30 September 2018 and 31 December 2017 is as follows (in euros):

	Euros	
	30/09/2018	31/12/2017
Non-current		
Bank borrowings associated with solar PV plants	78,113,872	3,352,146
Subordinated debt with non-controlling interests related to solar PV plants	3,416,639	-
Other financial liabilities	9,636,769	-
	91,167,280	**3,352,146**
Current		
Bank borrowings	2,857,099	27,569
Bank borrowings associated with solar PV plants	7,212,719	85,098,029
Subordinated debt with non-controlling interests related to solar PV plants	494,787	3,717,218
Other financial liabilities	527,997	5,271,993
	11,092,602	**94,114,809**
Total	**102,259,882**	**97,466,955**

Under "Debts with credit entities associated with photovoltaic plants" and "Subordinated debt with minority shareholders related to photovoltaic plants" there has been a short-term reclassification that is explained by the accounting criteria described in Note 2.5, according to which the financial debt from the subsidiaries that the Group had planned to sell in the short term was classified as current in 2017. In 2018 the Group modified its sales strategy as described in Notes 2.5 and 6, and classified the bank borrowings in proportion to the contractual terms and conditions agreed upon with the banks in question.

At 30 September 2018 and 31 December 2017, the balance of "Bank Borrowings Associated with Solar PV Plants", at short and long term, includes mainly the total outstanding at the end of the reporting period of the banks loans related to the financing of the solar PV plants recognised under "Property, Plant and Equipment" (see Note 6). Below, we list the conditions, as well as the obligations of the main loans that make up this heading:

- EUR 3,457 thousand (31 December 2017: EUR 3,708 thousand) relate to loans granted to investment companies operating solar PV plants in Spain in order to finance them. These were refinanced in 2015, extending the repayment schedule, with final maturities falling between 2027 and 2030. The change in these conditions was not considered substantially different under the criteria of IAS 39. The accounting treatment adopted by IFRS 9 for this type of restructuring is different from that of IAS 39, since it requires adjusting the amount of the debt in balance to the sum of the modified flows discounted at the original effective interest rate, maintaining said rate for the exercises after the restructuring. With respect to this refinancing, the IFRS has not had an impact on 1 January. This financing bears interest at 1.75% plus a floating interest rate tied to Euribor. These agreements are subject to compliance with covenants. Compliance is achieved taking into account the consolidated figures of the Economic Interest Grouping (E.I.G) with which certain Group companies have a contractual ownership agreement. The financial ratio to be achieved is understood to be the "Debt Service Coverage Ratio (DSCR)" at 31 December of each year, based on dividing the net operating income and the total debt service.

- EUR 26,636 thousand (31 December 2017: EUR 26,960 thousand) relate to the amount outstanding of the loans granted for the financing of the Chilean plants with final maturity in 2032. This financing bears interest tied to the 180-day Libor rate plus a market spread (4.75%). These agreements are subject to affirmative and negative covenants. The former refer to the establishment and maintenance of adequate accounting systems, maintenance of the property and necessary permits, compliance with the applicable legislation at all times, furnishing of both their own financial statements and those of the direct shareholder and other financial information, submitting them to audit and maintaining a minimum legal working capital, among other requirements. Furthermore, there are also restrictions on the indebtedness permitted, sale of assets, granting of loans and/or incurring additional debt, among others.

- EUR 55,233 thousand (31 December 2017:EUR 57,782 thousand) relate to the amount outstanding of the loans granted for the financing of plants located in India with final maturity in 2033, of which INR 33 million, equal to EUR 396 million, were drawable at 30 September 2018 (31 December 2017: INR 224 million). This financing bears interest at a fixed annual rate of 10.10% (10.8% effective interest rate). These agreements are associated with certain guarantees related to the company's properties and require the fulfilment of certain covenants.

At 30 September 2018, of the aforementioned amounts in the preceding paragraphs, a total of EUR 85,048 thousand relate to non-recourse borrowings with financial institutions (31 December 2017: EUR 88,450 thousand). At 30 September 2018 and at 31 December 2017, the Group was complying with the contractual terms and conditions.

The main changes in current "Bank borrowings" are due to the credit lines disposal.

The local currencies of the carrying amount of long-term and short-term bank borrowings (both associated with solar PV farms and not associated) are as follows:

	Euros	
	30/09/2018	31/12/2017
Euros	6,318,743	3,728,044
US dollars	26,632,439	26,959,779
Indian rupee	55,232,508	57,782,327
Chilean peso	-	7,594
Total	**88,183,690**	**88,477,744**

The exposure of the Group's bank borrowings' to fluctuations in interest rates is as follows:

	Euros		
	Balance	Within one year	Within more than one year
As of 30 September 2018	**88,183,690**	**10,069,818**	**78,113,872**
Debt with credit institutions for variable interest rate	34,898,806	5,533,187	29,365,619
At 31 December 2017	**88,477,744**	**85,125,598**	**3,352,146**
Debt with credit institutions for variable interest rate	30,311,924	26,959,778	3,352,146

The detail of "Subordinated Debt with Non-Controlling Interests Related to Solar PV Plants" -both current and non-current- is as follows:

	Euros	
	30/09/2018	31/12/2017
Non-controlling interests subordinated debt - Small Distributed Generation Facilities Project	1,943,885	1,757,784
Convertible debentures - Project Telangana	1,967,541	1,959,434
Total	**3,911,426**	**3,717,218**

The subordinated non-recourse debt granted by the non-controlling interest of PMGD Holdco and PMGD Holdco Chile bears annual interest at a rate equal to LIBOR plus a spread of 668 points, the repayment of the principle and payment of interest of which would be subordinated to the obligations entered into with the financing entities of the PMGD project.

The Group can draw on financing granted by the non-controlling interests of Achampet Solar Private Limited, Ghanpur Solar Private Limited, Gummadidala Solar Private Limited, Thukkapur Solar Private Limited, Padmajiwadi Solar Private Limited and Renjal Solar Private Limited. This financing was instrumented through contributions of instruments convertible into shares or Compulsory Convertible Debentures (CCDs). CCDs are quasi-equity instruments that are convertible into shares at market value without a change in the shareholding ratio of the partners. Until conversion they are considered as debt, earning an interest of 16.99% and having a 18-year term. The group has contributed funds in the form of CCDs in the same proportion as their share in the social capital in each society. The detail of "Other Current Financial Liabilities" is as follows:

	Euros	
	30/09/2018	31/12/2017
Axa Clean Energy Fund I loan (*)	5,056,437	-
Loans for concessions of land (**)	4,580,332	-
Total	**9,636,769**	**-**

(*) Payment of capital and conversion into debt of the ownership interests acquired in 2016 by a subsidiary of Axa Clean Energy Fund I (ACE) (see Note 12).
(**) Loan associated with the concession of land (recognised under "Intangible Assets - Concessions") located in Chile, which amounts to EUR 4,357 thousand as of 30 September 2018 (see Note 6) EUR 4,762 thousand as of 31 December 2017 recognised in the short term under "Current Liabilities - Other Financial Liabilities").

The detail of “Other Current Financial Liabilities” is as follows:

	30/09/2018	31/12/2017
Loans for concessions of land (**)	-	4,762,219
Project Telangana - non-controlling interest loan	527,997	509,774
Total	**527,997**	**5,271,993**

(**) Loan associated with the concession of land (recognised under “Intangible Assets - Concessions”) located in Chile, which amounts to EUR 4,357 thousand as of 30 September 2018 (31 December 2017: EUR 4,762 thousand recognised under “Current Liabilities - Other Financial Liabilities”).

The effective interest rates at the end of the reporting period where those customary on the market (benchmark rate plus a market spread), and there was no significant difference in relation to other companies of a similar size, risk and level of indebtedness. As of 30 September 2018, the book value of the financial debt does not differ significantly from its fair value. This fair value was calculated considering, among others, factors such as country risk, credit risk of the counterparty, credit rating, etc. In the case of debt at a fixed rate, said fair value is similar to its book value given that the rate applicable to such financing is similar to the market rate.

At 30 September 2018 and 31 December 2017, the contractual maturities of bank borrowings both related and not related to solar PV farms and other financial liabilities are as follows (in euros):

	Euros		
	Less than 1 year	Between 1 and 5 years	More than 5 years
As of 30 September 2018			
Bank borrowings (*)	10,239,443	21,002,185	58,942,712
Subordinated debt with non-controlling interests related to solar PV plants	494,787	2,856,055	560,582
Other financial liabilities	527,997	3,820,259	5,816,513
At 31 December 2017 (**)			
Bank borrowings (*)	6,133,474	16,736,890	67,626,420
Subordinated debt with non-controlling interests related to solar PV plants	359,074	2,422,589	935,555
Other financial liabilities	509,655	516,628	4,245,710

(*) Debt arrangement expenses amounting to EUR 2,001 at 30 September 2018 (31 December 2017: EUR 2,019), are excluded.

(**) The financial debt from the subsidiaries that the Group had planned to sell in the short term was classified as current.

Set forth below is a reconciliation of the carrying amount of the liabilities arising from financing activities, including derivatives, disclosing separately the changes that generate cash flows from those that do not.

	31/12/2017	Cash flows	Without impact of flows			30/09/2018
			Variation in fair value	Reclassifications	Other (*)	
Non-current payables	3,352,146	904,272	60,510	85,624,293	1,226,059	91,167,280
Current payables	94,895,270	536,063	(532,409)	(85,624,293)	1,994,589	11,269,220
Total liabilities arising from financing activities	**98,247,416**	**1,440,335**	**(471,899)**	**-**	**3,220,648**	**102,436,500**

(*) Corresponds mainly to netting between the obligation assumed by the Group in relation to the repurchase of shares explained in Note 12, differences in the conversion of debts in other currencies and debts for accrued financial expenses.

Lastly, the Group has the following credit lines (in euros):

	Euros			
	30/09/2018		31/12/2017	
	Limit	Amount Used	Limit	Amount Used
Credit lines	12,524,004	3,146,419	8,500,000	-

The maturity of the aforementioned lines is fixed in fiscal year 2019 and following. During the third quarter of 2018, few credit policies were disposed for an amount of EUR 3,146 thousand, EUR 2,857 of which were recorded on "Current Bank borrowings" and the remaining amount on "Current Bank borrowings associated with solar PV plants".

The effective interest rate borne at 30 September 2018 and 31 December 2017 varies between 1.35% and 2.35% plus floating interest tied to Euribor.

15. Derivative financial instruments

The detail the derivative financial instruments at 30 September 2018 and 31 December 2017 is as follows (in euros):

	Euros			
	Derivatives - assets (see Note 8)		Derivatives - liabilities	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Forward foreign currency contracts	346,102	267,516	176,618	600,155
Interest rate option contract	986,929	-	-	-
Interest rate swaps	726,927	-	-	180,306
Total	**2,059,958**	**267,516**	**176,618**	**780,461**

The detail of the derivative financial instruments arranged by the Group is as follows:

- EUR 177 thousand (31 December 2017: EUR 600 thousand) relate to the fair value at 30 September 2018 of various currency forwards arranged by the Parent Company. The hedged currencies are the Indian rupee and the Colombian peso. One of this derivatives, valued on EUR 263 thousand at 31 December 2017, was classified at 30 September 2019 on "Current Financial Assets – Derivatives". The par value thereof was INR 286,466 thousand and COP 444,295 thousand (31 December 2017: INR 1,329,888 thousand, no derivative was linked to the Colombian peso at the end of the 2017). The euro equivalent amounts to EUR 12,427 thousand and EUR 125 thousand, respectively (31 December 2017: EUR 15,591 thousand). The gains and losses due to changes in these financial instruments are recognised in the consolidated statement of profit or loss under "Changes in Fair Value of Financial Instruments" as a benefit of EUR 614 thousand, EUR 352 thousand corresponding to liability derivative and 262 corresponding to asset derivative (see Note 8). The average hedged exchange rate amounts to INR/EUR 82 and COP/EUR 3.462. The settlement date occurs in the later months of the reporting period in 2018.

- EUR 180 thousand at 31 December 2017 related to forward-starting IRSs arranged in November 2016 for the purpose of mitigating the effects of fluctuations in the 180-day Libor rate, which is used to establish the borrowing costs of loans entered into with banks to finance the construction of the solar plants recognised under the “Property, Plant and Equipment” of the subsidiaries Calama Solar 1, S.A., Calama Solar 2, S.A. and Pozo Almonte Solar 1, S.A. These arrangements are measured, as are other financial liabilities. at fair value through profit or loss. The interest is borne on a six-monthly basis, when the Group is obliged to receive a floating interest rate (180-day Libor) and pay according to a fixed rate that ranges between 2.5441% and 2.5675%. The notional principal amounts of these contracts total USD 22,400 thousand with the start date in April 2017 and maturity in October 2032. The change therein to 30 September 2018 amounted to EUR 848 thousand recognised under “Changes in Fair Value of Financial Instruments”. This change resulted in the balance of the derivative becoming an account receivable, and is recognised as such under “Non-Current Financial Assets - Derivatives” (see Note 8).

16. Trade and other payables

The detail of “Trade and Other Payables” at 30 September 2018 and 31 December 2017 is as follows:

	Euros	
	30/09/2018	31/12/2017
Payable to suppliers	5,725,691	9,867,039
Sundry accounts payable	5,903	5,777
Personnel (unpaid wages).	682,441	2,008,824
Other accounts payable to public authorities (Note 17)	938,545	2,448,758
Customer advances	1,078,530	1,333
Total	**8,431,110**	**14,331,731**

The main changes in “Trade and Other Payables” are due to the payments related to Telangana project’s plants construction for an amount of EUR 3,786 thousand. Furthermore, the changes in 2018 on “Personnel” are due to the payment of the bonus for which provisions were recognised in 2017 for approximately EUR 1.527 thousand as unpaid wages. Also, “Customer Advances” include an advance collected in 2018 amounting to EUR 962 thousand for the development of a Chilean project.

The fair value of these amounts payable does not differ from their carrying amount.

17. Receivable from public authorities

The detail of “Trade debtors and other Receivables - Tax Receivables” and “Trade creditors and Other Payables -Tax Payables” on the asset and liability sides, respectively, of the accompanying consolidated statement of financial position as at 30 September 2018 and 31 December 2017 are as follows:

	Euros	
	30/09/2018	31/12/2017
Tax receivables -		
VAT refundable	805,520	2,002,009
Income tax withholdings receivable	550,868	184,868
Other tax receivables	139,127	63
	1,495,515	**2,186,940**
Tax payables -		
VAT payable	267,990	476,958
Personal income tax withholdings payable	164,670	181,464
Income tax payable	417,052	1,608,324
Other tax payables	6,063	114,476
Accrued social security taxes payable	82,770	67,536
	938,545	**2,448,758**

18. Tax situation

The Parent files consolidated tax returns, Beraunberri, S.L. being parent of that tax group in Biscay (see Note 12), with the subsidiaries listed below:

- Acrux Uno, S.L.U.
- Antlia Dos, S.L.U.
- Andromeda Veintiséis, S.L.U.
- Cruz del Sur Cuarentainueve, S.L.U.
- Orión Setentaicuatro, S.L.U.
- Solarpack Promo2007 Treintaitres, S.L.U.
- Solarpack Promo2007 Treintaicinco, S.L.U.
- Solarpack Promo2007 Cincuentaisiete, S.L.U.
- Solarpack Promo2007 Sesentaitres, S.L.U.
- Solarpack Promo2007 Setentaidos, S.L.U.
- Solarpack Promo2007 Ochentaidos, S.L.U.
- Solarpack Monclova, S.L.
- Spk. Alvarado, S.L.
- Pedroso Solar, S.L.

The other Solarpack Group companies file individual tax returns in accordance with the legislation in force in their respective jurisdictions.

The Group has calculated the provision for Corporate Tax as of 30 September 2018, applying current tax regulations. However, if, as a consequence of tax reforms, tax treatments different from those contemplated in the current regulations are revealed, they would be immediately applied in the financial statements filed after said approval.

The account payable resulting from the estimate of the calculation of Corporation Tax for the interim period ended on 30 September 2018 is recorded under the heading “Payables to Public Authorities” of the accompanying consolidated summarised balance sheet.

18.1 Deferred taxes

The detail, by item and location, of "deferred taxes" in the consolidated statements of financial position as at 30 September 2018 and 31 December 2017 is as follows (in euros):

<u>At 30 September 2018</u>

	Euros			
	Spain	America	Rest of Europe and other	Total
Deferred tax assets				
Temporary differences	171,527	3,467,888	173,986	3,813,401
Tax loss carryforwards	947,438	5,951,369	-	6,898,807
Tax credits	522,366	-	-	522,366
Offsetting of deferred tax assets and deferred tax liabilities (**)	(1,077,584)	(5,839,571)	-	(6,917,155)
	563,747	**3,579,686**	**173,986**	**4,317,419**
Deferred tax liabilities				
Temporary differences - depreciation and amortisation (*)	1,089,175	6,518,876	1,124,925	8,732,976
Other temporary differences	67,619	413,739	-	481,358
Offsetting of deferred tax assets and deferred tax liabilities (**)	(1,077,584)	(5,839,571)	-	(6,917,155)
	79,210	**1,093,044**	**1,124,925**	**2,297,179**
Net balance	**484,537**	**2,486,641**	**(950,939)**	**2,020,240**

(*) These temporary differences arose due to the accelerated depreciation for tax purposes taken on the plants owned by the Group.

(**) Offsetting of deferred tax assets and deferred tax liabilities

<u>At 31 December 2017</u>

	Euros			
	Spain	Americas	~~otros~~ Rest of Europe and others	Total
Deferred tax assets				
Temporary differences	42,179	3,618,325	248,733	3,909,237
Tax loss carryforwards	940,484	5,242,810	-	6,183,294
Tax credits	727,336	29,982	-	757,317
Offsetting of deferred tax assets and deferred tax liabilities (**)	*(1,517,984)*	*(5,188,790)*	-	*(6,706,774)*
	192,015	**3,702,327**	**248,733**	**4,143,075**
Deferred tax liabilities				
Temporary differences - depreciation and amortisation	1,334,783	-	-	1,334,783
Temporary differences - inventories (*)		5,638,548	-	5,638,548
Other temporary differences	274,382	275,940	316,159	866,481
Offsetting of deferred tax assets and deferred tax liabilities (**)	*(1,517,984)*	*(5,188,790)*	-	*(6,706,774)*
	91,181	**725,698**	**316,159**	**1,133,038**
Net balance	**100,834**	**2,976,629**	**(67,426)**	**3,010,037**

(*) These temporary differences arose due to the depreciation taken on the plants in 2017 the Group companies classified the individual plants as "Property, Plant and Equipment", whereas they were recognised under "Inventories" at consolidated level, according to the accounting policy described in Note 2.5, so they were not subject to depreciation

(**) Offsetting of deferred tax assets and deferred tax liabilities (see Note 3.9)

The total net changes in "Deferred Tax Assets" were as follows:

	Euros	
	30 September 2018	31 December 2017
Beginning balance	4,143,075	2,342,860
Additions to / (exclusions) from the scope of consolidation (Note 2.8)	-	(2,981)
(Charge) / Credit to profit or loss (Note 19)	174,345	1,803,943
Transfers and reclassifications	-	(747)
Ending balance	**4,317,420**	**4,143,075**

The total net changes in "Deferred Tax Liabilities" were as follows:

	Euros	
	30 September 2018	31 December 2017
Beginning balance	1,133,038	1,657,657
Additions to / (exclusions) from the scope of consolidation (Note 2.8)		
(Charge) / Credit to profit or loss (Note 19)	1,110,089	(524,619)
Other changes	54,053	-
Ending balance	**2,297,180**	**1,133,038**

In application of the measurement bases indicated in Note 3.9, for presentation purposes certain Group companies offset their deferred tax assets and liabilities at 30 September 2018 and 31 December 2017.

Several Group companies are involved in the construction of the solar power plants that the Group has recognised mainly under property, plant and equipment (see Note 6) and inventories at 31 December 2017 (see Note 10), as the case may be. The unrealised gains on these transactions are eliminated, thereby giving rise to a tax effect on these unrealised gains that are mainly recovered in the reporting period when the sale occurs of the ownership interests of the subsidiaries who own these solar PV farms or from their depreciation. At 30 September 2018, the Company recognised deferred tax assets in this connection amounting to EUR 2,289 thousand (31 December 2017: EUR 2,839 thousand).

Tax loss carryforwards and other unused tax assets are recognised to the extent that it is probable that such tax losses and assets are realised through the availability of future tax benefits.

The Group did not recognise deferred tax assets amounting to EUR 764 thousand (31 December 2017: EUR 574 thousand). In relation to losses to be offset against the taxable profit of future reporting periods relating to subsidiaries amounting to EUR 2,838 thousand (31 December 2017: EUR 2,146 thousand), EUR 1,690 thousand relate to Solarpack Development, Inc. (31 December 2017: EUR 1,435 thousand).

The recoverability of the tax asset arising from the tax loss carryforwards and tax credits of the Group at 30 September 2018 amounting to EUR 7,437 thousand (31 December 2017: EUR 6,941 thousand) is reasonably certain within 15 years.

The tax loss carryforwards and the tax credits generated in the tax group have a limit on offset of 15 years from the year of generation, however, for those generated prior to 1 January 2014 the limitation period will run from that date.

The Chilean companies through which the Group owns solar power plants recognised tax loss carryforwards at 30 September 2018 amounting to EUR 5,534 thousand (31 December 2017: EUR 5,243 thousand), for the most part they do not have a limitation period and are generated by temporary differences stemming from the deductibility for tax purposes of certain costs incurred in the construction of plant. They also gave rise to deferred tax liabilities amounting to EUR 5,288 thousand (2017: EUR 4,947 thousand). The Group expects to recover these assets within 15 years.

18.2 Income tax

The detail of the income tax relating to the nine-month periods ended 30 September 2018 and 2017 is as follows (in euros):

	Euros	
	Nine-month period ended 30 September 2018	Nine-month period ended 30 September 2017
Current tax (expense) / benefit	48,075	2,941,533
Change in net deferred taxes	935,744	(2,990,765)
Total tax expense / (benefit) from continuing operations	983,819	(49,232)

The reconciliation of the consolidated accounting profit to aggregate income tax is as follows:

	Euros			
	Three-month period ended 30.09.18	Three-month period ended 30.09.18	Nine-month period ended 30.09.18	Nine-month period ended 30.09.17
Consolidated profit before tax	**(19.368)**	**(968.964)**	**3.797.531**	**4.446.534**
Increases (decreases) due to permanent differences				
- Company dividends accounted for using the equity method (Note 7)	102.882	-	(469.933)	-
Group company dividends (consolidation adjustment) (*)	74.500	(152.306)	(180.425)	(7.359.374)
Other adjustments to profit before tax on consolidation (**)	(96.102)	(1.444.549)	(1.565.839)	12.469.537
Adjusted accounting profit	**61.912**	**(2.565.818)**	**1.581.334**	**9.556.698**
Gross tax calculated excluding "Other consolidation adjustments"	(89.684)	(420.226)	463.680	1.642.076
Adjustments to prior years' profits or losses	-	-	(31.415)	333.129
Tax expense (tax benefit) associated with consolidation adjustments (**)	(23.064)	(205.208)	497.040	(2.024.437)
Recognised income tax (expense) / benefit	**(112.748)**	**(625.434)**	**929.305**	**(49.232)**
Adjustment of tax rates	**-**		**54.514**	**-**
Income tax on earnings from continuing operations	**(112.748)**	**(625.434)**	**983.819**	**(49.232)**

(*) In 2018 the dividend distributed by the Spanish companies was adjusted, in 2017 it related to the adjustment to the dividend corresponding to Solarpack Singapur.

(**) Mainly, corresponding to the consolidation adjustments in relation to the net value of the solar PV plants registered as Inventories and Property, plant and equipment

The theoretical tax rates vary according to the various locations, the main rates being as follows:

	Nominal rate	
	2018	2017
Vizcaya	26%	28%
Rest of Spain	25%	25%
Chile	27%	28%
Peru	28% / 30%	28% / 30%
India	27.55%	27.55%
Singapore	17%	17%

In general terms the years open for review are those that are not statute-barred pursuant to the various laws applicable to each of the Group companies, the period of which is established at four years from when the obligation becomes due and payable and the period for the filing of the tax expires.

The legislation applicable for the 2018 income tax return of the Parent is Vizcaya Regulation 11/2013, of 5 December.

On 27 March 2018, the Vizcaya Official Gazette published the Vizcaya Regulation 2/2018, of 21 March, characterising certain European long-term investment funds for tax purposes and amending the Vizcaya regulations on personal income tax, property tax, corporation tax, capital transfer tax and stamp duty, inheritance and gift tax, the tax framework of cooperatives and the Vizcaya General Tax Regulation. This tax reform came into force the day following its publication on 28 March 2018 and is effective for the tax periods beginning on or after 1 January 2018.

In relation to the reform of income tax, significant amendments were introduced, including, among others, the reduction of the tax rate, which falls from 28% in 2017 to 26% in 2018 and 24% from 2019, the establishment of a 50% limit on the offset of tax loss carryforwards, the reduction of the limits of deduction of tax credits in tax payable and the establishment of limits on deduction of tax credits that were previously unlimited. Also, a minimum tax rate and an instalment payment method is established. In the nine-month period ended 30 September 2018 the adjustment for the change of tax rate amounted to EUR 55 thousand.

19. Operating income and expenses of continuing operations

19.1 Revenue

The breakdown of revenue for the three and nine month periods ended 30 September 2018 and 2017, is as follows (in euros):

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Power sales	3,772,840	1,094,710	12,399,512	2,252,079
Plant development and construction sales	3,031,303	2,360,676	4,796,142	2,741,012
Solar power plant sales	-	-	-	220,722
Services	793,851	439,995	2,833,361	2,661,924
Total	**7,597,994**	**3,895,381**	**20,029,015**	**7,875,737**

The change in the power sales relates, on the one hand, to the inclusion of the sales of power generated by the solar PV plants of Calama Solar 1, SpA, Calama Solar 2, SpA and the solar PV plants of the subsidiaries located in India that began operations in October and November 2017. Plant development and construction sales relate to the revenue based on the stage of completion, mainly form the project located in Colombia.

Of total revenue, the amounts billed in currencies other than the euro are as follows:

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Indian rupees	2,343,136	46,462	8,440,934	408,268
Chilean peso	1,215,833	893,867	3,361,479	1,665,920
Colombian peso	3,020,357	-	4,035,827	-
US dollars	436,954	2,515,454	2,202,553	3,981,395
Total	**7,016,280**	**3,455,783**	**18,040,793**	**6,055,583**

19.2 Other operating income

The detail of "Other Operating Income" in the accompanying consolidated statements of profit or loss for the three- and nine-month periods ended 30 September 2018 and 2017 is as follows (in euros):

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Non-core and other current operating income	14,150	113,653	62,003	1,797,947
Income-related grants transferred to profit or loss	-	-	46,712	-
Total	**14,150**	**113,653**	**108,715**	**1,797,947**

In the first nine months of 2017 the amount recognised under "Non-Core and Other Current Operating Income" relates mainly to the income arising from the ruling on a proceeding with a supplier which was in the Group's favour.

19.3 Staff costs

The detail under "Staff costs" in the accompanying consolidated statements of profit or loss for the nine-month periods ended 30 September 2018 and 2017 is as follows (in euros):

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Wages and salaries	1,245,208	1,022,713	3,899,818	3,592,724
Employer social security costs	332,011	502,584	927,224	1,068,199
Total	**1,577,219**	**1,525,297**	**4,827,042**	**4,660,923**

Of the staff costs for the nine-month period ended 30 September 2018, EUR 2,936 thousand correspond to direct costs related to projects (nine-month period ended 30 September 2017: EUR 2,883 thousand).

The average number of employees in the nine month period ended 30 September 2018 and 2017, by professional category and gender, was as follows:

Professional category	30/09/2018	30/09/2017
Other management staff (*)	11	3
Professionals, line personnel and similar	87	94
Clerical staff and similar	20	19
Total	**118**	**116**

(*) One member of the Company's Board of Directors is also an executive of the Group.

Also, the number of employees at 30 September 2018 and 31 December 2017, by category and gender, was as follows:

	30/09/2018			31/12/2017		
	Men	Women	Total	Men	Women	Total
Other management staff (*)	8	3	11	2	1	3
Professionals, line personnel and similar	82	11	93	84	13	97
Clerical staff and similar	5	18	23	5	14	19
Total	**95**	**32**	**127**	**91**	**28**	**119**

(*) One member of the Company's Board of Directors is also an executive of the Group.

In 2018 the definition of executive personnel was modified and the members of the Executive Committee are now considered as such, as well as all employees that report directly to the CEO.

19.4 Other operating expenses

The detail of "other operating expenses" in the accompanying consolidated statements of profit or loss for the nine-month periods ended 30 September 2018 and 2017 is as follows (in euros):

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Rent and royalties	213,616	229,051	622,812	587,480
Repairs and maintenance	27,176	38,893	96,113	138,402
Independent professional services	788,141	668,122	1,837,157	1,387,406
Transport	3,703	18,631	32,273	28,116
Insurance premiums	65,596	112,844	172,577	168,599
Bank fees	65,663	454,832	272,175	986,383
Advertising, publicity and public relations	30,744	4,265	54,761	24,899
Utilities	6,444	44,621	28,927	62,857
Other operating expenses	282,830	238,720	1,027,857	1,041,242
Taxes other than income tax	275,922	80,985	393,501	194,606
Losses on and write-down of trade receivables and changes in provisions for commercial transactions	12,899	172,651	(70,885)	172,651
Total	**1,772,734**	**2,063,615**	**4,467,268**	**4,792,641**

The main changes under "Other Operating Expenses" in the nine-month period ended on 30 September 2018 correspond, on the one hand, to the increase in the cost of the independent services due to the decisions taken by the directors aimed at raising funds (see Note 12.1). On the other, the cost of bank fees decreased due to the completion of the construction of the solar power plants in India.

Relating to the losses on and write-down of trade receivables and changes in provisions for commercial transactions, at 30 September 2017 the group had to make a provisions for warranties for the new projects executed in Chile, during 2018 the provision for warranties for the plant in Uruguay has been reversed due to the termination of the guarantee period for this project.

Of the operation costs for the nine-month period ended 30 September 2018 EUR 2,283 thousand correspond to direct costs related to projects (nine-month period ended 30 September, 2017: EUR 3,183 thousand).

19.5 Other income and expenses

The detail of "Other income and expenses" in the consolidated profit and loss account for the nine-month period ended 30 September 2018 and 2017 is as follows (in euros):

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Income from penalties	880,735	-	1,361,724	-
Donations	-	(5,000)	-	(10,000)
Total	**880,735**	**(5,000)**	**1,361,724**	**(10,000)**

Of the other profit and loss for the nine-month period ended 30 September 2018, EUR 1,362 thousand correspond to direct costs related to projects (nine-month period ended 30 September 2017: EUR 0).

19.6 Finance income and finance costs

The detail of the finance income and finance costs in the three- and nine-month period ended 30 September 2018 and 2017 is as follows (in euros):

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Finance costs				
Debts with third parties				
Interest on bank loans	1,962,828	542,022	5,980,315	982,555
Other finance costs	228,135	6,881	449,707	20,484
	2,190,963	**548,903**	**6,430,022**	**1,003,039**
Finance income				
From shares in financial instruments-				
From shares in equity instrument	-	28,888	-	148,932
From marketable securities and other financial instruments				
Interest on loans to related parties (Note 22)	51,780		279,357	
Other finance income	58,168	27,836	175,412	37,509
	109,948	**56,724**	**454,769**	**186,441**

Financial expenses with credit institutions have increased significantly in fiscal year 2018 due to the completion of the parks in India at the end of 2017 (expenses previously activated during the construction phase). Financial expenses capitalised during the first nine months of 2017 amounted to EUR 508 thousand.

Mainly the updating of debts for land concessions and the interest expense due to the loan with ACE renewable Holding S.A. (See Notes 12 and 14) is listed under "other financial expense"

Likewise, the interest income generated by the financing agreements granted to the companies detailed in Note 22.2 is listed under "Financial income from negotiable securities and other financial instruments - Interest from loans with other related parties". Additionally, the interest generated by short-term deposits makes up for most what is included under "Financial income from negotiable securities and other financial instruments - Other financial income".

Differences on exchange

The detail of the exchange differences by currency in the three- and nine-month period ended 30 September 2018 and 2017 is as follows:

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
US dollars	103,849	(1,262,282)	767,240	(2,350,836)
Indian rupee	(615,864)	(420,917)	(1,032,641)	(567,214)
Chilean peso	68,414	(119,391)	257,375	(267,567)
South African rand	(23,434)	(153,445)	(106,664)	(153,445)
Uruguayan peso	(13,687)	(7,806)	(30,011)	12,664
Peruvian soles	6,448	6,649	(5,323)	5,751
Malaysian Ringgit	(1,830)	(1,363)	(2,194)	(1,355)
TOTAL	**(476,104)**	**(1,958,555)**	**(152,218)**	**(3,322,002)**

Mainly the difference of exchange rate comes from the exchange of the US dollars and Indian rupee rate against the euro, which has been changed as indicated in the following tables:

	30.09.2018	30.06.2018	31.12.2017
US dollars	1.16	1.17	1.20
Indian rupee	83.92	79.81	76.6

	30.09.2017	30.06.2017	31.12.2016
US dollars	1.18	1.14	1.05
Indian rupee	77.07	73.75	71.59

19.7 Obligations under operating leases

The Group leases offices and land (on which solar power plants are installed) under non-cancellable operating leases (see Note 6). These leases have a term of between five and thirty years, most of which are renewable when they expire under market conditions. The total future minimum payments for the non-cancellable operating leases, taking into account that the expiration of the land lease agreements is their service life, and therefore without considering additional renovations, are the following:

	Euros	
	30 September 2018	31 December 2017
Within one year	271,242	358,180
Between one and five years	946,325	930,522
After five years	2,290,151	2,460,627
Total	**3,507,718**	**3,749,329**

20. Earnings (or losses) per share:

20.1 Basic

The basic earnings (or losses) per share from continuing operations for the three and nine-month periods ended 30 September 2018 and 2017, are as follows (in euros):

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Profit attributable to shareholders of the Parent	(163,069)	43,354	2,285,581	4,311,120
Weighted average number of ordinary shares outstanding	411,298	426,650	421,476	426,650
Basic earnings per share	**(0.40)**	**0.10**	**5.42**	**10.10**

Basic earnings per share are calculated by dividing the profit attributable to the Parent's shareholders by the weighted average number of ordinary shares outstanding during the year (see Note 12.1).

20.2 Diluted

There are no agreements that give rise to a dilution of earnings per basic share calculated as described in the previous paragraph.

21. Commitments, guarantees and other disclosures

Commitments

During the months of July and August 2018, the Group reached agreements with third parties for the acquisition of ownership interests equal to 100% of the various companies that owned 88 100 kWAC solar power plants, located at Isla Mayor, Lebrija and Llerena (Spain). Also, in the same period, the Group reached agreements with third parties for the acquisition of shares in order to achieve a total stake of 96.5% of the associate "Solarpack Promo2007 Cientoveintuno, S.L.", owner of a solar power plant located at Guijo de Coria (Spain). These ownership interests currently secure the specific borrowings related to their construction. At the date of these summarised interim consolidated financial statements, this purchase is conditional, inter alia, upon the obtainment, before 31 March 2019 of (a) the approval from the lender banks of the aforementioned financing and the transfer of these ownership interests, which, as of the date of these condensed interim financial statements, was already obtained, and (b) the obtainment of additional financing by the Group (see Note 12.1-a.). The purchase price of these ownership interests will amount to approximately EUR 20,639 thousand.

Also, the sellers of these ownership interests will be able to receive an additional amount if, as envisaged in the Spanish Electricity System Law 24/2013, the new reasonable return of these plants for the period 2020 - 2025 exceeds 5.184%. The maximum of this additional amount, which would be achieved if the maximum reasonable return exceeded 7.398% would be approximately EUR 4.3 million.

As part of the development of its business, the Group is exploring various financing alternatives, including a possible transaction in the capital markets. Any such transaction is subject to a review and subsequent consideration by the Company and the time of such transaction would be subject to general trade and market conditions.

Further information

The Group had provided guarantees or surety bonds as security for construction work or services rendered to clients and commercial guarantees amounting to approximately EUR 27,751 thousand at 30 September 2018 (31 December 2017: EUR 25,809 thousand).

These guarantees, issued through various entities, are mainly delivered as a commitment, to the satisfactory completion of the construction contracts, coverage of the warranty periods and support for bids or tenders. The breach of these commitments would entail the enforcement of these guarantees with cash outflows, the probability of which is considered remote.

22. Transactions with related parties

All material balances between consolidated companies at the end of the reporting period and the effects of the transactions performed between them during the period were eliminated on consolidation.

However, the Group has material balances in the consolidated statement of financial position as at 30 September 2018 and 31 December 2017 with related parties. Related parties are considered to be direct shareholders of the Group (including minority shareholders) and the Parent's directors and the Group's key management personnel and close family members and entities related to them, and those investees accounted for using the equity method or subsidiaries or joint ventures that the Parent's directors did not include in the summarised consolidated interim financial statements and the related explanatory notes thereto (see Note 3).

22.1 Balances and transactions with companies with related parties

The detail at 30 September 2018 and 31 December 2017 of the Group's main balances receivable from and payable to related parties (excluding those derived from financing agreements), and the transactions performed in those periods, were as follows (in euros):

Balances at 30 September 2018 and 31 December 2017

	Euros	
	31/12/2018	31/12/2017
Balances:		
Accounts receivable from related parties	320,714	498,222
Accounts payable to related parties	-	-

Receivables from/Payables to related parties include balances for commercial transactions derived from operations carried out during the year, mainly balances pending the rendering of O&M and AMS services (see Note 5) to companies that are not controlled, located in Spain, Chile and Peru.

Also, the Group has an account payable to the parent of the tax group, Beraunberri, S.L. amounting to EUR 34 thousand approximately, in relation to consolidated income tax (see Note 18).

Transactions in the first nine months of 2018 and 2017

	Euros			
	Three-month period ended on 30/09/2018	Three-month period ended on 30/09/2017	Nine-month period ended on 30/09/2018	Nine-month period ended on 30/09/2017
Transactions performed:				
Sales	107,772	78,280	920,479	933,888
Finance costs	41,923	-	120,440	5,904
Finance income	51,780	-	279,357	-

The Group has provided services to related companies in Spain, Chile and Peru for O&M and AMS during fiscal year 2018 and 2017. Likewise, the Group holds loans to related companies (see Notes 8 and 22.2) the interests whereof amount to 279 thousand euros.

22.2 Financing agreements

The detail of the financing agreements entered into is as follows:

	Euros			
	Balances receivable (Note 8)		Balances payable	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Entity:				
Solarpack Promo2007 Ciento Veintiuno, S.L.	697,671	858,163	-	-
Kabi Solar Energy Limited (*)	535,578	608,372	-	-
Solarges Perú, S.L.	19,184	19,184	-	-
Ataca Solar Holdco, SpA	2,150,348	2,079,905	-	-
Itok Solar Incorporated, S.L.	(45)	593	-	-
Ekialde Solar Private Limited	-	-	-	-
Arica Solar 2	2,226	-	-	-
Tamarugal Solar 1, S.A.	4,142	-	-	-
Diego Almagro Solar 2, S.A.	103	-	-	-
Diego Almagro Solar 3, S.A.	2,046	-	-	-
Taltal Solar, S.A.	103	-	-	-
Beraunberri	-	-	34,173	-
Moquegua FV, SAC	-	-	123	161
Total	**3,411,356**	**3,566,369**	**34,296**	**161**

(*) Recognised net of impairment losses amounting to EUR 442 thousand (31 December 2017: EUR 335 thousand), and including interest receivable.

22.3 Remuneration and other benefits of directors and senior executives

Remuneration paid to members of the Board of Directors

In the first nine-months of 2018, the members of the managing body of the Parent and companies related thereto received remuneration for the discharge of their executive functions totalling EUR 140 thousand (nine-month period ended 30 September 2017: EUR 204 thousand). During the three months period between 30 June 2018 and 30 September 2018 this remuneration amount to EUR 48 thousand. No loans or other employee benefits were granted.

In addition, in the first nine-months of 2018, the Parent's directors received remuneration totalling EUR 150 thousand for the discharge of their functions (nine-month period ended 30 September 2017: EUR 78 thousand). During the three months period between 30 June 2018 and 30 September 2018 this remuneration amount to EUR 61 thousand.

On August 9 2018, General Shareholders Meeting wide the management board composition to six, and appointed new directors (4 members until that date).

Also, during the first nine months of fiscal year 2018 the directors received a three-year bonus amounting to EUR 581 thousand that was payable at the end of 2017 (see Note 16).

The Board of Directors of the Parent Company considers as senior management only the members of the Board and does not consider that there is any additional senior management personnel apart from these aforementioned persons.

22.4 Information regarding situations of conflict of interest involving the directors (Article 229 of the Spanish Limited Liability Companies Law)

As part of their duties to avoid conflicts with the Parent's interests, the directors holding positions on the Board of Directors in the first nine-months of 2018 complied with the obligations provided for in Article 229 of the Consolidated Spanish Limited Liability Companies Law. Furthermore, neither the directors nor the persons related to them have been involved in any of the situations of conflict of interest provided for in Article 229 of the aforementioned Law, and during the period there were no notifications of any direct or indirect conflict of interest to be considered by the Company's Board of Directors.

23. Unincorporated temporary joint ventures ("UTEs")

The Solarpack Group has interests in various UTEs, created in order to construct certain solar PV plants outside Spain. The quantitative contribution of these companies is as follows:

Interim reporting period ended 30 September 2018

	Euros			
Professional category	Assets	Liabilities	Equity	Profit (Loss) for the period as of 30 September 2018
UTE Tacna Solar	2,400	-	2,400	-
UTE Moquegua	-	7,849	(7,849)	-
UTE Panamericana Solar	2,400	-	2,400	-
UTE Chile Solar 2	8,000	-	8,000	-
UTE Proyecto PMGD	185,041	111,636	73,405	20,981
Total	**197,841**	**119,485**	**78,356**	**20,981**

Fiscal year 2017

	Euros			
Professional category	Assets	Liabilities	Equity	Profit (Loss) for the period as of 30 September 2017 (*)
UTE Tacna Solar	2,400	-	2,400	-
UTE Moquegua	-	7,849	(5,274)	-
UTE Panamericana Solar	2,400	-	2,400	-
UTE Chile Solar 2	8,000	-	8,000	-
UTE Proyecto PMGD	1,156,551	228,783	188,973	609,234
Total	**1,169,351**	**236,632**	**196,499**	**609,234**

24. Explanation added for translation to English

These summarised consolidated interim financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (See Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

APPENDIX I: LIST OF SUBSIDIARIES AND ASSOCIATES

Company	Controlling company	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación		Consolidation method
				Direct	Indirect	
Acrux Uno, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Antlia Dos, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Andromeda Veintiseis, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Cruz del Sur Cuarentainueve, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Orion Setentaicuatro, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Solarpack Promo2007 Treintaitres, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Solarpack Promo2007 Treintaicinco, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Solarpack Promo2007 Cincuentaisiete, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Solarpack Promo2007 Sesentaitres, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Solarpack Promo2007 Cincuentaisiete, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	c/ Cristobal Colón, 8B Getxo Bizkaia	100%	-	Global integration
Solarpack Ingeniería, S.L.U.	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Avda. Astronomía,1 Torre 1, 9º módulo 5 Sevilla	100%	-	Global integration
Solarpack Perú, S.A.C.	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construct. Maintenance of facilities for power plants	Avda. ,Manuel Olgui, 335 of 905 Urb. Monterrico Chico, Lima	100%	-	Global integration
Solarpack Uruguay, S.A.	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construct. Maintenance of facilities for power plants	Hermano Damasceno 1678 Bis-Montevideo	100%	-	Global integration
Solarpack Asia SDN. BHD.	Solarpack Corporación Tecnológica, S.L.	Design, Promotion and Construct. Construction of facilities for power plants	8-1 & 8-2, Level 8, Menara CIMB, No.1, jalan Stesen Sentral 2, Kuala Lumpur Sentra 50470 Kuala Lumpur	100%	-	Global integration
Spk Services Singapore Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Development of renewable energy projects	Wallich Street, 14-01, Guoco Tower, Singapore 078881	95%	-	Global integration

Company	Controlling company	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación		Consolidation method
				Direct	Indirect	
Solarpack India LLP.	Solarpack Corporación Tecnológica, S.L.	Promotion, development and construction of solar photovoltaic plants	First Floor, Southern Park, D 2 District Centre, Saket, New Delhi, South Delhi, 110017, Delhi, India	99.99%	-	Global integration
Padmajiwadi Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.64%	-	Global integration
Renjal Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.62%	-	Global integration
Gummadidala Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.66%	-	Global integration
Ghanpur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.66%	-	Global integration
Thukkapur Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.66%	-	Global integration
Achampet Solar Pte. Ltd.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	82.64%	-	Global integration
Solarpack Chile, S.A.	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construct. Maintenance of facilities for power plants	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Global integration
Arica Solar 1 S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Global integration
Amunche Solar SpA	Solarpack Chile, S.A.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Global integration
María Elena Solar (1)	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Global integration
PMGD Holdco, Spa	Solarpack Chile, Ltda	Holdings of securities	Avenida Algorta 16, 3º Getxo, Bizkaia	-	80.	Global integration
PMGD Holdco Chile, Spa	PMGD Holdco, S.L.	Holdings of securities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80.	Global integration
Pozo Almonte Solar 1, Spa	PMGD Holdco, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80.	Global integration

Company	Controlling company	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación Direct	Effective percentage of ownership in Solarpack Corporación Indirect	Integration method
Calama Solar 1, Spa	PMGD Holdco, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80.	Global integration
Calama Solar 2, Spa	PMGD Holdco, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	80.	Global integration
Solarpack Development, Inc. (1)	Solarpack Corporación Tecnológica, S.L.	Development and management of solar PV projects	3730 Mt. Diablo Boulevard, Suite 120 Lafayette, CA 94549 USA	100%	-	Global integration
Solarpack Colombia, SAS (1)	Solarpack Corporación Tecnológica, S.L.	Study, research, development and provision of all kinds of advisory services, assistance and technical management in the field of renewable energies	Bogotá D.C.	100%	-	Global integration
SPK Energías Renovables Mexico 1 SA de CV (1)	Solarpack Corporación Tecnológica, S.L.	Design, promotion and construction of facilities for power plants	Ángel Urraza Nº 314 del Valle Benito Juarez, México, C.P. 03100 Distrito Federal, Mexico	100%	-	Global integration
Spk Alvarado, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Bizkaia	100%	-	Global integration
Solarpack Monclova, S.L. (1)	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Bizkaia	100%	-	Global integration
Peñaflor Solar, S.L.U. (1)	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Bizkaia	100%	-	Global integration
Pedroso Solar, S.L.U. (1)	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Bizkaia	100%	-	Global integration
Sol De Alvarado, S.L.U. (1)	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Bizkaia	100%	-	Global integration
Ekialde Solar Private Limited (1)	Solarpack Corporación Tecnológica, S.L.	Promotion, development and construction of solar photovoltaic plants	4th Floor, Rectangle One District Centre Saket New Delhi, Delhi	100%	-	Global integration
Eureka Energías Renovables, S.L.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avenida Algorta 16, 3º Getxo, Bizkaia	100%	-	Global integration
Suvan Solar SpA	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Global integration
Apolo Solar SpA	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Global integration
Astro Solar SpA	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	100%	-	Global integration

Company	Controlling company	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación Direct	Effective percentage of ownership in Solarpack Corporación Indirect	Integration method
Cuenca Solar SpA	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities		100%	-	Global integration
Yala Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Global integration
Alpur Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Global integration
Nanj Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Global integration
Ekialde Sun Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	4th Floor, Rectangle One, D-4, Dist. Center, Saket, New Delhi-110017, India	-	100%	Global integration
Holen Solar Private Limited	Ekialde Solar Private Limited	Operation of solar PV facilities	First Floor, Southern Park, D-2 District Centre, Saket, Delhi	-	100%	Global integration
Diego Almagro Solar 2 S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Global integration
Diego Almagro Solar 3 S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Global integration
Taltal Solar S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Global integration
Tamarugal Solar 1 S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	100%	Global integration
Ataca Solar Holdco SpA (4)	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	19%	-	Equity method
Calama Solar 3, S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Estoril 50 – Of. 1013 Las Condes, Santigao, Chile	-	19%	Equity method
Pozo Almonte Solar 2, S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	19%	Equity method
Pozo Almonte Solar 3, S.A.	Solarpack Chile, Ltda	Operation of solar PV facilities	Avda. Vitacura Nº 2939 Oficina Nº 2702, Ciudad de Santiago, Chile	-	19%	Equity method
Pampul Holdco, S.L. (5)	Solarpack Corporación Tecnológica, S.L.	Holdings of securities	Avda. Algorta, 16, 3º Getxo, Bizkaia	19%	-	Equity method
Moquegua FV, SAC	Pampul Holdco, S.L.	Operation of solar PV facilities	Jr. Huáscar 205, Jesús María, Lima (Perú)	-	19%	Equity method
Solarpack Promo 2007 Ciento Veintiuno, S.L.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avda. Algorta, 16, 3º Getxo, Bizkaia	48.76%	-	Equity method

Company	Controlling company	Line of business	Registered office	Effective percentage of ownership in Solarpack Corporación Direct	Indirect	Integration method
Kabi Energy Limited	Solarpack Corporación Tecnológica, S.L.	Promotion of power plants	21 7th Avenue, Parktown North 2193, Johannesburg	60%	-	Equity method
Solarpack, SARL	Solarpack Corporación Tecnológica, S.L.	Development and management of solar PV projects	62, Avenue du 8 mai 1945, 64100 Bayonne	100%	-	Global integration
Gestión Solar Perú, S.A.C.	Solarpack Perú, S.A.C.,	Development, management and administration of companies and projects engaging in the production and generation of renewable energies	AV. El Derbi nº250 Dpto 1201 Urb el Derbi Santiago de Surco, Lima	-	50%	Equity method
Solargés Perú, S.L.	Solarpack Corporación Tecnológica, S.L.	Development of renewable energy, mainly solar PV, projects	C/ Ombú 3, 2ª Planta, Madrid	50%	-	Equity method
Energía Regional, S.A. de C.V.	Solarpack Corporación Tecnológica, S.L.	Power production, generation and retailing	Departamento de San Salvador	90%	-	Global integration
Tricahue Solar, SpA (1), (3)	Solarpack Chile, Ltda	Development of renewable energy projects	Av. Vitacura 2939 Oficina 2701	-	100%	Global integration
Granja Solar Holdco S.P.A.	Solarpack Corporación Tecnológica, S.L.	Holdings of securities	Avda, Vitacura n°2909 oficina n°306 Ciudad de Santiago (Chile)	20%	80.	Global integration
Valle Solar , SpA.	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avda, Vitacura n°2909 oficina n°306 Ciudad de Santiago (Chile)	20%	80.	Global integration
Los Libertadores Solar, SpA (1), (3)	Solarpack Corporación Tecnológica, S.L.	Operation of solar PV facilities	Avda, Vitacura n°2909 oficina n°306 Ciudad de Santiago (Chile)	20%	80.	Global integration

(1) Companies incorporated to the perimeter in 2017

(2) Parent company of the investees shown below (located in Chile).

(3) (4) Parent company of the investees shown below (located in Chile).

(5) Parent company of the investee shown below in Annex (located in Peru).

ANNEX II: FINANCIAL INFORMATION ON COMPANIES WITH MINORITY SHAREHOLDERS (Note 12):

	Euros												
	8												
	PMGD Holdco, S.L.	PMGD Holdco Chile, S.L.	Padmajiwadi Solar Pte, Ltd	Gummadidala Solar Pte, Ltd	Thukkapur Solar Pte, Ltd	Renjal Solar Pte, Ltd	Ghanpur Solar Pte, Ltd	Achampet Solar Pte, Ltd	Spk Services Singapore Pte Ltd	Calama Solar 1, S.A.	Calama Solar 2, S.A.	Pozo Almonte Solar 1, S.A.	Total
Non-current assets	5,703,792	11,249,438	8,820,720	14,466,600	13,426,552	13,147,087	13,164,085	8,535,100	-	15,370,823	15,630,970	15,429,597	134,944,766
Current assets	856	1,081	1,749,950	2,303,739	1,959,617	2,460,586	1,969,922	1,725,026	756,104	1,544,644	1,558,299	1,744,890	17,774,714
Equity	5,704,401	11,207,670	1,501,547	2,617,015	2,127,939	2,236,376	2,001,105	1,454,427	683,913	3,143,828	2,985,935	4,588,514	40,252,671
Non-current liabilities	-	-	7,868,637	11,526,407	11,727,776	11,747,035	11,664,980	7,740,644	-	12,097,453	12,551,853	10,789,462	97,714,246
Current liabilities	247	42,849	1,200,486	2,626,917	1,530,455	1,624,262	1,467,922	1,065,054	72,191	1,674,186	1,651,482	1,796,512	14,752,562
Revenue	-	-	1,109,390	1,479,252	1,579,643	1,609,241	1,561,812	1,101,596	262,939	1,119,879	1,134,034	1,107,566	12,065,352
Other Operating expenses and income	(606)	(4,963)	(153,846)	(125,148)	(263,032)	(193,981)	(205,396)	(148,266)	(35,882)	(642,412)	(672,923)	(669,893)	(3,116,350)
Operating income	(606)	(4,963)	955,544	1,354,104	1,316,611	1,415,260	1,356,415	953,331	227,057	477,467	461,111	437,673	8,949,002
Financial performance	19	283	(674,537)	(1,027,824)	(1,009,954)	(998,065)	(987,850)	(652,841)	122,407	(405,726)	(395,722)	(347,616)	(6,377,425)
Expense on Corporation Tax	-	25,169	(77,417)	(89,890)	(84,484)	(114,937)	(101,540)	(82,785)	(65,336)	(19,370)	(17,655)	(24,315)	(652,561)
Profit or loss for the period	(587)	20,489	203,589	236,390	222,173	302,258	267,025	217,705	284,127	52,371	47,734	65,741	1,919,016

	Euros												
	31/12/2017 (*)												
	PMGD Holdco, S.L.	PMGD Holdco Chile, S.L.	Padmajiwadi Solar Pte, Ltd	Gummadidala Solar Pte, Ltd	Thukkapur Solar Pte, Ltd	Renjal Solar Pte, Ltd	Ghanpur Solar Pte, Ltd	Achampet Solar Pte, Ltd	Spk Services Singapore Pte Ltd	Calama Solar 1, S.A.	Calama Solar 2, S.A.	Pozo Almonte Solar 1, S.A.	Total
Non-current assets	5,785,761	11,385,881	6,988,236	9,903,465	9,936,584	10,390,267	9,987,891	7,406,971	-	15,991,819	16,144,860	16,245,323	120,167,058
Current assets	6,925	(15,478)	1,276,362	2,372,066	2,246,121	1,699,519	1,512,640	796,800	1,728,706	1,738,330	1,549,361	1,565,267	16,476,619
Equity	5,786,431	11,370,491	1,258,351	1,944,396	1,929,659	1,895,330	1,916,206	1,252,634	99,202	3,297,947	3,150,627	4,802,269	38,703,543
Non-current liabilities	-	-	6,693,430	10,077,389	9,814,422	9,909,726	9,342,871	6,369,390	-	11,518,331	4,975,101	12,348,170	81,048,830
Current liabilities	6,254	(88)	312,817	253,747	438,625	284,730	241,454	581,748	1,629,504	2,913,872	9,568,491	660,150	16,891,304
Revenue	-	(64)	-	-	-	-	-	-	10,723,556	129,687	-	642,365	11,495,544
Other Operating expenses and income	-	(64)	(14,716)	(5,772)	(18,451)	(21,936)	(22,719)	(19,937)	(1,265,092)	(38,716)	(32,232)	(557,296)	(1,996,931)
Operating income	-	(128)	(14,716)	(5,772)	(18,451)	(21,936)	(22,719)	(19,937)	9.458.464	90,971	(32,232)	85,069	9,498,613
Financial performance	-	-	624	951	926	(4,216)	951	626	(2,049)	(142,532)	(149,118)	(463,234)	(757,071)
Expense on Corporation Tax	-	-		-	-	-	-	-	(1,593,037)	(13,913)	(48,965)	(102,104)	(1,428,055)
Profit or loss for the period	-	(128)	(4,092)	(4,821)	(17,525)	(26,152)	(21,768)	(19,311)	7,863,378	(37,648)	(132,385)	(276,061)	7,313,487

(*) The data relate to the consolidated statement of profit or loss as at 30 September 2017.

ANNEX III: FINANCIAL INFORMATION OF THE ASSOCIATES:

	Euros							
	30/09/2018							
	Solarpack Promo2007 Ciento Veintiuno, S.L.	Kabi Solar PTY Ltd.	Ataca Solar Holdco, SpA	Ecuador Solar Holdco, S.L.	Pampul Holdco, S.L.	Solargés Perú, S.L.	Gestión Solar Perú, S.A.C.	Total
Non-current assets	22,748,620	8	65,699,620	865,727	28,742,507	-	96,557	118,153,039
Current assets	2,547,991	370,837	5,864,191	909,079	5,287,659	45,299	899,455	15,924,511
Equity	3,600,999	(727,186)	2,297,546	1,774,807	4,031,916	(2,130)	762,502	11,740,584
Non-current liabilities	20,212,727	-	54,379,526	-	29,912,919	47,429	-	104,550,471
Current liabilities	1,482,885	1,098,031	14,886,738	-	85,330	-	233,510	17,786,494
Revenue	2,218,338	-	5,359,011	-	3,123,551	-	696,705	11,397,605
Other Operating expenses and income	(1,265,017)	(71,936)	(3,586,374)	(5)	(1,707,233)	(31)	(530,599)	(7,161,195)
Operating income	953,321	(71,936)	1,772,637	(5)	1,416,318	(31)	166,106	4,236,410
Financial performance	(352,626)	(32,812)	(2,854,442)	(28,496)	(1,056,387)	-	(5,573)	(4,330,336)
Expense on Corporation Tax	(226,584)	-	292,799	-	(3,157)	-	(25,717)	37,341
Profit or loss for the period	374,111	(104,748)	(789,006)	(28,501)	356,773	(31)	134,816	(56,585)

	Euros							
	31/12/2017							
	Solarpack Promo2007 Ciento Veintiuno, S.L.	Kabi Solar PTY Ltd.	Ataca Solar Holdco, SpA	Ecuador Solar Holdco, S.L.	Pampul Holdco, S.L.	Solargés Perú, S.L.	Gestión Solar Perú, S.A.C.	Total
Non-current assets	24,594,501	8	57,522,174	949,175	30,515,864		91,321	113,673,044
Current assets	2,402,629	710,329	5,592,539	854,133	5,900,954	45,334	824,693	16,330,610
Equity	3,882,185	(556,190)	3,040,187	1,803,308	4,468,060	35	608,890	13,246,475
Non-current liabilities	21,684,890	-	45,622,418	-	29,731,763	45,299	-	97,084,370
Current liabilities	1,430,054	1,266,527	14,452,103	-	2,216,994	-	307,125	19,672,804
Revenue	2,858,232	381,618	7,301,122	-	4,171,578	-	1,889,174	16,601,723
Other Operating expenses and income	(1,680,722)	(308,451)	(4,477,069)	(38)	(2,247,393)	-	(1,018,851)	(9,732,524)
Operating income	1,177,510	73,166	2,824,053	(38)	1,924,185	-	870,323	6,869,200
Financial performance	(518,531)	(81,256)	(3,942,871)	(492,679)	(1,526,543)	-	(9,007)	(6,570,887)
Expense on Corporation Tax	(184,514)	-	285,552	-	(127,940)	-	(264,508)	(291,410)
Profit or loss for the period	474,465	(8,089)	(833,266)	(492,717)	269,702	-	596,809	6,903

DIRECTORS' REPORT - CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 September 2018

1. Entity status

1.1. Organisational structure

Solarpack Corporación Tecnológica, S.A. (hereinafter " **Solarpack** " or the " **Company** ") has a Board of Directors consisting of six directors: Chairman, CEO and four committee members, in addition to a non-board member secretary. On August 9, 2018, the General Shareholders' Meeting appointed new directors and set up the Board of Directors with a total of 6 members. The Chairman and two of the members are proprietary directors; the other two members are independent directors, and finally the Chief Executive Officer is an executive director. Additionaly, Shareholders General Meeting new rule is approved

The Board of Directors of Solarpack has similarly approved a new Regulation thereof. As new bodies of the Board of Directors, two committees have been set up, namely (i) an Audit Committee and (ii) an Appointments and Remuneration Committee.

The entry into force of the new Regulations will be executed simultaneously with a capital increase in which the Company is working.

The Board of Directors of Solarpack is the highest governing body of the Company, to which the shareholders of Solarpack delegate their responsibility. It is the place where decisions are made that affect all areas of the Company and that shape the operating guidelines of the Solarpack executive team.

Solarpack's Chairman is the person who chairs and summons the Board of Directors, and is a non-executive mandate. The Board of Directors delegates to the Chairman, among others, the responsibility of preparing the dates and matters to be discussed in the board meetings, nominating the persons for the positions of Chief Executive Officer and members of the committees of the Board of Directors, preparing and submitting before the Board of Directors those proposals it deems appropriate for the successful running of the Company and the representation of Solarpack before the institutions, wherever it may be according to its position, including the external communication of the company.

The Board of Directors delegates to the CEO of Solarpack the executive functions of the Board and the powers required to exercise them. The CEO participates directly in the management and supervision of the Company. He or she is responsible for proposing the Company's strategies and for ensuring that the resolutions adopted by the Board of Directors are implemented through functional measures. The CEO also plays a fundamental role in creating the culture of the organisation.

The Audit Committee of the Board is made up of three members and its main responsibilities are, among others, the monitoring of the effectiveness of the internal control of the Company and its risk management system. The chairmanship of this committee corresponds to an independent director.

The Appointments and Remuneration Committee consists of three members and its basic functions are, among others, the formulation of proposals on new members of the Board of Directors and on the remuneration of the members of the Board and of the Chief Executive Officer in their executive functions.

In addition to the Board of Directors, the Company operates with the following committees and additional bodies:

Coordination committee:

This committee, which meets fortnightly, monitors all the projects in progress. All the functional areas involved in the performance of the projects sit on this committee, where the progress of the development and construction of the projects is analysed and potential risks and related solutions are identified in order to ensure that the projects are successfully completed.

Executive committee:

This committee holds meetings quarterly attended by all those responsible for the functional areas of Solarpack and at which the Company's CEO presents the objectives and budget for the year and follow-up reports. The objective of this committee is to establish objectives common to all areas of the Company so that all the people who form part of the organisation can work together towards their achievement.

Solarpack and its subsidiaries (hereinafter "the **Solarpack Group**") are structured into 60 legal entities, included in the scope of consolidation of the Solarpack Group, as well as the temporary joint ventures ("UTEs") it is a part of.

There are two types of subsidiary:

- Operating companies: those through which the Solarpack Group carries on (i) development and construction of projects; and (ii) service activities.
- Project vehicle companies: those through which solar PV electricity generation ("**PV**") assets are operated.

The following section, "Operations" describes in detail the activities carried on by the Solarpack Group. The most common administrative structure at the subsidiaries is that of a sole director, although many subsidiaries have a board as their governing body, due either to (i) the existence of non-controlling interests; or (ii) the fact that the regulations in the countries in which the companies are located make it advisable or essential for there to be a board of directors.

In addition to the companies included in the scope of consolidation, the Solarpack Group has non-controlling ownership interests in other companies.

Note 3 and Appendix I to the consolidated financial statements as at 30 September 2018 ("the **consolidated financial statements**") provide a description of the Solarpack Group's corporate structure.

1.2. Operations

The Solarpack Group is a multinational group focused on the development of solar PV energy. It specialises in the promotion, financing, construction operation and maintenance of solar PV plants and in asset management and the provision of advisory services relating to such plants.

The Solarpack Group was born and exists as a group to:

- Generate attractive "products and services" for its customers (governments, companies, private individuals) in the renewable energies field.

- With an attractive business culture for talent, which generates an environment where its people can give their best, working contentedly.

- With attractive business and financial results that reflect the success in the management of the resources used and that contribute to the prosperity of society, wherever the Group acts.

Its activities are channelled through three operating segments, which are the generators of value and cash flows for the Company:

- Development and Construction (DEVCON), which harnesses business opportunities and builds solar PV plants.

- Services (SVCS), which provides solar PV plant O&M and asset management services.

- Power generation (POWGEN), where the investments in solar PV electricity generation assets are grouped.

Solarpack was founded in 2005, since when it has followed a constant path of organic growth in which the generation of value has made it possible to create what is today a benchmark multinational group in the solar PV energy industry.

The Solarpack Group currently operates mainly in Spain, Latin America (largely, Chile, Peru, Uruguay and Colombia), the US, South Africa, India and South East Asia.

This geographical dispersion and growth has been achieved on the basis of a culture and values that are present in the performance of all the Solarpack Group's employees, wherever they may be. Specifically:

Quality: we are obsessed with a job well done. A job well done the first time of asking does not take up any more time than a job poorly done.

Integrity: honesty in our work and in our relationships with others as the basis for the confidence we instil.

Agility: sense of anticipation, sense of urgency, essential in the changing times in which we are living and for our corporate profile.

Open mind: open-mindedness, knowledge sharing, teamwork, as the foundations for a strong and self-confident organisation.

Effort and dedication: essential in a highly competitive environment.

Results: our good work is confirmed by sound economic results.

In summary, the activity of the operating segments is as follows:

- Development and Construction (DEVCON): Our DEVCON division focuses mainly on the development and construction of solar PV plants, which convert solar radiation directly into electricity. The development phase of a solar PV project begins with the selection of suitable land, taking into account various factors, such as the solar radiation in the location, the proximity to the transmission/distribution grid, the impact on the local community, the electricity sale alternatives and, depending on the size of the project, negotiations with possible co-investors. After obtaining the necessary internal approvals and administrative permits and licences, we structure the financing of the project. Once this has been achieved, we carry out our engineering, principal equipment supply and construction (EPC) activities on a turnkey basis. Some of the solar plants that we develop and build we sell to third parties (Build&Sell) and others we retain for operation by our POWGEN division (Build&Own). Also, and where the opportunity arises, the DEVCON division provides EPC services to third parties in projects in whose development the Group has not had any involvement. The DEVCON division is the main generator of the Company's future business and drives its growth.

- Services (SVCS): Our SVCS division provides (i) technical O&M services; and (ii) administrative and asset management services for solar PV plants developed by both the Solarpack Group and third parties. This division provides a wide range of services and solutions to maximise the output and useful life of the solar PV systems it operates and manages. Specifically, we provide technical monitoring and supervision services, inspections, preventative maintenance of plants, repair and replacement of plant equipment and incident response services. At 30 September 2018, we were providing technical O&M services at 13 solar PV plants (of which eight are majority owned by third parties) with a total installed capacity of 160 MW. Our O&M services are monitored from our remote control centre ("ROC") located in Getxo (Vizcaya), and are performed by our operators in the field. In addition, as part of our asset management activities, we offer a wide range of commercial, accounting, financial, tax and corporate services for solar PV plants in service, with a view to maximising the cash available for distribution to the owners of these assets. Specifically, the main focus of our asset management services includes ensuring compliance with the applicable regulatory framework, establishing an effective reporting and internal control system, advising customers on how to optimise plant performance, refinancing senior debt and daily management and optimisation of PPAs. At 30 September 2018, we were providing asset management services of this nature to 23 solar PV plants (owned by the Group or by third parties) representing a total installed capacity of 330 MW.

- Power Generation (POWGEN): When our DEVCON division completes the construction of a solar PV plant and the plant comes into service, our POWGEN division generates revenue by selling the electricity produced by our solar PV plants under a PPA or some other type of sale agreement. The amount of revenue generated depends mainly on the production level of the plant and the electricity selling price.

We generate revenue from sales to solvent buyers, including a combination of government entities or central and state services, such as the national electricity systems of Spain, Chile, Peru and the Southern/Northern Power Distribution Company of Telangana (Indian power distribution companies), as well as private companies such as Collahuasi and Codelco (Chilean mining companies). In general, we enter into long-term electricity sale agreements with these energy buyers who pay a fixed price, in certain cases subject to adjustments for inflation, for the electricity generated by our solar PV plants. As of 30 September 2018, we had equity investments in eleven solar PV projects with a total installed capacity of 252 MW (of which 128 MW are attributable to our proportional share in those projects). These projects are structured with project vehicle companies (SPVs) in which the assets and liabilities of each project are located on an isolated basis. This makes it possible to obtain project finance borrowings, which are secured only by the project itself.

In summary, our competitive edge is based on the following five pillars:

- Vertically integrated project performance platform with a presence in highly attractive and high-growth solar PV markets.
- Solid track record in the performance of quality solar PV projects.
- Attractive portfolio of projects under development that provide good revenue and earnings visibility for the future.
- Diversified geographical presence in ten international markets, which cushions the effects of a possible drop in any given market.
- Management team with extensive experience in the industry, led by the founding partners with a long-term focus on sustainable value creation.

1.3. Business model

Historically, the Solarpack Group has implemented a vertically integrated business model with high asset turnover. This rotation was due to insufficient financial resources to be able to retain ownership interests in the solar PV plants in the long term. For this reason, the Group sold majority ownership interests in solar PV plants in service and used the proceeds to finance the construction and start-up of the next plants in the pipeline, i.e. Build&Sell arrangements.

In the first nine months of 2018 the Group decided to change this strategy and to retain, in the medium-long term, title to most of the assets it develops, builds and brings into operation, i.e. Build&Own arrangements. This requires contributions of new capital, as indicated in Note 12.1 to the consolidated financial statements, and will facilitate the Group's growth and provide it with recurring revenue and operating profits.

Approximately one-third of the projects that the Group has under development and that it aims to bring into service at short term will be under a Build&Own arrangement.

Also, the Group plans to perform EPC work for third parties, in cases where the opportunity arises for it to create synergies with its development of Build&Own and Build&Sell projects.

2. Business performance and results

2.1. Key financial and non-financial indicators

Operating income

During the first nine months of 2018, the operating income was EUR 20,821 thousand, 16.4% less than the EUR 24,915 thousand in the first nine months of 2017. This decrease was due to the falloff in activity of the DEVCON division, which was partially offset by an increase in activity of the POWGEN division.

Net Turnover

The net turnover increased by EUR 12,153 thousand, up to EUR 20,029 thousand during the first nine months of 2018, compared to the EUR 7,876 thousand during the first nine months of 2017, mainly due to the increase in the activity of the POWGEN division, in which revenues increased to 12,400 thousand euros during the first nine months of 2018 compared to the 2,252 thousand euros during the first nine months of 2017. This growth was mainly due to the additional revenues generated in our plants in Telangana (India) and Calama and Pozo Almonte

(Chile) compared to the results in the first nine months of 2017, since none of them was operational until July 2017. Regarding DEVCON division, the Group recorded revenues by 4,796 thousand euros from EPC construction activities for third parties in Chile and Colombia during the first nine months of 2018, while during the first nine months of 2017 the Group recorded 2,962 thousand euros in construction revenues for third parties in Chile. In relation to the SVCS division, the Group recorded revenues from third parties for 2,833 thousand euros during the first nine months of 2018, an increase of 171 thousand euros over the 2,662 thousand euros of revenues from third parties registered during the first nine months of 2017.

Other operating income

This section decreased by 1,689 thousand euros, or 94%, up to 109 thousand euros during the first nine months of 2018, compared to the 1,798 thousand euros during the first nine months of 2017. This decrease was mainly due to income from insurance indemnities from our projects in Chile and Uruguay during the first nine months of 2017, which were not repeated during the first nine months of 2018.

Variation of finished products stocks and in process of manufacturing and work carried out by the company for its assets

These items were reduced by 14,558 thousand euros, or 96%, up to an income of 683 thousand euros during the first nine months of 2018, compared to the 15,241 thousand euros during the first nine months of 2017. This decrease was mainly due to the fact that in the first nine months of 2017 inventories increased as a result of recognising the construction costs of the available-for-sale solar PV plants classified as inventories in connection with the final development of the construction projects in Calama (Chile).

Operating expenses

Operating expenses decreased by 12,226 thousand euros, or 49.9%, up to 12,269 thousand euros during the first nine months of 2018, compared to the 24,495 thousand euros during the first nine months of 2017. This decrease was mainly due to the fact that the construction activities related to the Calama (Chile) plants during the first nine months of 2017 were not repeated during the first nine months of 2018.

Procurements

Procurements decreased by EUR 12.488 thousand. This decrease was mainly due to the fact that the construction activities related to the Calama (Chile) plants during the first nine months of 2017 were not repeated during the first nine months of 2018, and that construction underway in Colombia during 2018 has not sufficiently compensated for this decline.

Staff costs

Personnel expenses increased by 166 thousand euros, or 3.6%, to 4,827 thousand euros during the first nine months of 2018 compared to the 4,661 thousand euros for the first nine months of 2017.

Depreciation of fixed assets

The depreciation of fixed assets increased by 1,793 thousand euros, to 2,102 thousand euros during the first nine months of 2018 compared to the 309 thousand euros during the first nine months of 2017. This increase was due to the fact that during the first nine months of 2018 there were more PV solar plants classified as fixed assets in operation than during the first nine months of 2017, specifically the Telangana and Calama (Chile) projects.

Other operating expenses and Other results

Other operating expenses and other results decreased by 1,697 thousand euros, to 3,106 thousand euros during the first nine months of 2017 compared to the 4,803 thousand euros during the first nine months of 2018. This decrease is mainly due to income related to the Telangana project in connection with compensatory amounts for loss of profit during the first months of 2018.

Finance income and costs

During the first nine months of 2018, the net financial profit (loss) was negative by 5,031 thousand euros, a decrease of 9,068 thousand euros, against a positive net financial profit (loss) of 4,037 thousand euros during the first nine months of 2017. This decrease in the net financial profit (loss) was due to (i) a financial income of 8,238 thousand euros linked to Telangana (India) project during the first nine months of 2017 linked to an exchange rate hedge contract, (ii) higher interest financial expenses for the first nine months of 2018 amounting 6,513 thousand euros due to the higher bank drawdown amount compared to the 1,006 thousand euros of interest expense for the first nine months of 2017 and (iii) negative exchange rate differences for 152 thousand euros during the first nine months of 2018 compared to the negative exchange rate variations for 3,322 thousand euros during the first nine months of 2017.

Income tax

During the first nine months of 2018 Solarpack Group has recognized a tax on profits of 984 thousand euros, 935 thousand euros above the 49 thousand euros of tax on profits recognized during the first nine months of 2017.

Profit (loss) for the year

As a result of all the above, the profit (loss) for the year has been reduced to 2,814 thousand euros during the first nine months of 2018, compared to the 4,397 thousand euros reached during the first nine months of 2017.

Segment reporting

Note 5 to the consolidated financial statements explains in detail business performance in terms of the amount of operating income, gross margin and consolidated profit from operations, segmenting the information by each of the three divisions, as well as the way in which this information is prepared and its reconciliation to the figures under IFRSs through adjustments and eliminations, the details of which are provided in the aforementioned note. The reasons for and use of this segmented information are also explained in Note 5.

The following is a comparison of the data with that of the first nine months of 2017:

(Thousand Euros)	from 01,01,2018 to 30,09,2018							
	Dev Con (A)	SVCS (B)	Structure (C)	Total Value added (A+B+C=D)	Pow Gen (E)	Total Divisions added (D+E=F)	Eliminations (G)	Total (F+G)
Operating Revenue (a)	5,459	3,334	0	8,793	15,398	24,191	-3,370	**20,821**
Direct costs (b)	-4,894	-2,022		-6,916	-1,501	-8,418	2,326	**-6,092**
Gross Margin (a – b = c)	*565*	*1,312*	*0*	*1,877*	*13,896*	*15,773*	*-1,044*	***14,729***
% Gross margin (c/a)	*10.4%*	*39.3%*		*21.3%*	*90.2%*	*65.2%*		*70.7%*
SGA (d)	-2,880	-249	-946	-4,075	0	-4,075	0	**-4,075**
EBITDA (c – d = e)	*-2,314*	*1,062*	*-946*	*-2,198*	*13,896*	*11,699*	*-1,044*	***10,654***
% Margin EBITDA (e/a)	*-42.4%*	*31.9%*		*-25.0%*	*90.2%*	*48.4%*		*51.2%*
Fixed assets depreciation (f)	-7	-21		-27	-4,680	-4,707	2,605	**-2,102**
OPERATING INCOME-EBIT (e-f=g)	**-2,321**	**1,042**	**-946**	**-2,225**	**9,217**	**6,992**	**1,561**	**8,552**
% Margin EBIT (g/a)	*-42.5%*	*31.2%*	*,*	*-25.3%*	*59.9%*	*28.9%*	*-46.3%*	*41.1%*

(Thousand Euros)	from 01,01,2017 to 30,09,2017							
	Dev Con (A)	SVCS (B)	Structure (C)	Total Value added (A+B+C=D)	Pow Gen (E)	Total Divisions added (D+E=F)	Eliminations (G)	Total (F+G)
Operating Revenue (a)	35,158	3,313	0	38,471	6,235	44,706	-19,792	**24,915**
Direct costs(b)	-20,037	-1,869		-21,906	-1,283	-23,189	2,401	**-20,788**
Gross Margin (a – b = c)	*15,121*	*1,443*	*0*	*16,565*	*4,953*	*21,517*	*-17,391*	***4,127***
% Gross Margin (c/a)	*43,0%*	*43,6%*		*43.1%*	*79.4%*	*48.1%*	*87.9%*	*16.6%*
SGA (d)	-2,841	-388	-169	-3,398		-3,398	0	**-3,398**
EBITDA (c – d = e)	*12,280*	*1,056*	*-169*	*13,167*	*4,953*	*18,120*	*-17,391*	***729***
% Margin EBITDA (e/a)	*34.9%*	*31.9%*		*34.2%*	*79.4%*	*40.5%*	*87.9%*	*2.9%*
Fixed assets depreciation (f)	-20	-4		-24	-2,607	-2,632	2,323	**-309**
OPERATING INCOME-EBIT (e-f=g)	**12,260**	**1,051**	**-169**	**13,143**	**2,345**	**15,488**	**-15,068**	**420**
% Margin EBIT (g/a)	34.9%	31.7%		34.2%	37.6%	34.6%	76.1%	*1.7%*

The segment analysis for the first nine months of 2018 is characterized by:

- A low level of activity in the DEVCON segment, which, in comparison with the same period in 2017, is the main cause for the decline in operating income. This was due to the fact that the Solarpack Group is concentrating the start-up of the activity of the DEVCON division in the last semester of 2018 and subsequent year 2019. The main activity recorded during the first nine months of 2018 is related to the commencement of the execution of a EPC turnkey construction contract in Colombia.
- A very significant increase in operating revenues in POWGEN division, since the projects operating since July 2017 have been generating energy and operating income during the first nine months of 2018 from the very month of January. This made it possible to offset a significant part of the reduction in operating income of the DEVCON division.
- A continued SVCS activity, specifically +0.6% in terms of operating income and -1% in EBIT terms.
- As for the structure costs, they show a significant increase, from 164 thousand euros in the first nine months of 2017, to 946 thousand euros in the first nine months of 2018. This was due to the commencement of implementation of the measures to raise financing approved on 4 April 2018 by the Board of Directors, as indicated in Note 12.1 to the consolidated financial statements.

2.2. Matters relating to the environment and employees

At the Solarpack Group, as in many industrial and advanced technology activities, matters relating to the environment and its employees are key to its future success and development.

Both areas, employees and the environment, are well identified in our mission as a business organisation (shown in bold):

- Generate attractive "products and services" for its customers (governments, companies, private individuals) in the renewable energies field.

- With an **attractive business culture for talent**, which generates an environment where its people can give their best, working contentedly.

- With attractive business and financial results that reflect the success in the management of the resources used and that **contribute to the prosperity of society**, wherever the Group acts.

These commitments have recently been made public, as in December 2017 the Board of Directors of Solarpack approved (i) a Quality, Environment and Health and Safety Policy; and (ii) a Corporate Social Responsibility Policy.

These two policies can be found on our website (www.solarpack.es) so that they are available to any person or entity connected to us in any way or on whom our activity has an effect.

The information included in this section also includes that needed to be able to understand the performance, results and situation of the Group, and the impact of its activity in relation to, at the very least, environmental and social issues, as well as those concerning employees, respect for human rights and the fight against corruption and bribery; all in accordance with the principles established in Royal Decree-Law 18/2017, of 24 November, amending the Spanish Commercial Code, the Consolidated Spanish Limited Liability Companies Law approved by Legislative Royal Decree 1/2010, of 2 July, and Spanish Audit Law 22/2015, of 20 July, in relation to non-financial information and diversity.

In this regard, the basic pillars of our Quality, Environment and Health and Safety Policy are as follows:

1. **Quality**. Prioritise Quality, understood as the fulfilment of the customer's needs and the satisfaction of a job well done, being able to understand their needs and expectations and pre-empt possible changes, working at all times with professionalism, ethics and transparency.

2. **Management systems**. Establish management systems based on continuous improvement and the establishment of adequate objectives in order to optimise performance.

3. **Mitigate risks**. Identify, evaluate, prioritise and mitigate Health and Safety risks associated with the activities carried on and the workplaces where they are carried on, with emphasis on prevention.

4. **Health and safety**. Prioritise and give high visibility to Health and Safety practices at SOLARPACK, informing employees adequately about the risks to which they may be subject.

5. **Environment**. Prevent pollution and protect the environment, with the identification and minimisation of the environmental impact arising from our activities, with sustainable use of resources and the best available technologies and practices.

6. **Compliance**. Ensure compliance with the applicable legislation, customer requirements and other minimum requirements that the Company must meet in each of the countries in which SOLARPACK carries on its activities.

7. **Committed employees**. Achieve the active and responsible involvement of all the employees of SOLARPACK, promoting personal development, teamwork and adequate training to facilitate their performance and participation in the continuous improvement of the management of the Company.

8. **Committed contractors**. Integrate our contractors in our commitment to quality, the environment and health and safety, as part of the project performance process.

9. **Commitment**. Perform specific monitoring of this Policy through the Audit Committee of the Board of Directors of SOLARPACK.

The basic pillars of our Corporate Social Responsibility Policy are as follows:

1. **Compliance**. Comply with current legislation in the countries in which we operate, adopting, in a complementary manner, international standards and guidelines where there is no adequate legal framework. Employees will neither consciously collaborate with third parties in the violation of any law, nor participate in any action that compromises respect for the principle of lawfulness.

2. **Human rights**. Respect the Declaration of Human Rights and, especially, those whose violation degrades the employee collective, rejecting child and forced or compulsory labour.

3. **Favourable employment framework**. Develop a favourable framework for labour relations based on equal opportunities, non-discrimination and respect for diversity, promoting a safe and healthy work environment and facilitating communication among the members of SOLARPACK's team of professionals.

4. **Integrity**. Reaffirm Integrity as one of the main principles of SOLARPACK's corporate culture.

5. **Ethics**. Act with ethical behaviour in all our internal and external relationships. Avoid conflicts of interest, dealing with them appropriately when they arise.

6. **Development**. Contribute to the development of the social environments in which we operate, respecting the identity of local communities and maintaining ongoing dialogue with all stakeholders, incorporating their expectations into our projects.

7. **Social welfare work**. Focus our Social Welfare Work on meeting needs and in promoting our values in the environments where our workplaces, facilities and offices are located.

8. **Participation**. Involve external partners in all the practices arising from these values and commitments, communicating, teaching and demanding compliance in all the activities carried on at SOLARPACK.

2.2.1. Environment

The environmental impact of the Solarpack Group is minimal, since it engages in the generation of solar PV projects. As is widely known, this technology makes it possible to generate significant volumes of electricity using a renewable resource that is free from emissions that are harmful to the environment. Therefore, our activity is in the forefront of the fight against climate change, by guiding the energy matrix of countries towards non-polluting sources.

However, when planning and building a new solar PV generation project, environmental considerations are of major importance and form a significant part of the decision-making process at all times. Solarpack must pass strict environmental controls by public authorities prior to the commencement of construction work on all its solar PV projects.

On a voluntary basis, the Company applies in projects located in developing countries a methodology called "IFC Performance Standards" as a tool for controlling and monitoring environmental and social risks in the construction of new solar PV plants. This tool is universally known in the project finance world and overcomes the regulatory deficiencies that exist in many developing countries to ensure in all cases the correct environmental and social management of projects.

The capabilities and experience of Solarpack in this area are supported by project financing that has been provided by rigorous multilateral institutions such as the IADB, CAF and Proparco.

2.2.2. *Employees*

The Solarpack Group has a positive working environment and the vast majority of its employees are highly motivated. Note 19.3 to the consolidated financial statements details the structure of the staff costs and provides a breakdown of the headcount.

At 30 September 2018, the Solarpack Group had 127 employees. Most of the employees work in technical areas, specifically 73% of the professionals, which include engineering, construction, operation and maintenance activities.

This involved growth by 7,6% over the average balance of the number of employees during 2017, which is due, on the one hand, to (i) growth in all the company's activities and, in particular, to the proper preparation of the structures in the face of the strong growth in DEVCON expected during the next 15 months, and (ii) on the other hand, to the termination of the contracts of a relevant part of the work supervision personnel hired for the assets of Telengana, India after its conclusion. The average cost per employee during the first nine months of 2018 was EUR 40,907, including both salaries and social security costs.

The Solarpack Group strives to ensure it has a cohesive group of employees spread across ten different countries, to which end various measures are implemented:

- Existence of a unified employee manual, so that all Company's employees have the same values and corporate culture, as well as similar operating rules, respecting the employment legislation of each country at all times.
- A corporate communication platform that allows easy interconnection from any device connected to the Internet, with any Company employee in his or her workplace, as well as videoconferences and audio conferences in a simple and economical fashion.
- Regular Company meetings at which a large majority of the employees have the opportunity to meet personally, exchange experiences and identify with business objectives.

The employee manual contains a Code of Integrity and Conduct that is assumed by all the employees when they join the Solarpack Group. This code raises four simple questions to assess whether or not behaviour is acceptable. Also, a specific e-mail address is available as a whistleblowing channel.

Occupational risk prevention is a highly important issue in the construction and O&M activities. Therefore, in the performance of these activities, the Company provides significant training and employee awareness activities, and the employees are responsible for their own safety, as well as that of other subcontractors that carry out their work in the facilities owned by the Solarpack Group. Access control, induction talks and the adequate supply of protective equipment are all part of the day-to-day reality of the Group's operations.

The Audit Committee of Solarpack's Board of Directors monitor and review all occupational health and safety incidents and accidents on a quarterly basis. During 2017 and in the first nine months of 2018 there were no accidents or incidents classified as fatal or serious, serious meaning that the employee has had to miss work as a result.

3. Liquidity, capital resources

There are not significant changes respect to what was mentioned in the 30th June 2018 Management Report

4. Main risks and uncertainties

Exchange rate risk

The activity of the Solarpack Group is highly international and, therefore, subject to the influence of various currencies. These currencies include most notably the US dollar and the Indian rupee.

The foreign currency risk is different for each of the Solarpack Group's divisions.

- POWGEN: In this case, the foreign currency risk arises when the revenue from the sale of electricity is denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
    - The project finance borrowings must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, repayments of project finance borrowings must be hedged with a long-term foreign currency risk hedging instrument.
    - The EPC turnkey construction contract for each new solar PV plant must be denominated in the same currency as the long-term revenue from the project in question. Where this is not possible, the payments under the EPC contract must be hedged with a short-term foreign currency risk hedging instrument with a maximum term of one year.
    - Equity investments in SPVs owning solar PV plants whose long-term revenue is denominated in currencies other than the euro or the US dollar must be hedged by foreign currency hedges with a minimum term of one year, and these must be renewed on expiry if the Solarpack Group has retained its ownership position. These foreign currency hedges only cover the risk relating to the capital invested in the SPV, and not the latter's profit or loss or dividends.
- DEVCON: The foreign currency risk arises when the development and construction contracts for a project are denominated in a currency other than the euro. The Solarpack Group applies the following policies for managing this risk:
    - When the EPC turnkey construction contract is entered into, any supply of equipment or construction and assembly contract denominated in a currency other than that of the EPC must be analysed and, depending on the term, amount and currency risk, a foreign currency derivative must be arranged.
- SVCS: In this case, the main risk arises when the currency in which staff costs are denominated is different from that in which the related SVCS contract is denominated. The Solarpack Group applies the following policies for managing this risk:
    - For contracts (i) with a term of more than four years; (ii) whose selling price is not indexed to inflation; and (iii) in which the staff costs exceed 40% of the selling price, the foreign currency risk must be hedged.

Note 15 to the consolidated financial statements shows the foreign currency hedging instruments that the Solarpack Group has arranged.

Specifically:

- a Colombian peso-euro foreign currency hedge to hedge the foreign currency risk relating to several inputs denominated in euros in an EPC construction contract denominated in Colombian pesos and;
- an Indian rupee-euro foreign currency hedge to hedge the foreign currency risk relating to the equity invested in the solar plants located in Telangana, India, whose long-term power sale contracts are denominated in Indian rupees.

If at 30 September 2018 the euro had fallen/risen by 10% relative to all the functional currencies other than the euro, and other variables had remained constant, equity would have increased by EUR 4,009 thousand/decreased by EUR 3,141. The detail, by currency, is as follows:

	Euros	
	30.09.2018	
	10%	(10%)
US dollars	(463,414)	735,654
Chilean peso	(1,399,003)	1,709,892
Indian rupee	(1,292,743)	1,581,200
Other currencies	14,379	(17,577)

Total	(3,140,781)	4,009,169

If the average exchange rate of the euro over the first nine months of 2018 had fallen/risen by 10% relative to all the functional currencies other than the euro, and other variables had remained constant, profit after tax for the reporting period would have decreased by EUR 242 thousand/increased by EUR 198 thousand Euros, mainly as a result of the translation to euros of the statement of profit or loss.

The detail, by currency, is as follows:

	Euros	
	30.09.2018	
	10%	(10%)
US dollars	(62,673)	75,949
Chilean peso	(45,183)	55,225
Indian rupee	(92,157)	112,676
Other currencies	1,573	(1,923)
Total	(198,441)	241,927

Except for previously explained risk, there are not significant changes to the ones mentioned in 30 June 2018 Management Report.

5. Significant events after the reporting period

No relevant circumstances occurred after the close of the year.

6. Outlook for the entity

In May 2018 the Solarpack Group decided to change its business model, shifting from a strategy based on the high rotation of solar PV assets to one where there will be a greater degree of subsequent ownership of these assets under Build&Own arrangements. This change in business model will have two fundamental effects:

- Higher levels of investment and asset growth.
- Increased revenue recurrence due to the increase in the relative importance of the POWGEN and SVCS divisions in the obtainment of revenue.

The Solarpack Group is working intensively on two fronts towards the successful implementation of this new business model:

- A process to obtain financing, as detailed in Note 12.1 to the consolidated financial statements.
- The consolidation of a portfolio of projects ready for construction in the coming months.

The successful completion of these two processes will lead to a significant transformation at the Group in terms of both volume of business and the growth of its power output.

As regards the latter, in 2018 the Group has achieved a volume of Build&Own and Build&Sell contracts that offers very good prospects for landing new business over the coming 18 months.

The Group's objectives for the period from October2018 to December 2019 are based on the following milestones:

- Continuous improvements in the operation of (i) the assets in service of POWGEN; and (ii) existing SVCS contracts.
- Completion of the construction of
    - o A solar PV plant currently under construction in Colombia, with an installed capacity of 10.5 MW, under an EPC arrangement.

- Two solar PV plants in Spain with a total installed capacity of 100 MW under a Build&Sell arrangement, for which EPC contracts and share purchase agreements have already been entered into with a third party. These contracts are subject to the condition precedent that the permits and authorisations required for the commencement of construction can be obtained.
    - Three solar PV plants in Spain with a total installed capacity of 111 MW under a Build&Own arrangement. These solar PV plants will benefit from the rights obtained by Solarpack in the renewable energy auction organised by the Spanish Government in July 2017 in which Solarpack was awarded rights for an installed capacity of 100 MW.
    - A solar PV plant located in Chile with a total installed capacity of 124 MW under a Build&Own arrangement. This solar PV plant will benefit from the PPAs that the Solarpack Group has signed with the regulated electricity distributors in Chile, after the award to Solarpack in the renewable energy auction called by the Chilean Government of Chile in 2016 of rights for the sale of an annual volume of power of up to 280 GWh for a period of 20 years commencing on January 1, 2021.
    - Six solar PV plants in Chile with a total installed capacity of 66 MW under a Build&Sell arrangement, for which EPC contracts and purchase and sale agreements have already been entered into with a third party. These contracts are subject to the condition precedent that the permits and authorisations required for the commencement of construction can be obtained.
    - Five solar PV plants located in India with a total installed capacity of 130 MW under a Build&Own arrangement. These solar PV plants will benefit from the PPAs that the Solarpack Group has signed with three public electric utilities companies in the state of Karnataka (India), after the award to Solarpack in the renewable energy auction called by the Government of the State of Karnataka in 2018 of rights to sell the power produced by these facilities for a period of 25 years.
- Completion of the purchase and sale of shares of the companies owning solar PV plants in Spain, as indicated in section 5 of this directors' report.

The achievement of these objectives will:

- give rise to a significant cash inflow from the activities of DEVCON, from both Build&Sell projects and Build&Own projects.
- lead to a significant investment in the equity required by the SPVs owning the new Build&Own facilities.
- make it possible to start 2020 with an installed capacity attributable to Solarpack's POWGEN division of 507 MW.

This directors' report of the Solarpack Group contains certain prospective information that reflects the plans, forecasts or estimates of the Group's directors which are based on assumptions that are considered reasonable by them. However, the users of this report must bear in mind that forward-looking information should not be considered as a guarantee of the entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that mean that the future performance of the entity will not necessarily be as initially planned. Those risks and uncertainties are described in this directors report, principally, albeit not exclusively, in the section that addresses the main risks and uncertainties that the entity is facing.

7. R&D+i activities

The Solarpack Group has placed value on knowledge of new technologies in the solar PV generation and complementary activities. The Group does not engage in manufacturing, but it does engage in systems integration. In this regard, it attempts to gain know-how in the innovative technologies that can make its future projects more competitive, to thus guarantee the Group's future growth.

In the first nine months of 2018 the Parent focused its efforts on the following R&D+i projects.

- Engineering work and procurements for a pilot facility to be located at the Pozo Almonte Solar 1 solar PV plant in Chile (already in service) in order to test new PV solar module technologies, such as PERC or bifacial technologies, and an electricity storage device with batteries to operate in conjunction with the solar PV modules. The assembly and start-up of the pilot facility was completed during the third quarter of 2018, for a total amount of 165 thousand euros, of which 125 thousand euros have been recorded in the assets as tangible fixed assets.
- Storage committee. Electricity storage systems using batteries represent a new technology that can bring about significant changes in the way the solar PV plants of the future are designed on an industrial scale. This committee meets every month to analyse the new developments in the battery market, evaluate business models in the field of battery system use and propose R&D+i expenditure as indicated in the preceding point.

- Work is being performed at the DEVCON division on the processing of permits and licences for two projects, on an industrial scale, for the integration of battery systems with solar PV generation, in order to:
    - Execute one of them as a pilot facility with a total installed capacity of 3 MW.
    - Prepare the second to bid for PPAs that exceed the generation time limitations to which the solar PV facilities are subject.
- At the SVCS division the Group continued with the improvement and fine-tuning of its control centre computer system (ROC) for monitoring technical O&M activities.
- Also at the SVCS division a new computerised system for reporting and recording the activities of the entire team of operators has been implemented, the aim of which is to improve the traceability of activities and the performance and design of maintenance plans.

8. Appendix I: Alternative Performance Measures

Does not apply

9. Other relevant information

9.1. Dividend policy

Solarpack intends to reinvest the cash flow generation in new project developments which will allow for the business growth in the medium term thus increasing the shareholdings value. Accordingly, Solarpack does not contemplate the payment of dividends in the next coming months. After the successful conclusion of this period with growth prospects, the Company shall assess the current growth opportunities and reassess the dividend policy.

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Annex I: Alternative Performance Measures

Alternative performance measures	Unit	Definition	Reconciliation of Alternative Performance Measures (APMs) 30,09,2017	30,09,2018	Use Relevance
Direct costs	m Euros	Procurements +staff Direct Expense+ Other Direct Operating Expenses +Other direct results	(20,788 m €)= (14,722 m €) +(2,883 m €) (3,183 m €) +	(6,092 m €) = (2,234m €)+(2,936 m €)+(2,283 m €) +1,362 m €	Profitability indicator used by the Management to estimate the operating expenses directly attributable to each project, thus assessing its evolution,
Gross Margin	m Euros	Operating revenue +Direct costs	4,127 m €= 24,915 m €+(20,788 m €)	14,729 m €= 20,821m €+(6,092 m €)	Profitability indicator use by Directors to assess income generation disregarding those costs not directly attributable to the projects,
% Gross Margin	%	Gross Margin / Operating income	16,6% = 4,127 m €/ 24,915 m €	70,7% = 14,729 m €/ 20,821m €	Performance indicator used by Directors to estimate the operating performance percentage excluding direct operating expense.
SGA	m Euros	Procurements +Staff Expense +Other operating expense + Other direct results – Direct costs	(3,398 m €) = (14,722 m €) +(4,660 m €) + (4,793 m €) +(10 m €) +20,788 m €	(4,075 m €) = (2,234m €) +(2,936 m €) +(2,283 m €) +1,362 m €	Indicator for general, administrative and business expenses not directly attributable to the projects
Gross Op. Income (EBITDA)	m Euros	Operating revenue + Procurements +Staff Expense +Other operating expense +Other results	729 m €= 24,915 m €+(14,722 m €) +(4,661m €) + (4,793 m €)+(10 m €)	10,654 m €= 20,821m €+(2,234m €)+(4,827 m €) +(4,467 m €) +1,362 m €	Operating performance indicator disregarding interest, taxes and depreciations used by Directors to assess the operating cash flow generation capacity of the projects.
% EBITDA	%	Gross operating income (EBITDA) / Operating income	2,9% = 729 m €/ 24,915 m €	51,2% = 10,654 m €/20,821m €	% Operating performance indicator disregarding interest, taxes and depreciations related to the operating income.
EBIT	m Euros	Gross operating income (EBITDA) +Depreciation of Fixed Assets	420 m €= 729 m €+(309 m €)	8,552 m €= 10,654 m €+(2,102m €)	operating performance disregarding interest and taxes.
% EBIT	%	Gross operating income (EBIT) / Operating income	1,7%= 420 m €/ 24,915 m €	41,1%= 8,552 m €/ 20,821m €	% Operating performance indicator disregarding interest and taxes related to operating income.
		Definition	31,12,2017	30,09,2018	
Net Financial Debt	m Euros	L/T debt +Debt to credit inst. and other S/T liabilities - Liquid Assets and equivalents – S/T debt- Other assets	73,183 m €= 3,352 m €+94,115 m €+(19,529 m €) + (1,086 m €) +(3,670 m €)	83,730 m €= 91,167 m €+11,093 m €+(12,440 m €) + (978 m €) +(5,113 m €)	Performance indicator used by the Directors to assess the net asset value
Indebtedness	%	Net finance debt / (Net Equity+Net finance debt)	58% = 73,183 m €/ (52,960 m €+73,183 m €)	62% = 83,729 m €/ (51,220 m €+83,730 m €)	Performance indicator that reflects the gearing or leverage ratio of the business

Pro Forma Financial Information to give effect to the acquisition of the Spanish Operating Assets

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48011 Bilbao
España

Tel: +34 944 44 70 00
www.deloitte.es

Translation of a special independent auditor's report prepared in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board.

SPECIAL INDEPENDENT AUDITOR'S REPORT ON THE COMPILATION OF THE PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To the Board of Directors of Solarpack Corporación Tecnológica, S.A.,

We have performed our engagement on the accompanying pro forma condensed consolidated financial information of Solarpack Corporación Tecnológica, S.A. ("the Parent") and subsidiaries, prepared by the Parent's directors, which comprises the pro forma condensed consolidated balance sheet as at 30 June 2018, and the pro forma condensed consolidated statements of profit or loss for the year ended 31 December 2017 and for the six-month period ended 30 June 2018 and the related explanatory notes. The applicable criteria on the basis of which the Parent's directors have compiled the pro forma condensed consolidated financial information, which are described in Notes 1 to 4 to the aforementioned pro forma condensed consolidated financial information, are those provided for in European Commission Regulation (EC) No 809/2004 and in the European Securities and Markets Authority (ESMA) update of the Committee of European Securities Regulators (CESR) recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319) and the clarifications contained in the ESMA/2016/1674 document.

The pro forma condensed consolidated financial information has been compiled by the Parent's directors to illustrate the impact that the transaction described in Note 2 would have had on the consolidated balance sheet as at 30 June 2018 and on the consolidated statements of profit or loss of Solarpack Corporación Tecnológica, S.A. and its subsidiaries for the year ended 31 December 2017 and for the six-month period ended 30 June 2018, had the aforementioned transaction taken place on 30 June 2018 for balance sheet purposes and on 1 January 2017 for statement of profit or loss purposes.

As indicated in Note 3 to the accompanying pro forma condensed consolidated financial information, the information used as the basis for compiling the pro forma condensed consolidated financial information was extracted by the Parent's directors from:

a. Interim consolidated financial statements of Solarpack Corporación Tecnológica, S.A. and subsidiaries for the six-month period ended 30 June 2018, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU-IFRSs"), which were authorised for issue by the directors on 6 November 2018 and submitted for audit by Deloitte, S.L., which issued the related unqualified auditor's report on 8 November 2018.

b. Consolidated financial statements of Solarpack Corporación Tecnológica, S.A. and subsidiaries for the year ended 31 December 2017, prepared in accordance with EU-IFRSs, which were authorised for issue by the directors on 6 November 2018 and submitted for audit by Auren Auditores SP, S.L.P., which issued the related unqualified auditor's report on 8 November 2018.

c. Financial statements of Solarpack Promo2007 Ciento Veintiuno, S.L. (one of the companies subject to the transaction described in Note 2 to the pro forma condensed consolidated financial information) for the year ended 31 December 2017, prepared in accordance with the Spanish National Chart of Accounts, which were authorised for issue by its directors on 28 March 2018 and submitted for audit by Auren Auditores SP, S.L.P., which issued the related unqualified auditor's report on 17 April 2018. In addition, the balance sheet and statement of profit or loss of the aforementioned company for the six-month period ended 30 June 2018 were obtained, which were prepared in accordance with the Spanish National Chart of Accounts and approved by the directors on 30 August 2018.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

d. For the other companies subject to the transaction described in Note 2, which are detailed in the Appendix to the pro forma condensed consolidated financial information, the abridged financial statements for the year ended 31 December 2017 and the balance sheets and statements of profit or loss for the six-month period ended 30 June 2018, prepared in accordance with the Spanish National Chart of Accounts and approved by the directors of the companies subject to the transaction. The abridged financial statements for 2017 were authorised for issue by the respective directors in May/June 2018. In addition, the financial information of the aforementioned companies for the six-month period ended 30 June 2018 was prepared in accordance with the Spanish National Chart of Accounts and approved by their directors in July/August 2018. The aforementioned abridged financial statements were not audited because the companies were exempt from this obligation due to their relatively small size.

Responsibilities of the directors for the pro forma financial information

The directors of Solarpack Corporación Tecnológica, S.A. are responsible for the preparation and content of the pro forma condensed consolidated financial information in accordance with the requirements of Regulation (EC) No 809/2004 and with the ESMA update of the CESR recommendations for the consistent implementation of the aforementioned Regulation (ESMA/2013/319) and the clarifications contained in the ESMA/2016/1674 document. The directors of Solarpack Corporación Tecnológica, S.A. are also responsible for the assumptions and hypotheses, included in Note 4 to the pro forma condensed consolidated financial information, on which the pro forma adjustments described in Notes 5 and 6 are based.

Our responsibilities

Our responsibility is to issue the report required in Annex II.7 of the European Union Regulation (Regulation (EC) No 809/2004), which under no circumstances may be considered to be an auditor's report on financial statements, on whether the pro forma condensed consolidated financial information has been properly compiled, in all material respects, by the directors of Solarpack Corporación Tecnológica, S.A. on the basis of the requirements of Regulation (EC) No 809/2004, the ESMA update of the CESR recommendations for the consistent implementation of the aforementioned regulation (ESMA/2013/319), the clarifications contained in the ESMA/2016/1674 document and the assumptions and hypotheses defined by the directors of Solarpack Corporación Tecnológica, S.A.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board, which requires that we comply with the relevant ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled, in all material respects, the pro forma financial information on the basis of the requirements of Regulation (EC) No 809/2004, the ESMA update of the CESR recommendations for the consistent implementation of the aforementioned regulation (ESMA/2013/319), the clarifications contained in the ESMA/2016/1674 document and the assumptions and hypotheses defined by the directors of Solarpack Corporación Tecnológica, S.A.

For purposes of this report, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma condensed consolidated financial information, or for expressing any other opinion on the pro forma condensed consolidated financial information, on the assumptions and hypotheses used in the preparation thereof, or on any specific items or accounts, nor have we performed an audit or limited review of the financial information used as the basis for the compilation of the pro forma condensed consolidated financial information.

The purpose of pro forma condensed consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on the historical financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Since this pro forma condensed consolidated financial information was prepared to reflect a hypothetical situation, it is not intended to represent, and does not represent, the financial and equity position or the profit or loss from operations of Solarpack Corporación Tecnológica, S.A. and its subsidiaries. Consequently, we do not express an opinion as to whether the financial information that would have been obtained if the transactions described had occurred at 30 June 2018 for the pro forma condensed consolidated balance sheet and at 1 January 2017 for the pro forma condensed consolidated statements of profit or loss for the year ended 31 December 2017 and for the six-month period ended 30 June 2018 would correspond to the accompanying pro forma condensed consolidated financial information.

A report of this nature aims to provide reasonable assurance about whether the pro forma condensed consolidated financial information was compiled, in all material respects, on the basis of the criteria used in its preparation, and involves performing procedures necessary to assess whether the criteria used by the directors in the aforementioned compilation provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The pro forma adjustments give appropriate effect to those criteria;
- The pro forma condensed consolidated financial information reflects the proper application of those adjustments to the historical information; and
- The accounting policies used by the directors of Solarpack Corporación Tecnológica, S.A. and subsidiaries in compiling the pro forma condensed consolidated financial information, including those relating to the transition to EU-IFRSs, are consistent with the accounting policies used in the preparation of the interim consolidated financial statements of Solarpack Corporación Tecnológica, S.A. and subsidiaries for the six-month period ended 30 June 2018.

The procedures performed depend on our professional judgement, having regard to our understanding of the nature of the company, the event or transaction in respect of which the pro forma condensed consolidated financial information was compiled, and other relevant engagement events and circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma condensed consolidated financial information.

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

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, consequently, maintains an exhaustive system of quality control that includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable laws and regulations.

Opinion

In our opinion:

- The accompanying pro forma condensed consolidated financial information has been properly compiled on the basis of the criteria used and the assumptions and hypotheses defined by the directors of Solarpack Corporación Tecnológica, S.A.
- The accounting policies used by the directors of Solarpack Corporación Tecnológica, S.A. in compiling the accompanying pro forma condensed consolidated financial information are consistent with the accounting policies used in the preparation of the interim consolidated financial statements of Solarpack Corporación Tecnológica, S.A. and subsidiaries as at 30 June 2018.

Distribution and use

This report was prepared at the request of Solarpack Corporación Tecnológica, S.A. in relation to the process of verification and registration of the Parent's prospectus in the context of the admission to trading of its shares on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges and, therefore, it must not be used for any other purpose or in any other market, or published in any document of a similar nature other than the prospectus without our express consent. We will not accept any liability to persons other than the addressees of this report.

DELOITTE, S.L.

Pablo Múgica

12 November 2018

Translation of Pro-forma Interim Condensed Consolidated Financial Statements as of June 30, 2018, for the 6-month period ended June 30, 2018 and for the 12-month period ended December 31, 2017 originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails

Solarpack Corporación Tecnológica, S.A and Subsidiaries

Pro-forma Interim Condensed Consolidated Financial Statements as of June 30, 2018, for the 6-month period ended June 30, 2018 and for the 12-month period ended December 31, 2017

1. Purpose of the pro forma financial statement

The accompanying pro forma consolidated financial statements show the condensed pro forma consolidated balance sheet of Solarpack Corporación Tecnológica, SA (hereinafter, the Parent Company) and Subsidiaries (hereinafter the Group), as of June 30, 2018 and the condensed pro forma consolidated profit and loss accounts for the six-month period ended as of that date, as well as for the year ended December 31, 2017, which have been prepared from, and must be read together with, the consolidated intermediate financial statements of June 30, 2018 and the consolidated annual accounts of December 31, 2017 of the group, prepared in accordance with the International Financial Reporting Standards approved by the European Union (IFRS-EU).

This condensed pro forma financial information has been drafted with the aim of showing, on a pro forma basis, the potential impact on the condensed consolidated balance sheet as of June 30, 2018, as well as on the condensed pro forma consolidated profit and loss accounts for both the six-month period ended as of that date and for the year ended 31 December 2017, of the acquisition of certain shares in several companies, stated in the following paragraphs of this document, as if said acquisitions had occurred on January 1 2017, for the purposes of the condensed pro forma consolidated profit and loss accounts, and as of June 30, 2018 for the purposes of the consolidated condensed balance sheet. In order to prepare these condensed pro forma consolidated financial statements, it has been assumed that the acquisition of the shares, described in Note 2, is completely perfectioned.

These condensed pro forma consolidated financial statements have been prepared solely for the purpose of including them in the prospectus to be submitted by the Parent Company in the context of a possible authorization for listing of the Parent Company's shares on the Stock Exchanges of Bilbao, Madrid, Barcelona and Valencia.

These condensed pro forma consolidated financial statements have been prepared for illustrative purposes only and assumes that the Group's Financial Management has deemed reasonable under the current circumstances, the terms and conditions contained in the contracts leading to the performance of these condensed pro forma consolidated statements, as well as the financial statements available on the date of preparation of the information contained herein. The assumptions adopted are described in Note 4 of this document.

Given that these condensed pro forma consolidated financial statements have been prepared in order to reflect a hypothetical situation, they are not intended to reflect, and, consequently, do not reflect, neither the financial position, nor the results of the operations of Solarpack Corporación Tecnológica, SA and Subsidiaries, should the operations described in Note 2 had occurred. Likewise, the condensed pro forma consolidated statements are not indicative of the Group’s financial position or future results.

The Board of Directors of the Parent Company is responsible for the preparation and content of the condensed pro forma consolidated financial statements.

2. Description of the transaction

Solarpack Corporación Tecnológica, SA, was incorporated on April 1, 2005 as a Private Limited Company for an indefinite term. The Group's corporate purpose and main activity is the promotion, management and administration of companies producing renewable energies, including the supply, installation and assembly of equipment and facilities for power plants and the construction and sale of photovoltaic plants, as well as the production and sale of photovoltaic solar energy from solar plants under its ownership. The Solarpack Group develops its activities within the photovoltaic solar energy sector.

During the months of July and August of 2018, the Group has reached purchase agreements with third parties for the acquisition of 100% of the shares of 88 companies owning 88 solar plants, each with a capacity of 100 kWac, located in Isla Mayor, Lebrija and Llerena (hereinafter "SIS España"). Accordingly, the Group will include these companies in its consolidation perimeter, and will fully consolidate them.

Likewise, and on the same dates as in the case of the aforementioned companies, the Group has reached purchase agreements with third parties for the acquisition of shares allowing for a total shareholding of 96.5% in the subsidiary "Solarpack Promo2007 Cientoveintuno, SL "(hereinafter," Guijo"), owner of a 6,135 MW solar plant in Guijo de Coria, so that the Group's shareholding will increase from 49.75% to 96.5%. This shareholding, which was registered under the participation method until now, will be fully consolidated.

In Appendix I to this report, the companies involved in this transaction are listed in addition to the Parent Company.

All these shareholdings securitize certain financial debts with financial entities related to the financing of the photovoltaic assets construction which these entities have recorded in their balance sheet

The following table shows, by way of summary, and assuming that all the above-mentioned transactions are carried out, the shareholding percentages of the Group in the projects (photovoltaic solar plants), as well as the number of Solarpack companies in said plants, both before, and after the transactions:

Project	Nº SPV. Per plant	Total Plant MW	Position before acquisition			Acquisition			Position after acquisition			Investment		
			% shareholding in the plant	Nº SPV. Solarpack	MW(*)	% shareholding in the plant	Nº SPV. Solarpack	MW(*)	% shareholding in the plant	Nº SPV Solarpack	MW(*)	Consideration paid	Contingent consideration	Total
Isla Mayor	70	8.4	4.29%	3	0.36	30.00%	21	2.52	34.29%	24	2.88	4,627,600 €	862,702 €	5,490,303 €
Lebrija	32	3.8	6.25%	2	0.24	37.50%	12	1.44	43.75%	14	1.68	2,268,690 €	480,125 €	2,748,815 €
Llerena 1	40	4.8	5.00%	2	0.24	75.00%	30	3.60	80.00%	32	3.84	4,798,730 €	1,214,859 €	6,013,589 €
Llerena 2	40	4.1	7.50%	3	0.30	62.50%	25	2.50	70.00%	28	2.80	6,074,242 €	1,189,055 €	7,263,296 €
Total SIS	**182**	**21.1**		**10**	**1.14**		**88**	**10.06**		**98**	**11.2**	**17,769,262**	**3,746,741**	**21,516,003**
Project		**Total Plant MW**	**% shareholding in SPV**		**MW**	**% shareholding in SPV**		**MW**	**% shareholding in SPV**		**MW**	**Consideration paid**	**Contingent consideration**	**Total**
Guijo		6.1	49.76%		3.05	46.74%		2.87	96.50%		5.92	2,870,146 €	588,666 €	3,458,811 €
Total SIS España & Guijo					**4.19**			**12.93**			**17.12**	**20,639,408 €**	**4,335,407 €**	**24,974,814 €**

(*) The MW acquired are calculated on the basis of the % shareholding in the plant acquired by the total MW of the plant.

As of the date of these condensed pro forma consolidated statements, the materialization of the aforementioned transactions is mainly conditioned by the achievement of additional financing by the Group before March 31, 2019, through a capital increase. The Group's Directors consider that compliance with the above conditions is highly probable. Additionally, this operation was conditional upon obtaining the operation approval by the entities granting the financing to the acquired plants (given that the shares of these plants currently secure certain financial debts related to their construction). As of the date of these condensed pro forma consolidated statements, this authorization has been obtained. The purchase price (consideration transferred or paid) of these shareholdings will amount to approximately 20,639 thousand euros.

In addition, the sellers of these shares may receive an additional amount, the contingent consideration, in the year 2019 in the event that, in accordance with Law 24/2013 of the Electricity Sector, the new reasonable profitability of said plants for the period 2020 -2025 is above 5.184%. This amount to be received by the sellers progressively increases as a function of the final reasonable profitability. The maximum amount of such contingent consideration, which would be reached in the event that the maximum reasonable profitability is equal to or greater than 7.398%, would amount to 4,335 thousand euros.

None of the shareholdings subject to the transaction is individually relevant for the purposes of the significance required by the regulation on pro forma transactions, however, the inclusion of the mentioned transactions does have a relevant impact for the Group, reason why the acquisition of the aforementioned shares appear in two columns (Guijo transaction has been submitted separately because it shows different characteristics to those of the rest of the shares acquired, which have been submitted in aggregate form).

3. Bases and presentation sources of the condensed pro forma consolidated financial statement

The condensed pro forma consolidated financial statement has been prepared in accordance with the requirements of Regulation No. 809/2004 of the European Commission of April 29, 2004, and subsequent amendments, and with the update by the European Securities Market Authority ("ESMA") of the recommendations from the Committee of European Securities Regulators ("CESR") for the consistent implementation of said regulation (ESMA / 2013/319) and with the clarifications contained in document ESMA/206/1674

The accounting policies used in the preparation of the condensed pro forma consolidated financial statements are consistent with the accounting policies used by Solarpack in the preparation of its financial statements in accordance with IFRS-EU. In this sense, although the companies subject to acquisition do not prepare their financial statements in accordance with IFRS-EU, but with the Spanish GAAP, their financial statements have been subject to accounting standardization in order to be submitted in line with the Group’s accounting policies.

The historical financial statements used as a basis in the compilation of these pro forma condensed financial statements have been as follows:

- Consolidated intermediate financial statements by Solarpack Corporación Tecnológica, S.A and Subsidiaries for the period ended June 30, 2018 and prepared in accordance with IFRS-EU by the Directors on November 6, 2018, audited by Deloitte, SL, which issued the corresponding audit report on November 8, 2018, which is not qualified.

- Consolidated annual accounts of Solarpack Corporación Tecnológica, S.A and Subsidiaries for the period ended December 31, 2017 and prepared in accordance with the IFRS-EU prepared by the Directors on November 6, 2018, audited by Auren Auditores SP , SLP, which issued the corresponding audit report on November 8, 2018, which is not qualified .

- Annual accounts of Solarpack Promo2007 Ciento Veintiuno SL, one of the companies subject of the transaction described in note 2, for the period ended December 31, 2017 and prepared in accordance with the Spanish GAAP by the Directors on March 28, 2018, audited by Auren Auditores SP, SLP, which issued the corresponding audit report on April 17, 2018, which does not contain any qualifications. Additionally, the balance sheet and the profit and loss account as of June 30 2018 of the Solarpack Promo2007 Ciento Veintiuno SL have been obtained, which have been prepared under Spanish GAAP and approved by the Directors on August 30, 2018.

- For the rest of the companies subject of the transaction described in note 2, which are detailed in the Annex to this document, the annual abridged accounts as of December 31, 2017 and the balance sheet and profit and loss account as of June 30, 2018, prepared under the Spanish GAAP and approved by the Directors of the companies subject of the transaction. The abridged annual accounts corresponding to fiscal year 2017 were prepared by their respective directors in May / June 2018. In turn, the information corresponding to the six-month period ended June 30 2018 was prepared under the Spanish GAAP and approved by its Directors in July / August 2018. The aforementioned accounts have not been audited due to their size.

The condensed pro forma consolidated balance sheet has been prepared including the consolidated balance sheet of Solarpack Group as of June 30, 2018 and the balance sheet of the acquired companies, elaborated under Spanish GAAP, as if the transaction had taken place on June 30, 2018. Additionally, eliminations of balances have been carried out between the aforementioned companies, insofar as the companies maintained balances recorded between them and normalization adjustment under IFRS-UE have been carried out.

The six-month condensed pro forma consolidated profit and loss account as of June 30, 2018 has been prepared including the six-month condensed consolidated profit and loss account of Grupo Solarpack as of June 30, 2018 and the six-month profit and loss accounts as of June 30, 2018 of the companies acquired subject of the transaction, prepared under the Spanish GAAP, plus the pro forma adjustments, as if the transaction had taken place on January 1, 2017. Additionally, eliminations of transactions between said companies have been carried out insofar as said companies had made transactions between them, and normalization adjustments under IFRS-EU have been carried out.

The condensed pro forma consolidated profit and loss account as of December 31, 2017 has been prepared including the profit and loss account of the Solarpack Group taken from the consolidated annual accounts for the year ended December 31, 2017, the individual annual accounts of the companies acquired for the year ended December 31, 2017 prepared under the Spanish GAAP, plus the pro forma adjustments as if the transaction had taken place on January 1, 2017. Additionally, eliminations of transactions between the aforementioned companies have been carried out insofar as said companies had carried out transactions between them, and homogenization adjustments under IFRS-EU have been carried out.

For a correct interpretation of the condensed pro forma consolidated financial statement and its explanatory notes, these must be read together with the consolidated annual accounts of the Solarpack Group and subsidiaries as of December 31, 2017 and the consolidated financial statements of the Solarpack Group and subsidiaries as of June 30, 2018.

For the preparation of the condensed pro forma consolidated financial statements, the accounting policies applied by the Solarpack Group in the preparation of the Consolidated Intermediate Financial Statements of June 30, 2018 prepared under IFRS-EU have been considered.

4. Main assumptions used in the preparation of pro forma financial statement

In the preparation of the condensed pro forma consolidated financial statements, the following assumptions have been used:

- The occurrence of the purchase and sale transactions described in Note 2 in the terms foreseen in relation to acquired companies, percentages acquired, and prices paid for said shareholdings is considered highly probable by the Directors.
- The achievement of additional financing by the Group is deemed highly probable by the Directors. Additionally, we would like to state that as of the date of these condensed pro forma consolidated notes, approval has been obtained from the financial entities granting the aforementioned financing for the transfer of said shareholdings.
- For the purposes of the submission of the condensed pro forma consolidated balance sheet, it has been assumed that the transactions took place on June 30, 2018. For the purposes of the pro forma consolidated profit and loss account for the year 2017, it has been assumed that the transactions described in Note 2 took place on January 1, 2017. For the purposes of the condensed

pro forma consolidated profit and loss account for the six-month period of the year 2018, it has been assumed that the transactions described in Note 2 took place on January 1, 2017.

- The pro forma adjustments are a consequence of the effects directly attributable to the transactions described in Note 2 and, in addition to being demonstrable, they are suitable and complete for the purpose of submission of the pro forma consolidated financial statement, and are expected to have a durable impact on Solarpack, except for the expenses inherent to the transaction, which are not recurrent in nature, and amount to 116 thousand euros. In addition, the income derived from the revaluation of the previous shareholding maintained in Guijo, registered according to IFRS 3 relative to the step acquisition, amounting to 3,682 thousand euros, will also not be recurrent. In this sense, because of the condensed pro forma consolidated profit and loss accounting of 2017 and the six-month of 2018 have been prepared assuming that the transaction took place on January 1, 2017, both the transaction expenses and the shareholding revaluation previously held in Guijo are fully included in the condensed pro forma consolidated profit and loss accounts of 2017
- The pro forma consolidated financial statement does not include any adjustments other than those described in these explanatory notes.
- The Group has considered that the costs of fund raising to finance the aforementioned acquisition will be equivalent to 7% of the funds raised. This percentage has been determined considering the expenses already agreed with the different transaction stakeholders, such as banks, financial advisors, legal advisors, auditors, etc. In this respect, although the Group is estimating a fund raising approaching a total amount of 100,000 thousand euros, for the purposes of the condensed pro forma financial statement, the funds raised have only been considered to be equivalent to the cost of the companies or acquired shareholdings.
- The existing balances and transactions between the Solarpack Group and the acquired companies detailed in the Annex have been eliminated in the consolidated pro forma consolidated condensed balance sheet and in the pro forma profit and loss account, respectively. These balances and transactions correspond to certain management, operation and maintenance services that the Group had so far been providing to these companies.
- Regarding the contingent consideration to be received by the sellers of the shares, which depends on the reasonable profitability for renewables established by the Government for the three-year period 2020-2022, the Group has considered, based on its best estimate and taking into consideration the latest information available, that the reasonable profitability will be equal or superior to 7.398%, and, therefore, this additional sum would amount to approximately 4,335 thousand euros (a probability of 100% of the payment of the contingent consideration has been considered).
- For the estimation of the net assets fair value subject of the transaction as of June 30, 2018, the Group's Management has made its best estimate to determinate the fair value of the aforementioned assets, based on the assumption of the better use of the net assets included in the IFRS 13. Additionally, the Management has obtained Fairness Opinions issued by KPMG Asesores, S.L. regarding the aforementioned transaction, which has allowed for the confirmation of the assumption used in their estimation of the Net assets fair value.
- As for the tax impacts of the pro forma adjustments, a 24% tax rate has been considered, corresponding to the applicable tax rate for the year 2019 in accordance with the corporate income tax regulations in force. In the case of Guijo's revaluation through the takeover, the directors have considered, for the purposes of the corporate tax, the capital gain of the pro forma statements, arising from the staged takeover of this company, as a permanent difference. In this regard, from the company owning the shareholding corporate tax perspective, the capital gain derived from the transmission should not be considered subject to taxation according to art. 34 of the Foral law 11/2013, of December 5, on Corporate Tax
- The fair value of net assets recorded in the entities subject of the transaction and the identified new assets from the business combination, has been determined based on the discounted cash flows of the assets' financial projections. As result of the previous calculation, the Parent Company's Management determined both the payable consideration amount and the contingent compensation amount. Said amount corresponds to the final price agreed for the transaction.
- The asset identified by the management in the business combination corresponds with an intangible asset amounting to 10,689 thousand euros with an average useful life of 19 years and it is the result of the solar operating regime under which the transactional plants operate. According to IAS 12 said intangible asset has generated a deferred tax liability of 2,565 thousand euros. Consequently, the total net assets and liabilities acquired in the transaction, including the identified net assets from the business combination, amount to 18,951 thousand euros; and

deducting the transferred consideration (paid and contingent) for the transaction which amounts to 21,516 thousand euros, a goodwill of 2,565 thousand euros has been generated.

- Likewise, in the case of Guijo (an investment previously recorded in the consolidated accounts of Solarpack Group using the equity method) the Management has identified the existence of an intangible asset amounting to 3,903 thousand Euros with an average useful life of 23.1 years derived from the operating solar regime in which the solar plants from the transaction operating. This net intangible asset has generated a deferred tax liability of 937 thousand Euros in accordance to the IAS 12. Consequently, the net assets and liabilities acquired in the transaction, including the identified net assets from the business combination, amounts to 6,322 thousand euros. In addition, since the difference between the total price of the transaction, which amounts to 3,459 thousand Euros, the revaluation of the previous investment, which amounts to 3,682 Euros and the minority interest, which amounts to 117 thousand Euros, a goodwill amounting to 937 thousand Euros has been generated.

  - The deferred tax liabilities arising from the combination of businesses shall have no impact on the condensed pro-forma consolidated statement of the profit and loss accounts as they have been considered to be a temporary difference.

  - The Group has considered that the goodwill recovery arising from the previously indicated transactions is associated to the income related to the solar operating scheme under which the plants subject of the transaction operate and, therefore, given that they have a limited useful life, the goodwill will be impaired in parallel to obtaining this income. The assumptions considered for the calculation of aforementioned goodwill impairment, to be included in the condensed pro-forma consolidated profit and loss statements for the full year 2017 and for the six-month period ended June 30, 2018 respectively, are the following:

    - The goodwill's maximum useful life is directly related to the regulatory useful life of the plants subject of the transaction
    - The goodwill's recovery is affected by the positive cash flows obtained annually from each photovoltaic plant related to the original business plan. Any positive or negative deviation in the cash flows would vary the impairment registered
    - Regarding the expenses to be recorded on the condensed pro-forma consolidated profit and loss statement, it has been assumed that all the companies subject of transaction meet their business plan in each year of their useful regulatory life, whose average remaining life is 23,1 years for Guijo and 19 years for the rest of the acquired companies. As a result, the impact on the condensed pro-forma consolidated profit and loss statements for the year 2017 and for the six-month period ended June 30, 2018, was 177 thousand euros and 88 thousand euros, respectively.
    - The Management has assumed that the impairment of goodwill registered in the condensed pro-forma consolidated profit and loss statements for the six-month period ended June 30 and for the year ended December 31, 2017, has no tax impact, thus it will not generate income tax expenses.

5. Condensed pro forma consolidated balance sheet as of June 30, 2018 and pro forma consolidated profit and loss accounts as of December 31, 2017 and for the six-month period ended June 30, 2018

Condensed pro forma consolidated balance sheet as of June 30, 2018

ASSETS	30.06.2018 (1)	Acquisition SIS España (2)	Acquisition Guijo (3)	Capital increase (4)	Pro forma 30.06.2018
NON-CURRENT ASSETS					
Intangible fixed assets	4,571,334	13,254,924	4,839,807	-	22,666,065
Goodwill	-	*2,565,469*	*936,737*	-	*3,502,206*
Other intangible assets	*4,571,334*	*10,689,455*	*3,903,070*	-	*19,163,859*
Tangible fixed assets	117,208,476	40,210,142	18,701,128	-	176,119,746
Long-term investments in Group Companies and Associates	5,250,377	-	(690,012)	-	4,560,365
Long-term financial investments	4,904,195	269,541	-	-	5,173,736
Deferred tax assets	4,066,022	6,708,364	4,463,476	-	15,237,862
	136,000,404	**60,442,972**	**27,314,399**	-	**223,757,775**
CURRENT ASSETS					
Inventory	**1,404,189**	-	-	-	**1,404,189**
Commercial debts and others accounts receivable	**8,334,345**	1,666,249	739,544	-	**10,740,138**
Short-term investments in Group Companies and Asscoiates	**735,573**	-	-	-	**735,573**
Short-term financial investments	**7,932,550**	4,170,018	-	-	**12,102,568**
Short-term accruals	**347,583**	61,355	20,034	-	**428,972**
Cash and equivalents	**13,063,668**	(17,872,414)	(1,793,902)	25,091,214	**18,488,566**
	31,817,908	**(11,974,793)**	**(1,034,323)**	**25,091,214**	**43,900,006**
TOTAL ASSETS	**167,818,312**	**48,468,179**	**26,280,076**	**25,091,214**	**267,657,781**

EQUITY AND LIABILITIES	30.06.2018 (1)	Acquisition SIS España (2)	Acquisition Guijo (3)	Capital increase (4)	Pro forma 30.06.2018
NET EQUITY					
From the Parent Company- Shareholders' equity					
Equity	45,134,840	(78,396)	3,672,113	25,091,214	73,819,772
Share capital and share premium	*5,287,234*	-	-	*26,979,800*	*32,267,034*
Reserves	*37,398,957*	-		*(1,888,586)*	*35,510,371*
Profit for the period	*2,448,649*	*(78,396)*	*3,672,114*	-	*6,042,367*
Adjustments for change in value- Derivatives	-	-	-	-	-
Adjustments for change in value- Shares	2,318,000	-	-	-	2,318,000
From minority Shareholders	4,517,235	-	117,438	-	4,634,673
	51,970,075	**(78,396)**	**3,789,551**	**25,091,214**	**80,772,445**
NON-CURRENT LIABILITIES					
Long-term-term provisions	411,997	724,543	590,741	-	1,727,280
Long-term debt	92,697,397	37,109,798	15,144,848	-	144,952,043
Long-term debt to Group companies and associates	-	-	-	-	-
Deferred tax liabilities	2,006,084	6,803,368	5,559,753	-	14,369,205
	95,115,478	**44,637,709**	**21,295,342**	**-**	**161,048,529**
CURRENT LIABILITIES					
Short-term provisions	188,605	-	55,335	-	**243,940**
Short-term debt	7,734,961	2,859,953	977,493	-	**11,572,407**
Short-term debt to Group Companies and Associates	121	-	6,210	-	**6,331**
Commercial creditors and other accounts payable	12,714,689	1,048,913	156,145	-	**13,919,747**
Short-term accruals	94,383	-	-	-	**94,383**
	20,732,759	**3,908,866**	**1,195,183**	**-**	**25,836,808**
TOTAL NET EQUITY AND LIABILITIES	**167,818,312**	**48,468,179**	**26,280,076**	**25,091,214**	**267,657,781**

(1) It reflects the historical financial statement of Solarpack Corporación Tecnológica, S.A. and Subsidiaries as shown in the consolidated intermediate financial statements as of June 30, 2018, prepared by the Parent Company's Board of Directors in accordance with IFRS UE.
(2) It reflects the pro forma adjustment for the acquisition of companies called SIS España, as detailed in note 6.1
(3) It reflects the pro forma adjustment for the acquisition of the additional shareholding of Guijo, as detailed in note 6.2
(4) It reflects the pro forma adjustment for the funds raising necessary for the acquisition of SIS España and Guijo, net of the expenses associated with such acquisition, as detailed in note 6.3

Condensed pro forma consolidated profit and loss account for the period ended June 30, 2018

	Six-month period ended 30 june de 2018 (1)	Acquisition SIS España (2)	Acquisition Guijo de Coria (3)	Capital increase (4)	Pro forma Six-month period ended 30 june de 2018 (1)
CONTINUING OPERATIONS					
Net business turnover	**12,431,021**	3,187,938	1,262,094	-	**16,881,053**
Variation finished products and in manufacturing process	**203,464**	-	-	-	**203,464**
Work performed by the Company for its assets	**17,505**	-	-	-	**17,505**
Other operating income	**94,564**	-	-	-	**94,564**
OPERATING INCOME	**12,746,554**	**3,187,938**	**1,262,094**	**-**	**17,196,586**
Supplies	**42,709**	-	-	-	**42,709**
Personnel expenses	**(3,249,823)**	-	-	-	**(3,249,823)**
Other operating expenses	**(2,694,535)**	(368,311)	(184,960)	-	**(3,247,806)**
Depreciation of fixed assets	**(799,144)**	(1,699,388)	(602,730)	-	**(3,101,262)**
Impairment on goodwill	**-**	(68,059)	(20,274)	-	**(88,333)**
Other income	**480,990**	-	-	-	**480,990**
OPERATING EXPENSES	**(6,219,803)**	**(2,135,758)**	**(807,965)**	**-**	**(9,163,525)**
PROFIT FROM OPERATIONS	**6,526,751**	**1,052,181**	**454,129**	**-**	**8,033,061**
Financial income	**344,822**	-	(6,210)	**-**	**338,612**
Financial expenses	**(4,117,700)**	(882,071)	(230,290)	**-**	**(5,230,061)**
Variations in the fair value of financial instruments	**455,270**	428,246	-	**-**	**883,516**
Foreign Exchange gains& losses	**323,886**	**-**	-	**-**	**323,886**
Impairment losses and income from disposals of financial instruments	**(82,273)**	**-**	-	**-**	**(82,273)**
FINANCIAL RESULTS	**(3,075,995)**	**(453,825)**	**(236,500)**	**-**	**(3,766,320)**
Results of companies applying the equity method	**327,410**	-	-	-	**327,410**
PRE-TAX PROFITS AND LOSS	**3,778,166**	**598,356**	**217,629**	**-**	**4,594,151**
Tax on profits	**(871,071)**	**(17,951)**	**(133,947)**	**-**	**(1,022,970)**
YEAR END RESULTS	**2,907,095**	**580,405**	**83,682**	**-**	**3,571,182**

(1) It reflects the historical financial statement of Solarpack Corporación Tecnológica, S.A. and Subsidiaries as shown in the consolidated intermediate financial statements as of June 30, 2018, prepared by the Parent Company's Board of Directors in accordance with IFRS UE.
(2) It reflects the pro forma adjustment for the acquisition of companies called SIS España, as detailed in note 6.1
(3) It reflects the pro forma adjustment for the acquisition of the additional shareholding of Guijo, as detailed in note 6.2
(4) It reflects the pro forma adjustment for the funds raising necessary for the acquisition of SIS España and Guijo, net of the expenses associated with such acquisition, as detailed in note 6.3

Condensed pro forma consolidated profit and loss account for the year ended December 31, 2017

	Anual period ended 30 june de 2018 (1)	Acquisition SIS España (2)	Acquisition Guijo de Coria (3)	Capital increase (4)	Pro forma Anual period ended 30 june de 2018 (1)
CONTINUING OPERATIONS					
Net business turnover	**13,159,714**	6,505,195	2,562,277	-	**22,227,186**
Variation finished products and in manufacturing process	**17,167,332**	-	-	-	**17,167,332**
Work performed by the Company for its assets	-	-	-	-	**-**
Other operating income	**1,959,372**	-	-	-	**1,959,372**
OPERATING INCOME	**32,286,419**	**6,505,195**	**2,562,277**	**-**	**41,353,890**
Supplies	**(14,157,722)**	-	-	-	**(14,157,722)**
Personnel expenses	**(7,621,598)**	-	-	-	**(7,621,598)**
Other operating expenses	**(4,812,559)**	(850,405)	(361,509)	-	**(6,024,473)**
Depreciation of fixed assets	**(415,834)**	(3,398,776)	(1,205,460)	-	**(5,020,070)**
Impairment on goodwill	**-**	(136,119)	(40,549)	-	**(176,668)**
Other income	**-**	-	-	-	**-**
OPERATING EXPENSES	**-**	-	-	-	**-**
PROFIT FROM OPERATIONS	**(27,007,713)**	**(4,385,300)**	**(1,607,518)**	**-**	**(33,000,531)**
	5,278,705	**2,119,895**	**954,759**	**-**	**8,353,359**
Financial income					
Financial expenses	**539,291**	-	(13,416)	**-**	**525,876**
Variations in the fair value of financial instruments	**(2,370,891)**	(1,912,993)	(505,115)	**-**	**(4,788,999)**
Foreign Exchange gains& losses	**7,326,368**	1,363,773	**-**	**-**	**8,690,141**
Impairment losses and income from disposals of financial instruments	**(3,575,700)**	**-**	**-**	**-**	**(3,575,700)**
FINANCIAL RESULTS	**-**	**-**	3,682,182	**-**	**3,682,182**
Results of companies applying the equity method	**1,919,069**	**(549,220)**	**3,163,651**	**-**	**4,533,500**
PRE-TAX PROFITS AND LOSS	**(1,214,846)**	-	-	-	**(1,214,846)**
	5,982,928	**1,570,675**	**4,118,410**	**-**	**11,672,013**
Tax on profits	**(622,552)**	**(427,371)**	**(140,786)**	**-**	**(1,190,708)**
YEAR END RESULTS					
RESULTADO DEL EJERCICIO	**5,360,376**	**1,143,304**	**3,977,624**	**-**	**10,481,305**

(1) It reflects the historical financial statement of Solarpack Corporación Tecnologica, S.A and subsidiaries as shown in the consolidated financial statements as of December 31, 2017, prepared by the Parent Company's Board of Directors in accordance with IFRS UE.
(2) It reflects the pro forma adjustment for the acquisition of companies called SIS España, as detailed in note 6.1
(3) It reflects the pro forma adjustment for the acquisition of the additional shareholding of Guijo, as detailed in note 6.2
(4) It reflects the pro forma adjustment for the funds raising necessary for the acquisition of SIS España and Guijo, net of the expenses associated with such acquisition, as detailed in note 6.3

6. Pro-forma adjustments

6.1. Adjustment for the acquisition of SIS España

During the months of July and August 2018, the Group has reached agreements for the acquisition of the 88 companies jointly-named SIS España, although this acquisition has been conditioned, as mentioned in Note 2, among others, to obtaining certain financing.

The goodwill arising from the combination of businesses will be calculated as follows:

- By identifying the consideration paid.
- By assessing the fair value of the net assets received. To that effect, it has been necessary to standardize to IFRS-EU the financial information of the companies subject of transaction.
- By identifying any other assets or liabilities that could be recognised and that were not recorded in the balance sheets of the acquired companies. Any assets and liabilities identified will generate temporal differences in the Group's accounts.

	Euros
Non-current assets	47,163,291
Current assets	5,897,622
Non-current liabilities	(38,325,498)
Current liabilities	(3,908,866)
Total net assets and liabilities	**10,826,549**
Other identifiable assets (after-tax)	**8,123,986**
Total net assets and liabilities acquired	**18,950,535**
Consideration paid	**17,769,262**
Contingent consideration	**3,746,741**
Goodwill	**2,565,469**

For the purposes of preparing the condensed pro forma consolidated statement, Solarpack has been assumed to acquire said plants as of June 30, 2018 for the purpose of preparing the condensed pro forma consolidated balance sheet, and as of January 1, 2017 for the purposes of the preparation of the condensed pro forma consolidated profit and loss account for the year 2017 or for the six-month period ended 30 June 2018.

With respect to the balance sheet as of June 30, 2018, the adjustments resulting from said integration would be those corresponding to the:

- Integration at fair value of the assets and liabilities recorded in the balance sheets of said companies, which corresponds to the source of information described in point d) of Note 3.
- Translation of the financial statement of the acquired companies into IFRS-EU. The homogenization adjustment corresponds to the 9 thousand euros entry allocated to reserves, corresponding to the application to financial assets valued at amortized cost of the new expected loss model, estimated as of January 1 of 2018 according to the transitional regulation under IFRS 9
- Integration of other identifiable assets and liabilities not previously recognized in the balance sheets of said companies. The right to perceiving the regulated tariff for the rest of the regulatory life of said plants has been recorded as an intangible asset (amounting to 10,689 thousand euros), together with the corresponding deferred tax liability associated therewith (amounting to 2,565 thousand euros).
- Elimination of certain balances held between Solarpack Corporación Tecnológica, S.A and those companies.

- Decrease in Cash by 17,872 thousand euros, as well as the recording of a long-term debt payable amounting to 3,747 thousand euros for the contingent benefit to be received by the sellers (See Note 2), corresponding to the price agreed with the sellers of said companies, as well as the expenses associated with said transaction amounting to 103 thousand euros. Those expenses had a fiscal impact of 25 thousand euros.
- The registration of a 2,565 thousand euros goodwill according to the hypothesis described in Note 4

ASSETS	Acquisition SIS España	Breakdown					
		Balance integration (1)	Translation into IFRS	Other assets identifiable	Goodwill	Intragroup Eliminations	Debt & Cash impact
NON-CURRENT ASSETS							
Intangible fixed assets	13,254,924	-	-	10,689,455	2,565,469	-	-
Goodwill	*2,565,469*	-	-	-	*2,565,469*	-	-
Other intangible assets	*10,689,455*	-	-	*10,689,455*	-	-	-
Tangible fixed assets	40,210,142	40,210,142	-	-	-	-	-
Long-term investments in Group Companies and Associates	-	191,207	-	-	-	(191,207)	-
Long-term financial investments	269,541	269,541	-	-	-	-	-
Deferred tax assets	6,708,364	6,683,608	-	-	-	-	24,756
	60,442,972	**47,354,498**	**-**	**10,689,455**	**2,565,469**	**(191,207)**	**24,756**
CURRENT ASSETS							
Inventory	-	-		-	-	-	-
Commercial debts and others accounts receivable	1,666,249	1,878,854	(9,357)	-	-	(203,248)	-
Short-term investments in Group Companies and Asscoiates	-	-	-	-	-	-	-
Short-term financial investments	4,170,018	4,170,018	-	-	-	-	-
Short-term accruals	61,355	61,355	-	-	-	-	-
Cash and equivalents	(17,872,414)	-	-	-	-	-	(17,872,414)
	(11,974,793)	**6,110,227**	**(9,357)**	**-**	**-**	**(203,248)**	**(17,872,414)**
TOTAL ASSETS	**48,468,179**	**53,464,725**	**(9,357)**	**10,689,455**	**2,565,469**	**(394,455)**	**(17,847,658)**

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(1) It reflects the financial statement as shown in the Assets and Liabilities in the Balance sheet of the companies named SIS España as of June 30, 2018, prepared by the directors as stated in Note 3.

EQUITY AND LIABILITIES	Acquisition SIS España	Breakdown					
		Balance integration (1)	Translation into IFRS	Other assets identifiable	Goodwill	Intragroup Eliminations	Debt & Cash impact
NET EQUITY							
From the Parent Company- Shareholders' equity	-	-	-	-	-	-	-
Equity	(78,396)	-	-	-	-	-	(78,396)
Share capital and share premium	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-
Profit for the period	(78,396)	-	-	-	-	-	(78,396)
Adjustments for change in value- Derivatives	-	-	-	-	-	-	-
Adjustments for change in value- Shares	-	-	-	-	-	-	-
From minority Shareholders	-	-	-	-	-	-	-
	(78,396)	**-**	**-**	**-**	**-**	**-**	**(78,396)**
NON-CURRENT LIABILITIES							
Long-term-term provisions	724,543	724,543	-	-	-	-	-
Long-term debt	37,109,798	33,363,057	-	-	-	-	3,746,741
Long-term debt to Group companies and associates	-	191,207	-	-	-	(191,207)	-
Deferred tax liabilities	6,803,368	4,237,899	-	2,565,469	-	-	-
	44,637,709	**38,516,705**	**-**	**2,565,469**	**-**	**(191,207)**	**3,746,741**
CURRENT LIABILITIES							
Short-term provisions	-	-	-	-	-	-	-
Short-term debt	2,859,953	2,859,953	-	-	-	-	-
Short-term debt to Group Companies and Associates	-	-	-	-	-	-	-
Commercial creditors and other accounts payable	1,048,913	1,252,161	-	-	-	(203,248)	-
Short-term accruals	-	-	-	-	-	-	-
	3,908,866	**4,112,114**	**-**	**-**	**-**	**(203,248)**	**-**
TOTAL NET EQUITY AND LIABILITIES	**48,468,179**	**42,628,820**	**-**	**2,565,469**	**-**	**(394,455)**	**3,668,345**

(1) It reflects the financial statement as shown in the Assets and Liabilities in the Balance sheet of the companies named SIS España as of June 30, 2018, prepared by the directors as stated in Note 3.

Regarding the condensed proforma consolidated profit and loss accounts as of December 31, 2017, the adjustments derived from the integration correspond to:

- the tariff for the rest of the regulatory life of the plants ending on December 31, 2037. The average useful regulatory life of the plants is 19 years.
- The integration of the profit and loss accounts corresponding to the periods indicated for each of the acquired companies, which corresponds to that indicated in Note 3.

- The elimination of certain transactions between Solarpack Corporación Tecnológica, S.A and these companies.
- The amortization of the registered intangible asset corresponding to the right to perceiving the tariff for the rest of the regulatory life of the plants ending on December 31, 2037. The average useful regulatory life of the plants is 19 years.
- The impairment of the goodwill is that indicated in note 4.
- The recording of certain expenses associated with the transaction (as if it had occurred either on January 1, 2017) amounting to 103 thousand euros. Those expenses had a tax impact of 25 thousand euros. Therefore, those expenses have only been recorded in the proforma profit and loss account for the year 2017.
- The tax impact resulting from the application of the 24% tax rate, as indicated in Note 4.

31.12.17	Acquisition SIS Spain	Breakdown			
		Integration Results	Eliminations Intergroup	Transaction Expenses	Identified intangible PPA depreciation
CONTINUING OPERATIONS					
Net business turnover	6,505,195	6,842,683	(337,488)	-	-
Variation finished products and in manufacturing process	-	-	-	-	-
Work performed by the Company for its assets	-	-	-	-	-
Supplies	-	-	-	-	-
Other operating income	-	-	-	-	-
Personnel expenses	-	-	-	-	-
Other operating expenses	(850,405)	(1,084,741)	337,488	(103,152)	-
Depreciation of fixed assets	(3,398,776)	(2,831,614)	-	-	(567,162)
Impairment on goodwill	(136,119)	-	-	-	(136,119)
Surpluses	-	-	-	-	-
Other income	-	-	-	-	-
OPERATING INCOME	**2,119,895**	**2,926,328**	**-**	**(103,152)**	**(703,281)**
Financial income	-	-	-	-	-
Financial expenses	(1,912,993)	(1,912,993)	-	-	-
Variations in the fair value of financial instruments	1,363,773	1,363,773	-	-	-
Foreign Exchange gains& losses	-	-	-	-	-
Impairment losses and income from disposals of financial instruments	-	-	-	-	-
FINANCIAL RESULTS	**(549,220)**	**(549,220)**	-	-	-
Results of companies applying the equity method	-	-	-	-	-
PRE-TAX PROFITS AND LOSS	**1,570,675**	**2,377,108**	**-**	**(103,152)**	**(703,281)**
Tax on profits	**(427,371)**	**(588,246)**	**-**	**24,756**	**136,119**
YEAR END RESULTS	**1,143,304**	**1,788,862**	**-**	**(78,396)**	**(567,162)**

(1)It reflects the financial statement as shown in the Profit and Loss Account of the companies called SIS España as of December 31, 2017, formulated by the directors as indicated in Note 3

Regarding the condensed proforma consolidated profit and loss accounts as of June 30, 2018, the adjustments derived from the integration correspond to:

- The integration of the profit and loss accounts corresponding to the periods indicated for each of the acquired companies, which corresponds to that indicated in Note 3.
- The elimination of certain transactions between Solarpack Corporación Tecnológica, S.A and these companies.
- The amortization of the registered intangible asset corresponding to the right to perceiving the tariff for the rest of the regulatory life of the plants ending on December 31, 2037. The impairment of the goodwill corresponds to that indicated in note 4.
- The tax impact resulting from the application of the 24% tax rate, as indicated in Note 4.

30.06.18	Acquisition SIS Spain	Breakdown Integration Results	Eliminations Intergroup	Identified intangible PPA depreciation
CONTINUING OPERATIONS				
Net business turnover	3,187,938	3,376,566	(188,628)	-
Variation finished products and in manufacturing process	-	-	-	-
Work performed by the Company for its assets	-	-	-	-
Supplies	-	-	-	-
Other operating income	-	-	-	-
Personnel expenses	-	-	-	-
Other operating expenses	(368,311)	(556,939)	188,628	-
Depreciation of fixed assets	(1,699,388)	(1,415,807)	-	(283,581)
Impairment on goodwill	(68,059)	-	-	(68,059)
Surpluses	-	-	-	-
Other income	-	-	-	-
OPERATING INCOME	**1,052,181**	**1,403,821**	**-**	**(351,640)**
Financial income	-	-	-	-
Financial expenses	(882,071)	(882,071)	-	-
Variations in the fair value of financial instruments	428,246	428,246	-	-
Foreign Exchange gains& losses	-	-	-	-
Impairment losses and income from disposals of financial instruments	-	-	-	-
FINANCIAL RESULTS	**(453,825)**	**(453,825)**	**-**	**-**
Results of companies applying the equity method	-	-	-	-
PRE-TAX PROFITS AND LOSS	**598,356**	**949,996**	**-**	**(351,640)**
Tax on profits	**(17,951)**	**(86,011)**	**-**	**68,059**
YEAR END RESULTS	**580,405**	**863,986**	**-**	**(283,581)**

(1) It represents the financial statement as it appears in the Profit and Loss Account of the companies called SIS España as of December 31, 2018, formulated by the directors as indicated in Note 3.

6.2. Adjustment for the acquisition of Guijo

During the months of July and August of 2018, the Group has reached an agreement for the acquisition of a shareholding equivalent to 46.74% of Guijo, increasing the shareholding of the Group to 96.5%, said sale conditioned, as mentioned in Note 2, among others, to obtaining certain financing.

The calculation of the goodwill arising from the business combination has been made as follows:

- Identifying the consideration paid
- Assessing the fair value of the net assets received. To do that, it has been necessary to homogenize the financial information to the EU-IFRS for the entities subject of the transaction.
- Identifying the existence of other assets or liabilities susceptible of being identified and which were not recorded in the balance sheets of the entities subject of the transaction. The identified assets and liabilities will result in the recording of a temporary difference in the balance sheet of the group.

	Euros
Non-current assets Current assets Non-current liabilities Current liabilities	22,471,413 1,849,070 (19,769,939) (1,195,183)
Total net assets and liabilities	**3,355,361**
Other identifiable assets (after-tax)	**2,966,333**
Total net assets and liabilities acquired	**6,321,694**
Revaluation previous shareholding	**(3,682,182)**
Minority interests	**(117,438)**
Consideration paid	**2,870,146**
Contingent consideration	**588,666**
Goodwill	**936,737**

For the purposes of the condensed pro forma consolidated statements preparation, the acquisition of said plants by Solarpack has been assumed to take place as of June 30, 2018, for the purpose of the condensed pro forma consolidated balance sheet, and as of January 1, 2017 for the purpose of the condensed pro forma consolidated profit and loss account drafting for the fiscal year 2017 and the six-month period ended as of June 30, 2018.

With respect to the condensed pro forma consolidated balance sheet as of June 30, 2018, the adjustments resulting from said integration would be those corresponding to the:

- Integration at fair value of the assets and liabilities recorded in the balance sheet of the company subject of the transaction, which corresponds to the information source described in point c) of Note 3.
- Adjustment of the accounting financial statement of said company to EU-IFRS. The standardization adjustment corresponds to the 4 thousand euros entry allocated to reserves, corresponding to the application to financial assets valued at amortized cost of the new expected loss model, which has been estimated as of January 1 of 2018 according to IFRS 9 transaction standards.
- Recognition of the minority interest in the condensed pro forma consolidated net equity. These minority interests have been recorded considering the shareholding percentage that the group did not own on said company and multiplying it by the book value of the company’s net assets.
- Integration of other identifiable assets not previously recognized in the balance sheets of said companies. The right to perceiving the regulated tariff for the remaining regulatory life of said plants has been recorded as an intangible asset (amounting to 3,903 thousand euros), together with the corresponding deferred tax liability associated therewith (amounting to 937 thousand euros).
- Elimination of certain balances held between Solarpack Corporación Tecnológica, S.A and said company.
- To date, such participation had been included in the consolidated financial statements of Solarpack under the equity method, so that, in accordance with the accounting regulations in force, the shareholding previously held in the equity of said company has been estimated again at its fair value as of the acquisition date, recognizing the resulting gain in the condensed consolidated profit and loss account, as of December 31, 2017, and June 30, 2018. The value at which said shareholding was recorded in the consolidated financial statements of Solarpack amounted to zero euros.
- Decrease in cash by an amount of 2,883 thousand euros, as well as the recognition of a payable long-term debt amounting to 588 thousand euros for the contingent consideration to be received by the sellers (See Note 2), corresponding to both the price agreed with the sellers of said companies, and the expenses associated with said transaction, amounting to 13 thousand euros. Said expenses have generated a fiscal impact of 3 thousand euros.
- The record of a goodwill of 937 thousand euros according to the assumptions mentioned in Note 4.

ASSETS	Acquisition Guijo	Breakdown: Integration balances (1)	Translation into IFRS	Minority	Other assets identifiable	Goodwill	Shareholding revaluation	Eliminations intergroup	Impact debt and cash
NON-CURRENT ASSETS									
Intangible fixed assets	4,839,807	-	-	-	3,903,070	936,737	-	-	-
Goodwill	*936,737*	-	-	-	-	*936,737*	-	-	-
Other intangible assets	*3,903,070*	-	-	-	*3,903,070*	-	-	-	-
Tangible fixed assets	18,701,128	18,701,128	-	-	-	-	-	-	-
Long-term investments in Group Companies and Associates	(690,012)	-	-	-	-	-	-	(690,012)	-
Long-term financial investments	-	-	-	-	-	-	-	-	-
Deferred tax assets	4,463,476	4,460,297	-	-	-	-	-	-	3,179
	27,314,399	**23,161,425**	**-**	**-**	**3,903,070**	**936,737**	**-**	**(690,012)**	**3,179**
CURRENT ASSETS									
Inventory	-	-	-	-	-	-	-	-	-
Commercial debts and others accounts receivable	739,544	826,097	(4,100)	-	-	-	-	(82,453)	-
Short-term investments in Group Companies and Asscoiates	-	-	-	-	-	-	-	-	-
Short-term financial investments	-	-	-	-	-	-	-	-	-
Short-term accruals	20,034	20,034	-	-	-	-	-	-	-
Cash and equivalents	(1,793,902)	1,089,491	-	-	-	-	-	-	(2,883,393)
	(1,034,323)	**1,935,623**	**(4,100)**	**-**	**-**	-	-	**(82,453)**	**(2,883,393)**
TOTAL ASSETS	**26,280,076**	**25,097,048**	**(4,100)**	**-**	**3,903,070**	**936,737**	-	**(772,465)**	**(2,880,214)**

[(1)] It reflects the financial statement shown in the Assets and Liabilities of the Balance sheet of Solarpack Promo2007 Ciento Veintiuno SL as of June 30, 2018, prepared by the Directors as stated in Note 3.

EQUITY AND LIABILITIES	Acquisition Guijo	Breakdown: Integration balances (1)	Translation into IFRS	Minority	Other assets identifiable	Goodwill	Shareholding revaluation	Eliminations intergroup	Impact debt and cash
NET EQUITY									
From the Parent Company- Shareholders' equity									
Equity	3,672,113	-	-	-	-	-	3,682,182	-	(10,068)
Share capital and share premium	-	-	-	-	-	-	-	-	-
Reserves	-	-	-	-	-	-	-	-	-
Profit for the period	3,672,113						3,682,182		(10,068)
Adjustments for change in value- Derivatives	-	-	-	-	-	-	-	-	-
Adjustments for change in value- Shares	-	-	-	-	-	-	-	-	-
From minority Shareholders	117,438	-	-	117,438	-	-	-	-	-
	3,789,551	**-**	**-**	**117,438**	**-**	**-**	**3,682,182**	**-**	**(10,068)**
NON-CURRENT LIABILITIES									
Long-term-term provisions	590,741	590,741	-	-	-	-	-	-	-
Long-term debt	15,144,848	14,556,182	-	-	-	-	-	-	588,666
Long-term debt to Group companies and associates	-	690,012	-	-	-	-	-	(690,012)	-
Deferred tax liabilities	5,559,753	4,623,017	-	-	936,737	-	-	-	-
	21,295,342	**20,459,952**	**-**	**-**	**936,737**	**-**	**-**	**(690,012)**	**588,666**
CURRENT LIABILITIES									
Short-term provisions	55,335	55,335	-	-	-	-	-	-	-
Short-term debt	977,493	977,493	-	-	-	-	-	-	-
Short-term debt to Group Companies and Associates	6,210	6,210	-	-	-	-	-	-	-
Commercial creditors and other accounts payable	156,145	238,598	-	-	-	-	-	(82,453)	-
Short-term accruals	-	-	-	-	-	-	-	-	-
	1,195,183	**1,277,636**	**-**	**-**	**-**	**-**	**-**	**(82,453)**	**-**
TOTAL NET EQUITY AND LIABILITIES	**26,280,076**	**21,737,587**	**-**	**117,438**	**936,737**	**-**	**3,682,182**	**(772,465)**	**578,598**

[(1)]It reflects the financial statement shown in the Assets and Liabilities of the Balance sheet of Solarpack Promo2007 Ciento Veintiuno SL as of June 30, 2018, prepared by the Directors as stated in Note 3.

Regarding the condensed pro forma consolidated profit and loss accounts as of December 31, 2017, the adjustments derived from the integration, are those corresponding to:

- The integration of the profit and loss accounts for the periods indicated of the acquired company, which are consistent with that indicated in Note 3.
- The elimination of certain transactions carried out between Solarpack Corporación Tecnológica, S.A and said company.
- The amortization of the registered intangible asset corresponding to the right to receive the tariff for the remaining regulatory life of Guijo plant ending December 31, 2041. The average of the regulatory useful life of the plants amounts to 23.1 years.
- The impairment of the goodwill as indicated in Note 4.
- The record of the income corresponding to the revaluation of the shareholding previously held in the company (as if it had taken place on January 1, 2017). This shareholding had a book value as of zero euros of June 30, 2017. The Management has assessed that said capital gain, arising from the staged acquisition of the company, is not subject to taxation, as stated in article 34 of Foral Law 11/2013, December 5th, on Income Tax.
- The recognition of transaction associated expenses (as if it had taken place as of January 1 2017) for an amount of 13 thousand Euros. These Expenses have generated a tax impact of 3 thousand Euros.

- Tax Impact arising from applying a tax rate of 24%, as indicated in Note 4.

31.12.17	Acquisition Guijo	Breakdown				
		Integration Results	Eliminations Intergroup	Shareholding revaluation	Transaction Expenses	Identified intangible PPA depreciation
CONTINUING OPERATIONS						
Net amount turnover	2,562,277	2,858,232	(295,955)	-	-	-
Variation finished products and in manufacturing process	-	-	-	-	-	-
Work performed by the Company for its assets	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-
Personnel expenses	-	-	-	-	-	-
Other operating expenses	(361,509)	(644,216)	295,955	-	(13,248)	-
Depreciation of fixed assets	(1,205,460)	(1,036,506)		-	-	(168,954)
Impairment on goodwill	(40,549)	-	-	-	-	(40,549)
Surpluses	-		-	-	-	-
Other income	-	-	-	-	-	-
OPERATING INCOME	**954,759**	**1,177,510**	**-**	**-**	**(13,248)**	**(209,503)**
Financial income	(13,416)	-	(13,416)	-	-	-
Financial expenses	(505,115)	(518,531)	13,416	-	-	-
Variations in the fair value of financial instruments	-	-	-	-	-	-
Foreign Exchange gains& losses	-	-	-	-	-	-
Impairment losses and income from disposals of financial instruments	**3,682,182**	-	-	3,682,182	-	-
FINANCIAL RESULTS	**3,163,651**	**(518,531)**	**-**	**3,682,182**	**-**	**-**
Results of companies applying the equity method	-	-	-	-	-	-
PRE-TAX PROFITS AND LOSS	**4,118,410**	**658,979**	**-**	**3,682,182**	**(13,248)**	**(209,503)**
Tax on profits	**(140,786)**	**(184,514)**	**-**	**-**	**3,180**	**40,549**
YEAR END RESULTS	**3,977,624**	**474,465**	**-**	**3,682,182**	**(10,068)**	**(168,954)**

(1) It reflects the financial statement as shown in the Profit and Loss Account of Solarpack Promo 2007 Ciento Veintiuno S.L. as of 31 December 2017, formulated by the Directors, as indicated in Note 3.

regarding the condensed pro-forma consolidated results as of 30 June 2018, the adjustments arising from the integration are those corresponding to:

- The integration of the Profit and Loss Account corresponding to the periods detailed in the acquired company, as indicated in Note 3.
- The elimination of certain transactions carried out between Solarpack Corporación Tecnológica, S.A and said company.
- The amortization of the registered intangible asset corresponding to the right to perceiving a tariff during the rest of regulatory life of the plant of Guijo ending 31 December 2041. The average regulatory useful life of the plants amounts to 23,1 years.
- The impairment of goodwill as stated in Note 4.
- The tax impact of applying a tax rate of 24%, as stated in Note 4.

30.06.18	Acquisition Guijo	Breakdown		
		Integration results (1)	Eliminations Intergroup	Identified intangible PPA depreciation
CONTINUING OPERATIONS				
Net amount turnover	1,262,094	1,397,423	(135,329)	-
Variation finished products and in manufacturing process	-	-	-	-
Work performed by the Company for its assets	-	-	-	-
Supplies	-	-	-	-
Other operating income	-	-	-	-
Personnel expenses	-	-	-	-
Other operating expenses	(184,960)	(320,289)	135,329	-
Depreciation of fixed assets	(602,730)	(518,253)	-	(84,477)
Impairment on goodwill	(20,274)	-	-	(20,274)
Surpluses	-	-	-	-
Other income	-	-	-	-
OPERATING INCOME	**454,129**	**558,881**	**-**	**(104,752)**
Financial income	(6,210)	-	(6,210)	-
Financial expenses	(230,290)	(236,500)	6,210	-
Variations in the fair value of financial instruments	-	-	-	-
Foreign Exchange gains& losses	-	-	-	-
Impairment losses and income from disposals of financial instruments	-	-	-	-
FINANCIAL RESULTS	**(236,500)**	**(236,500)**	**-**	**-**
Results of companies applying the equity method	-	-	-	-
PRE-TAX PROFITS AND LOSS	**217,629**	**322,381**	**-**	**(104,752)**
Tax on profits	**(133,947)**	**(154,222)**	**-**	**20,274**
YEAR END RESULTS	**83,682**	**168,159**	**-**	**(84,477)**

(1) It reflects the financial statements of the company Solarpack Promo2007 Ciento Veintiuno SL as of December 31, 2018, prepared by the Directors as stated in Note 3

6.3. Capital increase

It has been considered a capital increase amounting to 26,979 thousand euros, which, after taking into account the expenses associated with it (allocated to reserves, and considered to be paid at that time) amounting to 1,889 thousand euros, represent a cash increase for an amount of 25,091 thousand euros. These funds will be obtained in the context of a possible authorization for listing of the Parent Company on the Stock Exchanges of Bilbao, Madrid, Barcelona and Valencia.

ANNEX I: LIST OF INTERVENING COMPANIES

All of the contracts related to the following companies subject to the sale have been signed on July and August 2018.

				% Shareholding	
Company	**TAX ID:**	**Project**	**Address:**	**Acquired**	**After the acquisition**
ALRAMI VEINTIUNO, S.L.U.	B95381463	Isla Mayor	Bizkaia	100%	100%
ALSAH VEINTITRES, S.L.	B95381422	Isla Mayor	Bizkaia	100%	100%
ALRUCCABH VEINTIDOS, S.L.	B95381455	Isla Mayor	Bizkaia	100%	100%
ALPHECCA DIECINUEVE, S.L.U.	B95381877	Isla Mayor	Bizkaia	100%	100%
ALPARHD DIECIOCHO, S.L.U.	B95381737	Isla Mayor	Bizkaia	100%	100%
ALKIHIBA QUINCE, S.L.U.	B95381299	Isla Mayor	Madrid	100%	100%
ALDERAMIN OCHO, S.L.U.	B95381208	Isla Mayor	Bizkaia	100%	100%
ALDEBARÁN SIETE, S.L.U.	B95381190	Isla Mayor	Bizkaia	100%	100%
ANCA VEINTICINCO, S.L.	B95381448	Isla Mayor	Bizkaia	100%	100%
ARCTURUS VEINTINUEVE, S.L.U.	B95381901	Isla Mayor	Bizkaia	100%	100%
ARIETIS TREINTA Y UNO, S.L.U.	B95381927	Isla Mayor	Bizkaia	100%	100%
BALLENA TREINTA Y CUATRO, S.L.U.	B95381497	Isla Mayor	Gipuzkoa	100%	100%
CANOPUS CUARENTA, S.L.U.	B95381349	Isla Mayor	Bizkaia	100%	100%
ALTAIR VEINTICUATRO, S.L.U.	B95381406	Isla Mayor	Bizkaia	100%	100%

CORONA BOREAL CUARENTA Y OCHO, S.L.U.	B95406591	Isla Mayor	Bizkaia	100%	100%
ALARAP SEIS, S.L.U.	B95381182	Isla Mayor	Bizkaia	100%	100%
CASTOR CUARENTA Y DOS, S.L.U.	B95381380	Isla Mayor	Madrid	100%	100%
CISNE CUARENTA Y TRES, S.L.U.	B95381273	Isla Mayor	Gipuzkoa	100%	100%
HIDRA SESENTA Y TRES, S.L.U.	B95406351	Isla Mayor	Avila	100%	100%
DUBHE CINCUENTA Y CUATRO, S.L.U.	B95406211	Isla Mayor	Bizkaia	100%	100%
LEPUS SESENTA Y SIETE, S.L.U.	B95406286	Isla Mayor	Gipuzkoa	100%	100%
PEACOCK SETENTA Y NUEVE, S.L.U.	B95406344	Lebrija	Alava	100%	100%
SARTAN OCHENTAINUEVE, S.L.U.	B95412094	Lebrija	Madrid	100%	100%
PHAET OCHENTAITRES, S.L.U.	B95411583	Lebrija	Gipuzkoa	100%	100%
PERSEO OCHENTAIUNO, S.L.U.	B95411609	Lebrija	Alava	100%	100%
PEGASO OCHENTA, S.L.U.	B95406377	Lebrija	Alava	100%	100%
COLUCHE NOVENTAISEIS, S.L.	B95412060	Lebrija	Bizkaia	100%	100%
OSA MAYOR SETENTA Y CINCO, S.L.U.	B95406617	Lebrija	Bizkaia	100%	100%
TRIANGULUM NOVENTAICINCO, S.L.U.	B95416400	Lebrija	Avila	100%	100%
SOLARPACK PROMO 2006 NOVENTAIUNO, S.L.U.	B95411187	Lebrija	Madrid	100%	100%
SOLARPACK PROMO 2006 TRES, S.L.U.	B95411211	Lebrija	Alava	100%	100%

SOLARPACK PROMO 2006 OCHENTAISEIS, S.L.	B95411229	Lebrija	Bizkaia	100%	100%
SOLARPACK PROMO 2006 CINCO S.L.	B95411203	Lebrija	Gipuzkoa	100%	100%
SOLARPACK PROMO2007 CATORCE, S.L.U.	B95421335	Llerena 1	La Rioja	100%	100%
SOLARPACK PROMO2007 OCHO, S.L.U.	B95421368	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 NUEVE, S.L.U.	B95421434	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 QUINCE, S.L.U.	B95421467	Llerena 1	La Rioja	100%	100%
SOLARPACK PROMO2007 DOCE, S.L.U.	B95421392	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 SIETE, S.L.U.	B95421350	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 SEIS, S.L.U.	B95421418	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 CINCO, S.L.U.	B95421400	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 CUATRO, S.L.U.	B95421327	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 TRES, S.L.U.	B95421293	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 DIECISEIS, S.L.U.	B95421483	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 TREINTA, S.L.U.	B95422069	Llerena 1	Gipuzkoa	100%	100%
SOLARPACK PROMO2007 TREINTA Y UNO, S.L.	B95422077	Llerena 1	Alava	100%	100%
SOLARPACK PROMO2007 TREINTA Y DOS, S.L.U.	B95421897	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 TREINTA Y SEIS, S.L.U.	B95422036	Llerena 1	Bizkaia	100%	100%

SOLARPACK PROMO2007 VEINTIOCHO, S.L.	B95422143	Llerena 1	Madrid	100%	100%
SOLARPACK PROMO2007 TREINTA Y SIETE, S.L.U.	B95422044	Llerena 1	Gipuzkoa	100%	100%
SOLARPACK PROMO2007 TREINTA Y OCHO, S.L.	B95421947	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 CUARENTA, S.L.	B95421970	Llerena 1	Madrid	100%	100%
SOLARPACK PROMO2007 CIENTO DIECINUEVE, S.L.	B95432563	Llerena 1	Navarra	100%	100%
SOLARPACK PROMO2007 CIENTO VEINTE, S.L.	B95432571	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 DIECISIETE, S.L.U.	B95421442	Llerena 1	La Rioja	100%	100%
SOLARPACK PROMO2007 TREINTA Y NUEVE, S.L.	B95421954	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 DIECIOCHO, S.L.	B95421459	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 DIECINUEVE, S.L.U.	B95421426	Llerena 1	Madrid	100%	100%
SOLARPACK PROMO2007 VEINTE, S.L.U.	B95421343	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 VEINTIDOS, S.L.	B95421673	Llerena 1	Alicante	100%	100%
SOLARPACK PROMO2007 VEINTISEIS, S.L.U.	B95422127	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 VEINTITRES, S.L.	B95421715	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 VEINTIUNO, S.L.U.	B95421632	Llerena 1	Bizkaia	100%	100%
SOLARPACK PROMO2007 SETENTA Y TRES, S.L.	B95426052	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 SETENTA Y UNO, S.L.	B95425948	Llerena 2	Bizkaia	100%	100%

SOLARPACK PROMO2007 SESENTA Y OCHO, S.L.U.	B95426656	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 SESENTA Y NUEVE, S.L.U.	B95426011	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 SETENTA Y CUATRO, S.L.	B95426078	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 SETENTA Y CINCO, S.L.	B95426144	Llerena 2	Madrid	100%	100%
SOLARPACK PROMO2007 SETENTA Y SIETE, S.L.U.	B95425930	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 SETENTA Y OCHO, S.L.U.	B95425955	Llerena 2	Alava	100%	100%
SOLARPACK PROMO2007 SETENTA Y NUEVE, S.L.U.	B95425971	Llerena 2	Alava	100%	100%
SOLARPACK PROMO2007 OCHENTA, S.L.U.	B95425997	Llerena 2	Alava	100%	100%
SOLARPACK PROMO2007 SESENTA Y SIETE, S.L.	B95426649	Llerena 2	Cadiz	100%	100%
SOLARPACK PROMO2007 CUARENTA Y CINCO, S.L.U.	B95425658	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CINCUENTA Y TRES, S.L.U.	B95425674	Llerena 2	Alava	100%	100%
SOLARPACK PROMO2007 CUARENTA Y UNO, S.L.U.	B95425484	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CUARENTA Y DOS, S.L.U.	B95425492	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CUARENTA Y TRES, S.L.U.	B95425625	Llerena 2	Alava	100%	100%
SOLARPACK PROMO2007 CUARENTA Y CUATRO, S.L.U.	B95425633	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CUARENTA Y SEIS, S.L.U.	B95425666	Llerena 2	Balearic Islands	100%	100%
SOLARPACK PROMO2007 CINCUENTA Y UNO, S.L.U.	B95425641	Llerena 2	Bizkaia	100%	100%

SOLARPACK PROMO2007 SESENTA Y SEIS, S.L.	B95425906	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CINCUENTA Y CUATRO, S.L.U.	B95425708	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CINCUENTA Y CINCO, S.L.U.	B95425575	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CINCUENTA Y SEIS, S.L.U.	B95425609	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CINCUENTA Y NUEVE, S.L.U.	B95425526	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 SESENTA Y CINCO, S.L.U.	B95425898	Llerena 2	Bizkaia	100%	100%
SOLARPACK PROMO2007 CIENTO VEINTIUNO, S.L.U.	B95477295	Guijo	Bizkaia	49.75%	96.50%

In Getxo, on November 20, 2018

Solarpack Corporación Tecnológica, S.A.

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Mr. Pablo Burgos

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